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

1. We have reviewed the accompanying statement of Unaudited Financial Results of **SIMBHAOLI SUGARS LIMITED** ("the Company") for the quarter and nine months ended December 31, 2012 ("the Statement") 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 the Statement based on our review.

2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, 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 audit opinion.

3. 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.

4. (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.

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(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.

5. Further to our comments in paragraph 3 above and subject to our comments in paragraph 4 above, based on our review 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.

6. We also report that we have traced the number of shares as well as the percentage of shareholding in respect of the aggregate amount of public shareholding and the number of shares as well as the percentage of shares pledged/encumbered and non-encumbered in respect of the aggregate amount of promoters and promoter group shareholding in terms of Clause 35 of the Listing Agreements and the particulars relating to undisputed investor complaints from the details furnished by the Management/Registrars.

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

Manjula Banerji
Partner
(Membership No. 086423)

Gurgaon, 12th February, 2013

SIMBHAOLI SUGARS LIMITED
UNAUDITED FINANCIAL RESULTS FOR THE QUARTER / NINE MONTHS ENDED DECEMBER 31, 2012

(Rs. in lacs)

	Particulars	Quarter 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
1	**Income from operations**						
	Gross Sales	26,238	21,633	17,024	63,847	103,638	123,583
	Excise duty	621	697	454	1,947	2,916	3,630
	Net Sales/ income from operations	**25,617**	**20,936**	**16,570**	**61,900**	**100,722**	**119,953**
	Other operating Income	52	37	247	136	1,265	1,468
	Total income from operations	**25,669**	**20,973**	**16,817**	**62,036**	**101,987**	**121,421**
2	**Expenses**						
	(a) Cost of materials consumed	21,924	1,059	23,310	26,322	73,619	109,915
	(b) Purchase of stock-in-trade	-	4	-	59	4,745	4,745
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(278)	15,934	(10,283)	25,317	970	(21,802)
	(d) Employee benefits expense	1,160	1,007	1,005	3,125	4,716	5,896
	(e) Depreciation and amortisation expense (net of revaluation reserve)	948	950	963	2,832	4,793	5,744
	(f) Consumption of stores,oils & chemicals	731	224	755	1,323	3,492	4,753
	(g) Power and fuel	108	255	282	656	2,393	2,548
	(h) Exchange fluctuation loss/(gain)	(70)	52	120	(34)	809	1,067
	(i) Other expenses	2,073	836	1,567	4,093	6,120	8,809
	Total expenses	**26,596**	**20,321**	**17,719**	**63,693**	**101,657**	**121,675**
3	**Profit/(loss) from operations before other income, finance costs, exceptional items and tax**	**(927)**	**652**	**(902)**	**(1,657)**	**330**	**(254)**
4	Other income	157	119	139	1,636	871	3,793
5	**Profit/(loss) from ordinary activities before finance costs, exceptional items and tax**	**(770)**	**771**	**(763)**	**(21)**	**1,201**	**3,539**
6	Finance cost	2,325	2,886	2,436	8,158	12,429	15,376
7	**Profit/(Loss) from ordinary activities before exceptional items and tax**	**(3,095)**	**(2,115)**	**(3,199)**	**(8,179)**	**(11,228)**	**(11,837)**
8	Exceptional items (net)	-	-	2,511	-	(9,306)	(9,306)
9	**Profit/(loss) from ordinary activities before tax**	**(3,095)**	**(2,115)**	**(5,710)**	**(8,179)**	**(1,922)**	**(2,531)**
10	**Tax expense/ (benefit)**	**(1,014)**	**(679)**	**(1,180)**	**(2,647)**	**(4,227)**	**(4,077)**
	Current tax	-	-	-	-	-	378
	Deferred tax (benefit)/ charge	(1,014)	(679)	(1,180)	(2,647)	(4,227)	(4,455)
11	**Net Profit/(loss) from ordinary activities after tax**	**(2,081)**	**(1,436)**	**(4,530)**	**(5,532)**	**2,305**	**1,546**
12	Paid up equity share capital (face value Rs.10/- each)	2,836	2,836	2,770	2,836	2,770	2,770
13	Reserves (excluding revaluation reserve)	-	-	-	-	-	2,416
14	Earning Per Share (Rs.) (not annualized)						
	Basic and dilluted EPS before exceptional item	(7.37)	(5.12)	(10.68)	(19.80)	(15.62)	(18.34)
	Basic and dilluted EPS after exceptional item	(7.37)	(5.12)	(17.07)	(19.80)	9.03	5.98
(A)	**PARTICULARS OF SHAREHOLDING**						
	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	Quarter ended December 31, 2012
(B)	**INVESTOR COMPLAINTS**	
	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	-

