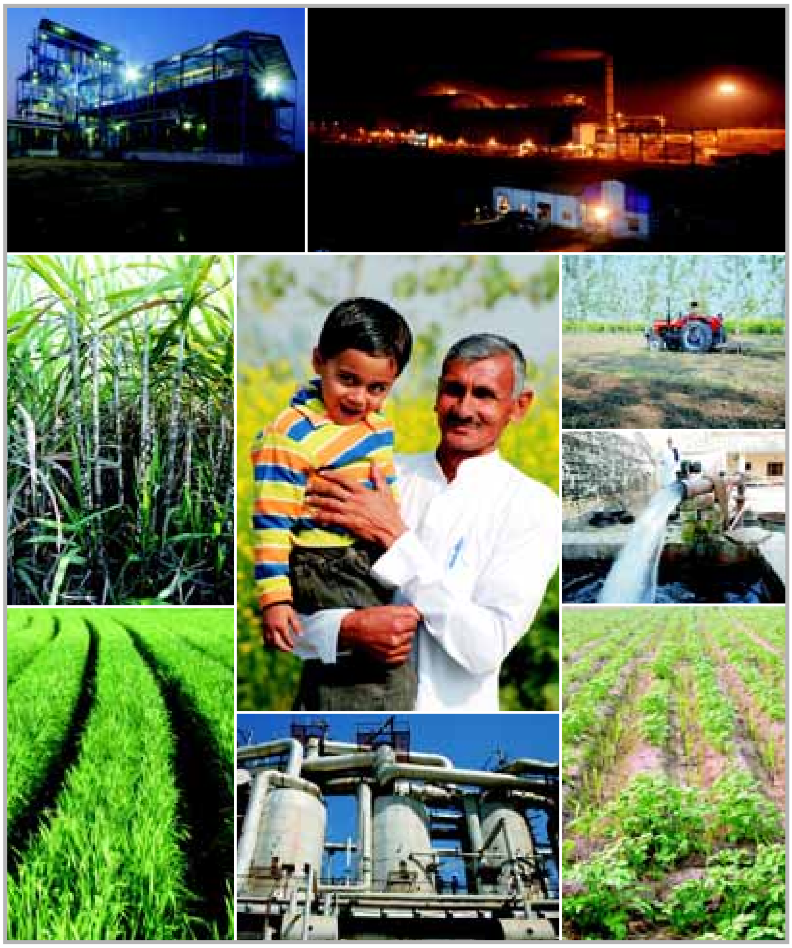
SIMBHAOLI SUGARS



Sowing the seeds of prosperity in rural India

SIMBHAOLI SUGARS LIMITED

72nd ANNUAL REPORT 2007-08

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Brijnathpur ethanol plant commissioned in 2008

Brijnathpur sugar complex commissioned in 2007

SIMBHAOLI SUGARS

Sowing the seeds of prosperity in rural India

At Simbhaoli Sugars Limited (SSL), we believe that rural upliftment depends on economic prosperity and inclusive growth. For close to eight decades, we have played a vital role in fulfilling these objectives by enhancing the competitiveness of Indian agriculture and elevating the sugarcane farmer to a new level of empowerment. We are committed to using our knowledge and experience to meet their unique needs and help them succeed. We have nurtured a strong partnership with tens of thousands of small and marginal farmers, working closely with them at each and every stage of the agricultural cycle. Through rain and shine.

Our partnership has proved to be a win-win situation for the Company and the farmer. For us, it has meant higher cane production and a better sugar recovery. For the farmer, it has meant optimal utilization of limited land and input resources, new business opportunities, rise in disposable incomes and a better quality of life.

We have also taken care to promote new-age mind-sets and farming practices – sustainable agriculture, for instance – which is helping preserve soil, water, air, energy and genetic diversity. These initiatives, we believe, are translating into sustained profitability and happiness for our farmers.

Simbhaoli's sugarcane development programme and community outreach initiatives are transforming the lives of over 120,000 farmers and their families in Uttar Pradesh. For the better. The partnership between Simbhaoli and the farmer has stood the test of time, for over 75-years. This year, our Annual Report celebrates that enduring bond of trust.

"SSL is my village's bridge to a modern way of life."

Naresh Chand Tyagi, Village Datiyana

Catalyst for all-round development

Simbhaoli Sugars Limited's (SSL's) mission to become a model corporate citizen is being translated on the ground by specific initiatives in the field of education, healthcare, infrastructure development and income generation.

SSL's intervention has radically changed the way of life for thousands of sugarcane farmers and their families at Simbhaoli, Chilwaria and Brijnathpur. For the better.

Little children are discovering the joy of schooling. Teenagers are securing their future by enrolling into colleges. Aged men and women now have quality healthcare facilities at their door-step. Enterprising young men are discovering inter-cropping – a new way to boost their incomes. Clean, unclogged drains are making water logging a thing of the past. Villagers are learning the value of good hygiene and sanitation. Additionally, all-weather roads are ending years of isolation.

In the years to come, SSL plans to strengthen its corporate social responsibility programmes by emphasizing all-round development, inclusive growth and community participation.

Senior secondary school at Simbhaoli village.

Healthcare facilities for farmers and their families.

Clean water at a farmer's doorstep.

All weather roads are connecting farmers to the mainstream.

