

A quarterly newsletter of Simbhaoli Sugars Limited

## Chief Executive Officer's Message

OVERVIEW

In the last eight quarters, the sugar business has continued to reel under severe stress due to an imbalance between cost of production and market prices.

Commodities (especially sugar) the world over are increasingly being impacted by external factors such as climate change, misguided policy interventions, regional supply-demand disparities and liquidity constraints. In particular, the dynamic of tight supply-demand has led to extreme volatility in prices.

Furthermore, weather related factors like excess rain in Brazil and a weak monsoon in certain regions of India have kept the intermediate sugar prices above the 22 Cents/Pound level. Domestic prices, too, have surged in the face of a weak 2012-13 sugarcane crop. However, increased FRP by ₹ 170/MT, high inflation and late monsoon may induce policy makers to take knee jerk actions, which unfortunately may

have the opposite effect and prove to be unfavourable for the sugar industry.

The need of the hour is for the government to take rational, fair and consistent decisions, keeping in mind the interests of all the stakeholders and the country's long term objective of achieving self-sufficiency in sugar. I hope we see some concrete and fast movement on this front.

In the end, I pray and hope that the monsoon in India recovers and that we have a bountiful season, bringing about good cheer and prosperity for all in our country.

Best wishes,

Dr. G.S.C. Rao

## Pravda, The Real Polish Vodka



Poland has an enduring reputation for producing quality vodkas that are the toast of the world. Pravda is a top of the line, authentic Polish vodka. And like all true Polish vodkas, it is made from sweet rye grains, which grow in the southern region of Poland; and spring water from the Carpathian mountain valleys. The distillation, mixing and bottling plants are world-class and play a key role in ensuring that Pravda has that distinct mellow and full-bodied taste. Quite unlike any other vodka in the world.

Simbhaoli Sugars, the sole distributor of Pravda in India, is launching this heritage brand for the first time in the country.

- In the initial phase, Pravda is being launched in Delhi, Haryana and Chandigarh. It will be available in Delhi outlets from July 25 onwards. A 700 ml Pravda bottle will retail for ₹ 2900 in Delhi.
- Leading luxury hotels and high-end restaurants have evinced a great deal of interest in Pravda, which will be available in these premium outlets by August.
- Consumer promotion of Pravda at super-premium on-premise outlets is planned to commence from September in Delhi and Gurgaon.

## Ground-Breaking Ceremony of 1000-TPD Sugar Refinery at Kandla

The ground-breaking ceremony for Uniworld Sugar refinery (joint venture project between Simbhaoli Sugars and ED&F Man) was held on 18 April.

The ₹ 2.35 bn 1000-TPD (300,000 TPA of white sugar) capacity green-field refinery, which is being set up in close proximity to Kandla port, will facilitate processing of raw sugar (both Indian and import origin) for manufacturing refined sugar for domestic and export markets in a cost-effective manner.

*Contd. Page 3*





## Sipp Makes A Splash This Summer!



In recent years, Simbhaoli Sugars has made the transition to a market-friendly organization quite smoothly. Besides Trust speciality sugars, Sipp instant fruit drink mix has led our foray in the FMCG market, successfully leveraging our distribution network.

In spite of stiff competition, Sipp has evoked a strong response amongst consumers looking for a natural fruit-based health drink.

### Sipp Vending Machines Installed at Key Places in Delhi



In order to generate consumer awareness and sales, we have installed SIPP cold dispensers at Hindu College, Janki Devi Memorial College, Master Bakers, Ashok Vihar and Kumar Pastry, Pashchim Vihar. In addition to the above Delhi locations, a Sipp cold dispenser has been installed in the In & Out store at Dharmshala, Himachal Pradesh.

### Sipp Sales Promotion Campaigns at WalMart



This quarter saw an array of Sipp sales promotion campaigns at WalMart Cash & Carry centres at Zirakpur, Ludhiana, Jalandhar, Amritsar, Agra, Meerut, Lucknow and Bhopal.

The Sipp sales team organized product displays, free sampling and merchandising at the sites. The sales promotion drive garnered a great response.

### Sipp Promotion at EasyDay Outlets



After placing Sipp at various EasyDay outlets across north India, we undertook a specific campaign to build awareness of the Sipp brand amongst EasyDay outlet managers and key officials. The campaign was timed with the EasyDay monthly meet at their Gurgaon office.