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SIMBHAOLI SUGARS LIMITED

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

(Rs. in lacs)

Particulars	Quarter 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
(A). Segment Revenue						
(a) Sugar	26,690	18,547	18,458	59,242	102,949	125,028
(b) Distillery	1,045	2,464	645	5,827	8,219	10,127
(c) Power	4,604	21	5,508	5,884	16,712	25,211
Total	**32,339**	**21,032**	**24,611**	**70,953**	**127,880**	**160,366**
Less: Inter Segment Revenue	6,670	59	7,794	8,917	25,893	38,945
Net sales/ income from operations	**25,669**	**20,973**	**16,817**	**62,036**	**101,987**	**121,421**
(B). Segment Results						
Profit/(loss) before finance costs, unallocated expenditure, exceptional items and tax from each segment						
(a) Sugar	(1,895)	1,358	(1,870)	(1,809)	(1,062)	(3,781)
(b) Distillery	(10)	178	(6)	438	874	1,633
(c) Power	1,469	(545)	1,353	913	2,131	4,220
Total	**(436)**	**991**	**(523)**	**(458)**	**1,943**	**2,072**
Less: (i) Finance cost	2,325	2,886	2,436	8,158	12,429	15,376
(ii) Other un-allocated expenses (net of income)	334	220	240	(437)	742	(1,467)
(iii) Exceptional items (Net)	-	-	2,511	-	(9,306)	(9,306)
Total Profit/(loss) from ordinary activities before tax	**(3,095)**	**(2,115)**	**(5,710)**	**(8,179)**	**(1,922)**	**(2,531)**
(C).Capital Employed						
(a) Sugar	8,797	12,970	24,389	8,797	24,389	19,319
(b) Distillery	9,472	8,769	9,171	9,472	9,171	10,172
(c) Power	17,551	17,663	19,620	17,551	19,620	20,243
(d) Unallocated assets/(liabilities) (net)	21,914	25,855	20,407	21,914	20,407	23,100
Total Capital Employed	**57,734**	**65,257**	**73,587**	**57,734**	**73,587**	**72,834**

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SIMBHAOLI SUGARS LIMITED

Notes to Standalone 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 seasons, 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 monthsRs. 2278 lacs}, has

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Simbhaoli Sugars Limited

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. As such, the results of quarter ended December 31, 2011 and fifteen months ended December 31, 2011 reported earlier without taking effect of the SOA, as adjusted after taking effect of the SOA, are given below to facilitate the comparison:

(Rs. Lacs)

Particulars	Quarter ended December 31, 2011		15 months December 31, 2011	
	Unaudited		Unaudited	
	Reported earlier	Adjusted results	Reported earlier	Adjusted results
Total Income from Operations	19,148	16,817	114,026	101,987
Total Expenses	20,010	17,719	113,584	101,657
Other Income	130	139	822	871
Profit Before Tax	(5,806)	(5,710)	(14,248)	(1,922)
Tax Expense	(1,884)	(1,180)	(4,354)	(4227)
Profit after tax	(3,922)	(4,530)	(9,894)	2,305*

*including profits on transfer of SDD Alcohol Undertaking

6. Exceptional items represents:
   (a) 15 months ended December 31, 2011 and 18 months ended March 31, 2012: Profit on sale of Simbhaoli Distillery Division (SDD) alcohol undertaking amounting to Rs. 11,817.
   (b) Quarter and 15 months ended December 31, 2011 and 18 months ended March 31, 2012: Differential cane price of Rs. 2,511 lacs for the sugar season 2007-08 accounted for pursuant to the Hon'ble Supreme Court Order.

7. 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.

8. 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 and nine months December 31, 2012 does not have any impact on the above results and notes in aggregate except notes no. 3(c) and 4 above.

For SIMBHAOLI SUGARS LIMITED

Gurpal Singh
Deputy Managing Director

Place: New Delhi
Date: February 12, 2013
Company Website: www.simbhaolisugars.com

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