"Thanks to SSL, I am no longer a one-crop farmer."

Harish Chander Chaudhary, village Rasoolpur

Inter-cropping is multiplying incomes, changing fortunes

In order to help a sugarcane farmer increase land productivity, enhance yield, hedge risks against crop failure and boost income, SSL has advocated inter-cropping for the Autumn and Spring planting seasons.

Sugarcane is being grown with wheat, potato, peas, garlic, cabbage, radish, onion, cucumber, okra, Indian apple gourd, mustard and marigold. Presently, SSL's inter-cropping initiative has covered 2100 acres. In the next couple of years, SSL plans to increase the inter-cropping acreage to 5000 acres, targeting over 7000 farmers. And, as the table given below shows, the farmers are reaping rich returns.

Inter-crop	Yield (qtl/ha)	Income in Rs./ha
Potato	275	123,750 @ Rs. 450/qtl
Peas	18	39,600 @ Rs. 2,200/qtl
Mustard	20	40,000 @ Rs. 2,000/qtl
Wheat	45	49,500 @ Rs. 1,100/qtl

Inter-cropping has another benefit for farmers as well. Sugarcane productivity has increased by 15-20 metric tonnes per hectare, leading to higher earnings.

Wheat inter-cropped with sugarcane.

Mustard inter-cropped with sugarcane.

Potato inter-cropped with sugarcane.

“With SSL by my side, I have no fear of being short changed.”

Jung Bahadur Singh, village Ubarpur

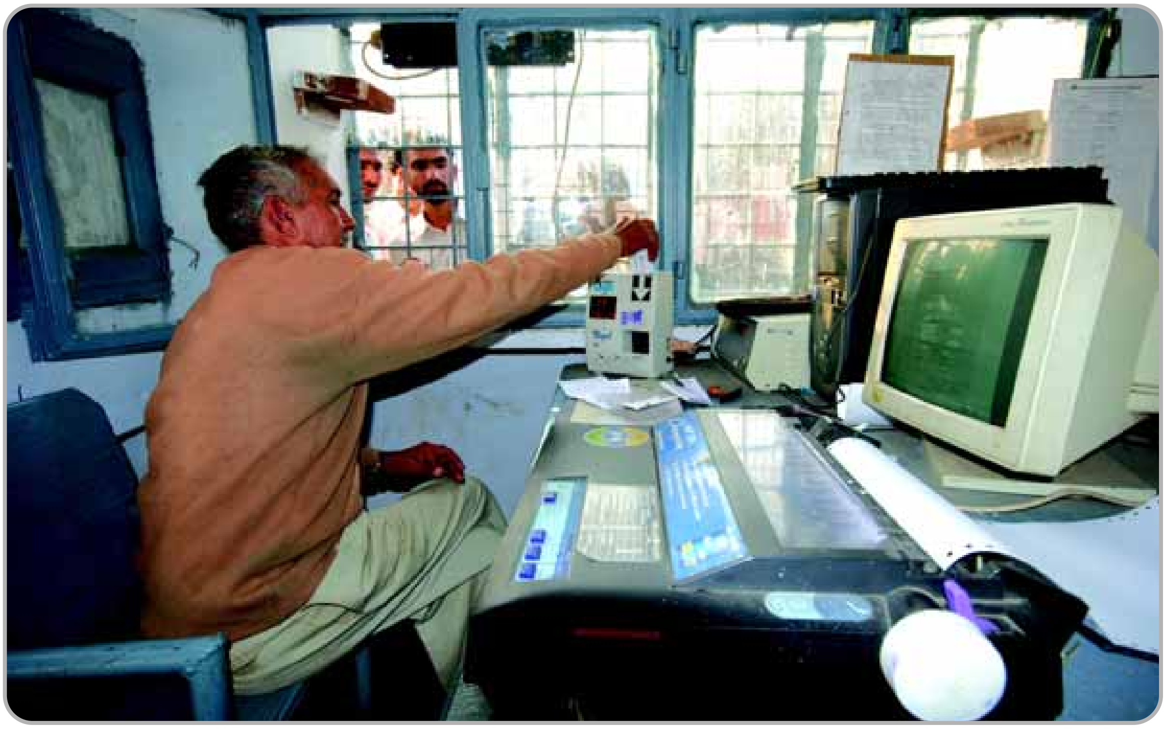
Fair price and timely payments

A strong advocate of fair trade practices, SSL has put in place a modern sugarcane procurement system, that’s efficient, transparent and just.

Located conveniently, close to where farmers live, the cane purchase centre has dramatically reduced the cost and bother of transporting the harvested crop. At the factory premises, procurement is a 24x7, computerized operation, thereby ensuring that the farmer spends less time in the queue. The electronic weigh bridges guarantee 100 per cent accuracy.

Most importantly, payments are made directly to the bank account of the farmer, resulting in a speedy settlement of cane dues. This, in turn, has led to another useful spinoff – inculcation of the banking habit.

Little wonder, generation after generation of farmers have placed their trust in SSL.



24 x 7, computerized cane procurement system at the factory premises.

Electronic weigh bridges ensure accurate weight of cane loads.

"Under SSL's careful watch, crop quality and yield in my village have grown by leaps and bounds."