### SIPP is Now Available at Kendriya Bhandars



Simbhaoli Sugars has secured repeat orders for Sipp from Kendriya Bhandars.

To promote secondary sales, the Simbhaoli team conducted an aggressive sales and sampling campaign for Sipp at twenty prime outlets of Kendriya Bhandar simultaneously. Another sales drive was organised at twenty five additional Kendriya Bhandar shops.

All visitors to the stores were informed about the unique attributes of Sipp Tender Coconut (and other flavours) and were offered free taste trials on the spot and free sample sachets.

### SIPP Sampling and Sales Campaign at Junior National Karate Championship

The two-day (18-19 May) karate tournament at Talkatora stadium, saw footfalls in excess of 1500 people, which included participants (from all over India) and visitors, primarily from the Delhi NCR. The event was tailor made for conducting taste trials and building brand awareness for our SIPP brand amongst a young, fit and active target audience.

Taste sampling resulted in impressive sales. Customers from Nagaland, Sikkim, Tamil Nadu and Kerala sampled and bought Sipp at the venue.

### Sales Promotions at Three Sharbat Melas



This summer, Sipp instant fruit-drink mix made a big splash at the Delhi Tourism organized Sharbat Melas at Garden of Five Senses, Saket and Dilli Haat, INA and Pitampura.

All the three events provided a great platform for showcasing SIPP to a discerning and diversified target audience, which resulted in strong sales.



## FINANCIAL HIGHLIGHTS

Quarter Ended March 2012 versus Quarter Ended March 2011

- Net revenues decreased by 28%
- Loss after tax ₹ 92.3 mn
- Bulk alcohol business has shown improved earnings
- Increased cane price, ₹ 2,560 per mt, higher by ₹ 360 per qtl
- Lower sugar realisation, ₹ 30,120 per MT (₹ 31,500 per MT)
- Net revenue decreased from ₹ 2,902.4 mn to ₹ 2,079.1 mn on account of lower sales
- Higher interest charge by 14% due to higher inventory carrying costs
- Sale of IMFL up by 45,000 cases. New markets created

## Ground-Breaking Ceremony of 1000-TPD Sugar Refinery at Kandla (Contd. from page 1)

Since the ground-breaking ceremony, civil work (excavation work for boiler foundation) has commenced. Steps have been taken for securing utilities and other facilities at the project site. Tenders for procurement of major equipment have been awarded. The necessary approvals from government bodies have been obtained. The refinery is expected to be commissioned in the next 15-18 months.



## Simbhaoli Sugars Business Restructuring

- The distillery business of Simbhaoli is being hived off to a wholly owned subsidiary in order to facilitate better product and resource participation, faster growth and realize a market-centric vision.
- Transfer of the power business to a special purpose vehicle (SPV) has been primarily agreed to promote large investments and enhance the surplus generation capacity to 80 MW/hour.
- Alignment of repayment to lenders has been undertaken without affecting cash flows and the terminal date.

## Extract of Gursimran Mann's Interview in Spiritz

**Spiritz:** "Spirits industry is going through a phase of innovations to meet the consumers' growing urge to experiment with new things. What are your plans to meet such a demand?"

**Gursimran Mann:** We have a two-pronged strategy. First, we have developed our own brands, such as Board's Verdict premium whisky, Xing vodka, and Carnival rum. Second, we have tie-ups with premium international companies to introduce relevant products to the Indian market. This summer, we are excited to bring luxury vodka brand Pravda to the Indian market, which is a great product with a heritage of over 200 years. It will cater to the premium consumer who has tried other brands in the same price band but is looking for something better.

*Gursimran Mann's full interview can be read on our website [www.simbhaoli.sugars.com](http://www.simbhaoli.sugars.com)*

## INTEGRATED CASETECH NEWS

### Integrated Casetech Plays a Key Role in Reviving Hafed Sugar Mill



In July 2010, Integrated Casetech was contracted for the repair, maintenance and operation work at Hafed sugar mill in Assandh, Karnal. It was a challenging task as the mill was beset with long-standing, endemic problems. But Casetech, in a short period of time, successfully revived the performance of mill. Work stoppages and operational losses were dramatically reduced; and cane crushing rose by 50% over a one year period. Most importantly, in spite of poor cane quality (with a rejection rate in excess of 50%), Hafed recorded the highest recovery rate (for more than one month) among all sugar mills in the state. The net result of Casetech's intervention was that Hafed moved up two places (from 7th to 5th) in the state's rankings of best performing sugar mills.