Kripal Singh, village Hajipur

Elevating farmers to a new level of empowerment

SSL is empowering farmers by leveraging its knowledge, technical expertise and years of farm-level research. It works closely with farmers at each and every stage of the crop cycle – seed selection, varietal replacements, soil preparation, fertilizer and insecticide management, ratoon management, selection of implements, harvesting techniques and post-harvest crop practices.

SSL has an extensive research-led cane development programme involving a multi-disciplinary team of specialists. New crop developments, latest scientific insights and best farming practices are shared with farmers by way of demonstrations, field trials, workshops and kisan meets.

The result has been a marked improvement in cane yield and quality; and the establishment of a strong covenant with farmers.

SSL works closely with farmers, advising them at each stage of the crop cycle.

Farmers' meet in progress.

Farmers are benefitting from SSL's research-led cane development programme.

There has been a marked improvement in cane yield and quality.

"I can bank upon SSL for my financial needs."

Ram Viwas Verma, village Koluhua

The all-weather friend

SSL is playing a facilitating role in extending financial assistance to farmers in the Simbhaoli, Chilwaria and Brijnathpur regions. In collaboration with SSL, banks are extending to farmers a range of financial services such as input loans, crop loans and micro insurance at attractive terms. Pre and post-harvest loans designed to meet a farmer's working capital needs for the next crop are also being offered.

Efforts are underway to custom design financial products to meet the specific needs of farmers: To boost cane yield, maintain infrastructure and strengthen irrigation facilities. Most significantly, there are plans to provide weather insurance for protecting standing crops.

The ties between SSL and the banks go back a long way. Both the entities have joined hands with one common objective: The well-being of the sugarcane farmer.

Bank branches are conveniently located - either within or near the plant - for the benefit of farmers.

SSL has tied-up with banks for arranging pre and post cane cultivation loans for farmers.

Farmers are being advised on the prudent use of pesticides and fertilizers

> "Because of SSL's initiative, outdated farming practices are becoming a thing of the past."
>
> Arun Kumar, village Girdharpur

New age farming

SSL is ushering in an era of technology-driven farming in Uttar Pradesh. Farmers are being encouraged to switch to high yielding seeds, pursue modern soil, pesticide and fertilizer management practices, use efficient farm implements, adopt correct irrigation techniques and the latest harvest and post harvest technologies.

Mechanization, a key element of new age farming is taking the drudgery out of farm work. Making life a bit more relaxed and a lot more productive for farmers.

Most importantly, efforts are being made to target environment friendly growth by practising sustainable agriculture – preserving the soil, water and genetic diversity of the region.

SSL's initiative to modernize Indian agriculture has evoked a very encouraging response, especially amongst the younger generation of farmers.

Mechanization is taking the drudgery out of farm work. Shown here, land being prepared for sowing sugarcane.

Sugarcane planter preparing raised beds for growing wheat as an inter-crop with sugarcane.

CHAIRMAN'S MESSAGE

Dear Stakeholder,

First of all, let me congratulate you on Simbhaoli Sugars completing 75-years in the service of Indian agriculture and the farming community. I also thank you for your steadfast and invaluable support and long association with the Company.

This has been a particularly difficult year for the world economy. The meltdown of the American and European financial systems and its domino effect worldwide has severely impacted developed and developing countries alike. This crisis is likely to create a new financial system, which may take more than expected time to stabilize.

The crisis has led to a significant cut-back in investment flows and the availability of capital. The drying up of funds is squeezing the capacity expansion plans and working capital requirements of companies across industries. It's also lowering investments in commodities, which, in turn, is reducing the quantum of transactions and price discoveries.

Although global trends have put the Indian sugar industry under pressure, the impact has been somewhat less severe because of the intrinsic nature of the industry in our country. In India, the sugar industry is characterized by a large and ever growing, inward looking demand; sugar constitutes a small percentage of the household budget; the cash and carry nature of the business; and the fact that Indian farmers are less bank credit dependant – critical factors that have softened the effect of the latest global crisis.

The real challenge for the sugar industry in India continues to be structural in nature: Government policies, unviable support prices, excessive sugarcane related regulations, rapidly changing farmer preferences (recent shift from sugarcane towards other food and cash crops), limited export opportunities and excess capacities created in certain regions.

However, the industrial cycle is changing for the good, with a declining stock to use ratio. Sugar prices have started showing a positive trend, after indicating a turnaround in the sector. Integrated manufacturers are more likely to benefit in such a scenario.

For Simbhaoli Sugars, this fiscal has been below expectations (in line with industry trends) mainly on account of lower free sale sugar prices, increase in input costs for both sugar and molasses and higher cane development expenses to support expanded capacity at Simbhaoli plant, high interest and depreciation charges due to completion of new projects. However, I can confidently state that the medium and long-term outlook of your Company continues to hold great promise.

The diversification and modernization programme which we commenced a few years back as a part of our strategy to de-risk our business model is almost complete. With the exception of the second phase of the co-generation project at Chilwaria, all projects aimed at creating new capacities in sugar, potable liquor, ethanol and bio-power have been finished. The benefits of these multiple revenue streams will flow into our balance sheet from the next financial year.

As one of the country's top ten sugar producers, our aggregate crushing capacity is 20,100 TCD, with a capability to produce up to 300,000 tonnes of white sugar every year. What sets Simbhaoli Sugars apart from its peers is its world-standard quality. Simbhaoli Sugars continues to be the country's pre-eminent exporter of 45 ICUMSA grade sugar. 'Trust' continues its journey in the market place as one of the fastest growing sugar brands. We are continuously investing in strengthening our brand, by way of new product offerings, convenient packaging and rapid market penetration.

In the potable liquor business too, we are looking at new opportunities across product categories. Vodka has been identified as one of the fastest growing alcohol categories in the country.This year, we made an entry in the premium vodka segment by launching 'Xing' brand. In the whisky, rum and gin segments including country liquor, we continue to grow at a healthy 30 per cent per annum. Most significantly, we have achieved a 600,000 cases IMFL target in this financial year.

Ethanol is an important business for us. Post the expansion and green-field projects, our ethanol production capacity now stands at an impressive 180,000 litres per day. We are well positioned to take advantage of the Government's policy of blending petrol with 10 per cent ethanol. Our ethanol plants conform with the 'environment first' approach of the Company.

Another important business driver is generation and sale of surplus bio-power. We are in the process of stepping up capacity to a surplus of 30 MW/HR of bio-power during our crushing season, which we will supply at commercial rates to the State Utility.

Simbhaoli Sugars is committed to playing the role of a model corporate citizen. This involves providing a safe working place, respecting the environment, demonstrating high ethical standards and caring for its farmers, its most important stakeholder. Our community outreach programmes are targeting the education, healthcare, infrastructure and income generation needs of our farmers and their families. Our cane development programmes including inter-cropping are aimed at improving quality and yield and boosting the earning capacity of farmers.

I am confident that Simbhaoli Sugars will tide over these turbulent times with the same sense of fortitude, hard work and ingenuity it has displayed in its seventy five years long history.

Gurmit Singh Mann
Chairman & Managing Director
November 28, 2008

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman & Managing Director
- Gurmit Singh Mann

Whole time Directors
- Gurpal Singh, Dy. Managing Director
- G.S.C. Rao, Executive Director
- Sanjay Tapriya, Director - Finance

Non-executive Directors
- S.K. Ganguli
- S.C. Kumar
- Ram Sharma

Nominee Directors
- Naveen Atrishi
  (ICICI Bank Ltd.)

L to R: Dr. G.S.C. Rao, Mr. Sanjay Tapriya, Mr. Gurpal Singh, Mr. Gurmit Singh Mann, Mr. S.K. Ganguli, Mr. Naveen Atrishi, Mr. Ram Sharma, Mr. S.C. Kumar

Company Secretary
- Kamal Samtani

Auditors
- A.F. Ferguson & Co.

Solicitors
- J. Sagar Associates

Bankers
- State Bank of India
- Punjab National Bank
- ICICI Bank
- Industrial Development Bank of India
- Bank of Baroda
- State Bank of Patiala
- State Bank of Bikaner & Jaipur
- EXIM Bank

Registered Office
- Simbhaoli
  District Ghaziabad, Uttar Pradesh - 245 207

Corporate Office
- C-11, Connaught Place
  New Delhi 110 001

Corporate Marketing Office
- P-23, Rai House,
  Near Shivaji Stadium, Connaught Place
  New Delhi 110 001

Manufacturing Units

Sugar Mills / Co-generation Plants
- Simbhaoli Sugar Division, Simbhaoli
  District Ghaziabad, Uttar Pradesh - 245 207
- Chilwaria Sugar Division, Chilwaria
  District Baharaich, Uttar Pradesh - 271 801
- Brijnathpur Sugar Division, Brijnathpur
  District Ghaziabad, Uttar Pradesh - 245 101

Distillery / Ethanol Plants
- Simbhaoli Distillery Division, Simbhaoli
  District Ghaziabad, Uttar Pradesh - 245 207
- Chilwaria Ethanol Division
  Chilwaria, District Baharich,
  Uttar Pradesh - 271 801
- Brijnathpur Ethanol Division, Brijnathpur
  District Ghaziabad, Uttar Pradesh - 245 101

DIRECTORS' REPORT

To

The Members of

Simbhaoli Sugars Limited

Your Directors have pleasure in placing the directors' report together with management discussion analysis for the financial year ended on September 30, 2008.

Global Sugar Industry

After two years of consistently rising stocks and relatively low prices, the fundamental outlook for sugar is changing, with a clear indication towards lower production in 2008-09. A combination of factors, including lower production in India and some other countries; rising demand for sugar and ethanol; and general economic slowdown have upset the world sugar balance.

World Sugar Balance

	2008/09 (E)	2007/08 (P)	Change	
	mmtrv	mmtrv	absolute	%
Opening stock	42.6	39.3	3.3	8.4
Production	158.8	166.6	(7.9)	4.7
Consumption	162.1	157.1	5.0	3.2
Surplus/deficit	39.3	48.8	(9.5)	19.5
Import demand	47.4	44.8	2.6	5.8
Export availability	48.2	51.0	(2.8)	5.5
End stocks	38.6	42.6	(4.1)	9.6
Stock/consumption ratio in%	23.8	27.1	(3.3)	12.1

Source: USDA , FAS PSD database updated Nov 2008
mmtrv: million metric tones, raw value; mmt: million metric tones, white value

During the current season (2007-08), the global availability of sugar has gone up on account of surplus in Brazil (exported 19.75 mmtrv) and India (exported 4.9 mmt), which has kept the sugar prices under check. Raw-white premium, however, remained high because of lower quantities of white sugar being offered by refineries including those in EU and rising demands. The high freight costs created regional demand and supply clusters and India, therefore, emerged as a major regional supplier of white and raw sugar in this year.