- A team of Casetech experts visited a reputed sugar mill in UP for the up-gradation of their sugar plant and establishing their upcoming distillery.
- A Casetech team visited a leading sugar mill in Andhra Pradesh for the proposed process conversion and possibility of setting up of an autonomous refinery.
- Casetech has signed an agreement with Ethiopian Sugar Corporation for maintenance consultancy of their sugar plant. In this regard, we have sent a team of experienced technicians to work in their factories.
- Casetech has bagged the order for turnkey supply of a melt concentrator unit for Chamundeswari Sugars in Karnataka.
- Casetech is actively involved in designing a 1000 tonne capacity RSO refinery at Kandla, Gujarat.



Ethiopian Sugar Corporation delegates with Casetech team at Simbhaoli plant (L) & Corporate Office (R)

## Chilwaria News

Chilwaria Sugar Division has notched up record power production and exports this season. The total power generated is higher by 78%; and exports have improved by 114%.

## Court Convened Meeting of Secured Creditors



Mr. Sanjay Tapriya explained the Scheme of Arrangement to the lenders and bankers present at the court convened meeting of secured creditors held at Simbhaoli plant on 12th May.



## Trust Showcased at Food Hospitality World Exhibition

Simbhaoli Sugar's speciality division participated in the Food Hospitality World Exhibition held at Bangalore between 21st and 23rd June. Our range of speciality sugars was showcased at the exhibition.

The exhibition recorded a footfall of 25-30, 000, including new F&B clients and proved to be a very good platform for building awareness about our products.

## Manoj Goel presents paper at STAI seminar



Mr. Manoj Goel, DGM (Production), SSD presented a paper on Energy Conservation and Management Systems at a STAI seminar held at Bareilly on 21st May.

We have received a good response to the Lose Weight Get in Shape Contest that had been announced in the previous issue of TrustTalk. 17 Simbhaolians submitted details of their age, height and weight as on 14th May. All these contestants will be required to record their weight again, before 13th August. The winner will be announced in the July-September edition of TrustTalk. Here's wishing all the contestants all the best in shedding weight and getting back into shape.



The lucky winner of the Lose Weight Get In Shape Contest stands to win one of the above smart phones



## Driver Training Programme at Simbhaoli



To sensitize them about fuel conservation, impart maintenance tips and train them in good driving habits, Simbhaoli, in collaboration with the Sugar Technologists Association of India (STAI) and Petroleum Conservation Research Association (PCRA) organized a 3-day training programme (25 to 27 June) for 16 drivers at Simbhaoli plant.

## Know Your Law: Mandatory Labeling Requirements

- Name and address of manufacturer
- Name and address of marketer if different from manufacturer
- Name of product and food category
- Veg/Non-veg logo
- Net weight/volume
- Best before date/expiry date
- List of ingredients
- Nutrition information
- Date of manufacture
- Batch number/lot number
- Maximum retail price (MRP)

## VISITORS



A team of global investors representing Sindicatum Sustainable Resources Group who were in India to review their investment projects in the country took time off to visit the Simbhaoli plant.

The Sindicatum team comprised the following executives:

Mr. Assaad Razzouk, CEO, Sindicatum; Mr. & Mrs. Robert Driscoll, President, Sindicatum; Mr. David Raubenhemier, MD Delivery, Sindicatum; Mr. Umesh Sahdev, Vice Chairman, Sindicatum, India; Mr. Devin Narang, MD Sugar Cogeneration, Sindicatum; Mr. Eric White, Senior Research Analyst, Jeffrey SLOCUM & Associates; Mr. Mark Warner, MD-Natural Resources Investment, UTIMCO; Mr. Shawn Patrick Goodman Investment Manager, DUMAC; Mr. Monish Saini, MD, Kamon International; Mr. Federico Schiffrin, Senior Vice President, Investment Director, Unigestion (US) Ltd.

## Get-together - Chilwaria Executive Club

The Chilwaria Executive Club organized a get-together for its members at the plant premises on 5th May. Mr. A. K. Singh, unit head was present on the occasion.



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India's largest integrated sugar refinery  
• Simbhaoli • Brijnathpur • Chilwaria

A FSSC 22000:2011, ISO 9001:2008 & ISO 14001:2004 Certified Company

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