Global sugar consumption during 2007-08 has gone up to 162.1 mmtrv, up by 3.2% over the previous year. The reasons for increase in consumption were rising global demand, improved standard of living in developed/under developed countries and a shift of population from rural to urban areas (around 3.3 bn people living in cities as per the United Nations Population Fund).

The production levels in major sugar producing countries during this period and estimates for the year 2008-09 are as under:

(Figures in mmtrv)

Country	2006-07	2007-08 (P)	2008-09 (E)
Brazil	31.5	32.1	32.4
India	30.8	28.6	22.8
EU	17.8	17.7	16.9
China	12.9	15.9	15.8
Thailand	6.7	7.8	7.9
Australia	5.2	4.9	4.9
US	7.6	7.4	6.9
World	164.5	166.6	158.8

Source: USDA , FAS PSD database updated Nov 2008

After touching the peak in 2007-08, global production is set to fall in 2008-09. Most of the fall is due to changes that are taking place in India. While in response to the low prices relative to rising costs and liquidity issues, going forward, production growth in Brazil is likely to be minimal. Sugar production in China and Thailand are likely to remain nearly constant for the 2008-09 season.

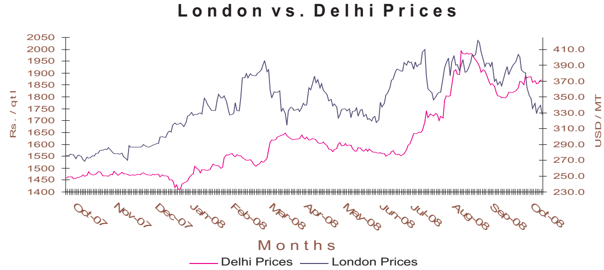
Brazil sugar and ethanol production estimates: Year 2008-09 production estimate for Brazil at 32.45 mmtrv level is almost similar to that of last year in spite of estimates of higher cane production,Total sucrose destined for sugar and ethanol production is estimated at 40.5% and 59.5% for 2008-09 production against 45.5% and 54.5% respectively in 2007-08. With high crude oil prices in 2007-08 onwards, Brazil had diverted a major part of its additional cane production for manufacturing ethanol and consumed nearly 22.5 billion liters of ethanol in 2007-08. In the 2008-09 season, sugar production has been marginally higher than the last season. Total ethanol production in Brazil for 2008-09 is estimated at 26.9 bn liters, up by 20% as compared to the previous season. With the influx of additional flex fuel vehicles at 87% of total new vehicles, Brazil ethanol demand is higher by 15% in 2008-09 and estimated to double by 2011-12, which may lead to unprecedented diversion of cane for ethanol manufacturing. With nearly 20% devaluation of Real, Brazilian sugar realization has improved in terms of domestic currency, partly mitigating the impact of fall in sugar prices. However, further capacity expansion is substantially curtailed because of lack of capital inflow. This may reduce sugarcane processing in Brazil in 2008-09 and thereafter; affecting their exports and consequently, supply of sugar and ethanol to the world.

India, a regional hub for white and raw exports: The most unique feature of sugar season 2007-08 has been the development of India's capabilities to export both raw and white sugar simultaneously. India has exported over 4.9 mmt of sugar comprising 2.5 mmt of raw sugar which has been exported first time from India. With higher ocean freight costs, the demand around the Indian sub-continent has mostly been met by India. The quality of Indian raw has been appreciated by the buyers. Efficient logistics and 45 ICUMSA sugar proved to be key to exports. In future, India may emerge as a regular exporter of raw and premium white in its neighborhood, particularly in the surplus cane years.

World sugar price trends: The world sugar prices remained highly volatile and subdued on account of surplus sugar available. Except a marginal rise in January 2008 to a level above 14 cents a pound, the prices remained range bound between 10-12 cents. The price of white sugar peaked in August 2008 (over 400 USD per MT), and went down thereafter, with the lack of Investing Funds' interest in commodities hedging. The white sugar premium during the year remained constantly high because of lower supply from EU and rising consumption. The international prices, both of raw and white have softened considerably, on account of economic and financial pressures and are ruling at 11.28 cents/pound and USD 322 per mt respectively (as on November 21, 2008).

The prices of Indian and international sugar have converged in 2007-08, with the evolution of exports of raw and white and growing regional preferences of Indian sugar.

London vs. Delhi Prices



Global recession/ slowdown, impact on sugar and ethanol industry: Global sugar industry did not remain unaffected with the financial meltdown and recent slowdown in the world economy. The recessionary trends have impacted the liquidity position, which depressed values and created new correlations between commodities, equities and emerging market currencies. The reduction in risk appetite and withdrawals of funds from commodity markets has reduced its depth and market making abilities. Lower capital is being earmarked for future expansions and the Brazilian industry is already showing sign of falling short of market expectations with regard to production estimates for 2009-10 and beyond. Fall in crude prices to a level below US $50 per barrel may impact the commercial viability of ethanol as a substitute to petroleum products. The environmental impact of ethanol as a renewable fuel, however, will keep its demand alive and nearly constant. The changing currency conversion rates have started affecting domestic cost calculations and import/export values. Falling freight rates, with Baltic freight indices gone down by nearly 90% from 11500 in May 2008 to around 1000 in November 2008, have made movement of sugar feasible to longer distances. The trade clusters created in 2007-08 season are dismantling. While these issues are creating short term disruption, the long term impact is difficult to ascertain at present. However, the world sugar consumption is growing year after year.

Indian sugar, however, is expected to remain un-affected as it is driven by high domestic demand which is least elastic; sugar constitutes small percentage of household budgets; rising indirect consumption; sugar business is mostly in cash and carry; and Indian farmers are not credit dependant. Some impact of slowdown, however, would be seen in the form of fewer transactions in commodity exchanges, lower pipeline stocks and slower growth. Higher interest costs would also affect the industry, which is highly capital intensive. The financial stress may reduce flow of funds to the sugar sector resulting in low capacity expansion, lack of working capital finance, and lower funds investments in commodities.

Outlook for 2008-09 sugar: Year 2008-09 should witness a fall in global production by over 7.9 mmtrv; due to a fall in production by over 5 mmt in India and around 3 mmtrv in EU. Unlike Brazil, the sugar industry in these countries is largely dependent on their domestic markets, and lower production will translate into lower exports from these countries affecting the globally tradable sugar. Globally, floating sugar will reduce to 48.2 mmtrv from 51 mmtrv in 2007-08. India is likely to produce 20 mmtrv of sugar in the 2008-09, as per the latest official estimates available.

Year 2008-09 will largely be driven by emerging markets; with India and China being the main drivers. On a regional basis, Asia and Africa will have a more modest consumption growth. With lower production and rising consumption, the stock to use ratio at the end of 2008-09 is expected to be lower by 12.1%, from 27.1% to 23.8% . A marked contraction in Indian production, followed by a modest decline in Brazilian sugar production in 2009-10, will reduce global production by nearly 6% year-over-year in 2008-09 leaving the global balance in a 1.8 mmtrv deficit- a deficit more than double is expected in 2009-10.

Domestic Sugar Industry

Changes in India are following the volatility in the world sugar balance. After record crushing numbers in the 2006-07 season, the sugarcane crop has been marginally lower in the 2007-08 season due to lower agricultural yields. With high carryover stocks and current season surplus , prices remained soft and flat up to March 2008. However, they have shown upward movement thereafter, in anticipation of a lower 2008-09 crop.

India Sugar balancing

(figs in mmt)

Sugar Year	2006-07	2007-08 P	2008-09 E
Opening Stocks	3.6	9.2	8.1**
Production	28.3	26.3	19.5
Imports	-	-	-
Total	31.9	35.5	27.6
Consumption-domestic	21.0	22.5	23.0
Exports	1.7	4.9*	0.80
Closing Stock	9.2	8.1	3.8
% age of consumption	43.8	35.9	16.5

**Till 12.09.2008, 4.8 mmt has been exported inclusive of 0.09 mmt awaiting loading at the port.*
***After accommodating for the stock adjustment*
Source: ISMA/agst.xls/ras/sheet1updated on November10, 2008/ SSL estimate

The Indian sugar industry has emerged as a raw sugar manufacturer and exporter for the first time this year. Out of a total export of 4.9 mmt, raw sugar accounts for 2.5 mmt. White sugar export included the export of 45 ICUMSA grade sugar, which fetched a premium in the world market. With the emerging price difference between refined and plantation white sugar, domestic manufacturing for refined sugar is enlarging as buyers are becoming more quality conscious. Ethanol adoption remained subdued due to state level restrictions and alternative uses of alcohol. Bio-electricity is emerging as valuable product with a potential to generate up to 5000 Mwh as against actual power generation capacity of 1000 Mwh.

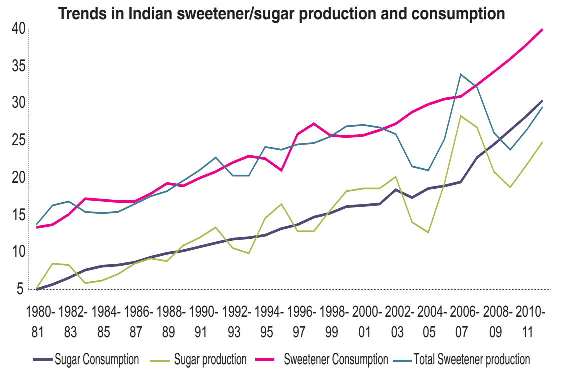
Domestic per capita sugar consumption has increased from 16.6 kg (year 2006) to 18.1 kg (year 2007); an increase of 9%, whereas the share of alternate sweeteners (Gur, Khandsari etc) in total sweetener consumption has declined from 5.3 kg to 5.0 kg per capita, which is still much lower than the international standards (35 kg to 50 kg in most of the developed countries). (Source: ISMA, F.O. Licht Year Book and SSL estimates). During the period starting from 1980-81, the indirect consumption of sugar (in the form of soft drinks, ready-to-eat food, etc) has increased to 61% of the total free sugar consumption. In developed countries this stands at 75% (EU). (Source: AC Neilson survey; April 2007).

Over the last decade, domestic sugar demand has witnessed a compounded annual growth of 3.75%, which is expected to rise at a faster pace. This is due to rapid urbanization (expected at 3.3% p.a. between 2007-08 to 2011-12); increase in population (expected 1.5% p.a.); shift from direct to indirect consumption of sweeteners (where growth rate is much faster); and a shift of consumption from alternate sweeteners to factory made sugar.

The Indian Council for Research on International Economic Relations (ICRIER) in its report on 'Demand and Supply Trends and Projections of Food in India' of March 2008, has projected a sugar consumption at 29.3 mmt in year 2010-11 and per capita consumption of 24.9 kg p.a. In case the GDP growth remains at 8% p.a, the projected sugar consumption is estimated at 26.7 mmt, with per capita consumption of 22.6 kg p.a. This demand is expected to grow up to 65.7 mmt in 2021, with a per capita consumption of 48.8 kg p.a.

The possibility of growth in cane availability in the future is limited because of nearly constant cultivable area and increasing competition with other food and cash crops; stagnant farm yields; small landholding size further getting fragmented; lack of basic research in improved agricultural practices and ever increasing costs of agriculture. With limited crop growth and increasing demand, Indian sugar balances may turn from surplus to shortages as it may not be able to balance demand from domestic production year after year.

Induced cyclicality: Domestic sugar sector is always impacted by the induced cyclicality of high sugar prices leading to payment of higher cane prices which in turn leads to increase in production at the cost of other crops. This translates into higher sugarcane production and higher sugar production resulting in lower sugar prices affecting the ability of the mills to pay to farmers and creation of arrears. High arrears cause a fall in cane cultivation in subsequent period, and the cycle restarts all over again.



In addition to the economic cycle, outline above, natural cycles, such as climate variation, water availability and pest attacks, also affect sugar cane production. In the current sugar cycle, production of sugarcane was affected on account of higher realizations from other food crops such as wheat, paddy and oil. With two years of excessive sugarcane/sugar production, the cycle is turning into lower production in the sugar year 2008-09. With rising consumption and linkages with world sugar markets, these cycles are becoming shorter and more volatile.

Sugar price and stock to use ratio: Like any commodity, the price of sugar too is determined by demand-supply dynamics. The demand for sugar has been more or less inelastic, with such factors as population growth and per capita income influencing it. However, supply is affected by cyclicality and seasonality of production. There has been an inverse correlation between price of sugar and stock to use ratio at the end of each sugar year. Domestically, season end stock to use ratio of less than three months consumption is considered low and free sugar price could be showing improvement with falling stock levels.

Sugar Year	Consumption (mmt)	Stock use Ratio (%) (at end of season)	Delhi free sale sugar price per qtl (Rs)
2001-02	16.78	67.4	1478
2002-03	18.38	63.2	1299
2003-04	17.29	49.1	1500
2004-05	18.50	25.8	1787
2005-06	18.50	19.6	1953
2006-07	21.00	43.8	1567
2007-08	22.50	35.9	1655

Source: ISMA handbook/ monthly data compilation

In the recent past, to meet sugar demand in the years when stock to use ratio had been lower, the country resorted to import of white or raw sugar.

Government policy measures: A number of policy measures have been initiated by the union/state government which impacted this year's operations in the sugar industry. Sugarcane pricing issues in Uttar Pradesh remained the major cause of disagreement between the state and millers. The state advised price (SAP) of Rs. 125 per qtl for the 2007-08 (for general varieties), has been challenged initially with Hon'ble Allahabad High Court and thereafter with the Hon'ble Supreme Court on the rationality of non consultation process and arbitrariness for fixation of cane price by the state government. The court fixed an interim price of Rs. 110 per qtl instead. The matter is still sub judice. Other policy issues initiated/implemented are:

1. Fixation of SMP at Rs. 81.18 per qtl linked to basic recovery of 9% with a premium of Rs. 0.90 per every 0.1 point increase.
2. Increase in the rate of cess on sugar under SDF Act from Rs. 14 to Rs. 15 per qtl w.e.f. January 1, 2008, and to Rs. 24 per qtl w.e.f March1, 2008.
3. Buffer stock of 5 mmt created in 2006-07. This has since been dismantled.
4. The E5 (5% blend of Ethanol with petrol) programme continued across the country with few exceptions. The plan to increase it to E10 (10% blend) from October 2008 has been deferred. There has not been any change in ex factory purchase price of ethanol of Rs. 21.50 per litre.
5. Transport subsidy of Rs. 1350/1450 per MT for sugar export has been introduced up to September 2008.

The UP Government did not reformulate the sugar incentives policy, after its premature withdrawal in May 2007 (Sugar industry promotion policy 2004-08) and benefits promised in the policy remained unrealized. The matter has been referred to the Hon'ble Allahabad High Court for resolution and is presently sub judice. In respect of sugar year 2008-09, the state has fixed SAP of Rs. 140/- per qtl (for general variety), which has been challenged in the Hon'ble Allahabad High Court.

Future outlook: Based on updated industry estimates, sugar production in the 2008-09 season is expected to be lower on account of a smaller sugarcane crop, fall in farm yields and initial estimates of sugar recoveries. These estimates have been revised downward from 22 mmt (initial estimates endorsed by GOI). For the 2008-09 season, a large number of cane farmers have diverted to the cultivation of other food/cash crops with changing farm economics. The reported carryover stocks from the 2007-08 season at 10.5 mmt still show a healthy position. However, it is felt that the country may need stock adjustment in the opening inventory of 2008. Taking this into account, the carry over stock position by the end of ensuing sugar season may lead to a situation where the season end stock to use ratio falls below the comfort level of three months. After three years of record surplus, the sugar cycle is now moving into deficit, having a positive impact on sugar prices.

Utilization of molasses for the production of ethanol not only provides value-addition to the by product, it can also ensure better price stability and price realization of molasses for the sugar mills. This will improve the viability of the sugar mills, which will in turn benefit cane growers. Further, cogenerated power is emerging as the strongest revenue and profit generator for the mills. Availability of sugarcane and its optimum utilization in the form of ethanol/power/plant utilization factor would be the major revenue drivers for sugar industry going forward. Such flexibility has become very relevant in the current scenario of economic liberalization and more particularly, as a means to correct the aberrations in sugar production.

Alcohol/ ethanol usage and balancing: Energy security and environmental concerns are motivating adoption of ethanol bio-fuel globally. Ethanol fuel demand is likely to grow exponentially in the future. Most of the leading countries have mandated ethanol doping at different per cent levels, in all commercial automobile fuels over the long term. An increase in the demand of ethanol will result in lower sugar supplies. As more cane would be diverted to ethanol, sugar prices would rise.

During 2007-08, out of the total alcohol produced in India, around 33% was used for drinking purposes, and almost a similar amount was consumed by the chemical industry as feed stock, leaving around one third for the fuel ethanol. If the trend continues, and E5 is implemented fully, going forward there may be a gap in demand and supply. With gasoline demand of 11.6 mmt in 2006-07, the requirement of ethanol at 5 per cent blending is expected to be over 650 million litres. The sugar industry has reiterated its commitments that it will not be lacking in meeting the ethanol demand by the petroleum companies.

Current demand for alcohol for manufacturing potable alcohol is estimated at 1.2 bn bulk litres with an annual growth rate of 9 to 10% p.a. With the increase in the population in the drinking age and improvement in disposable income, this growth in consumption will increase in future. Further, the use of alcohol for chemical industry with a base consumption of 700 mn bulk litres (estimate for 2006-07) is growing by 5 to 6% p.a. Thus, with the overall demand of 2.50 bn bulk liters of alcohol for all the three major consumption streams, going forward, India may find it difficult to meet its alcohol demand from domestic supply. In India, almost all the alcohol is derived from sugarcane molasses.

BUSINESS DESCRIPTION AND ANALYSIS

Simbhaoli Sugars: Simbhaoli Sugars Limited (SSL) started in 1933, one of the initial sugar plants in western Uttar Pradesh with a moderate capacity of 400 TCD. SSL is amongst the top 10 integrated sugar companies of India. The Simbhaoli complex with 9500 tcd capacity can produce refined sugar up to 750 MT/day and raw sugar up to 200 MT/day; Chilwaria complex with 6600 tcd capacity can produce plantation white sugar up to 660 MT/day and Brijnathpur complex with 4000 tcd capacity can manufacture refined sugar up to 400 MT/day. SSL has a capacity to export surplus power of 30 Mwh to the state utility. Apart from sugar and cogenerated power, SSL has a capacity to produce total rectified spirit up to 210 Kl/day inclusive of ethanol/extra-neutral alcohol (180 Kl/day) and potable liquor of one mn cases per annum. SSL is pioneer in manufacturing specialty sugars comprising pharmaceutical grade, superfine grade, breakfast, candy, icing, and natural golden brown sugars. The retail packs in sugar are available under the 'Trust' brand. It also manufactures and sells Bio manure and has a total capacity to produce up to 60 tons/day at these locations.

Branding-the future thrust area: Simbhaoli Sugars has been catering to its markets with high quality products for over seven decades. Its refined sugar conforms to EC I/EC II grades with color codification of less than 20/45 ICUMSA respectively. The Company's thrust has always been to achieve the highest levels of quality standards for meeting customer expectations. The sugar brands are being introduced in new geographical areas by tying up with modern retail chains. The sugar is offered in convenient consumer and institutional packs.

The Company's alcohol division is strengthening its presence in the premium, semi-premium and popular potable alcohol segments within India. Its potable spirits are marketed Xing (Premium Vodka) Hunters/Simbhaoli XXX (Rum), Seven Knights (Whisky), Seven Knights Lemon flavor (Dry Gin), and Ice Blue Tango (Pre mixed) have been introduced under different product categories. These brands have been developed after extensive research based on the choice and taste of consumers.

Sugar cane development: SSL always believes in empowering its farmers by providing all possible support to them e.g. encouraging adoption of improved agri-practices and seed replacements. The active participation of banks is facilitated for meeting increased credit needs of farmers by way of various agri-financing/credit models. SSL continued to work on seed replacement programme for converting degenerated cane varieties into high growth/high sugar varieties. It provides all agri-inputs to cane growers including land preparation equipment, plant protection devices, and men and material to control pests and diseases. There is an intensive and integrated pest management system in sugar cane area of the sugar facilities.

SSL undertakes demonstration, field trials and continuous training to farmers, community welfare programs, etc. It is operating over 240 cane purchasing centers in the command areas of sugar units. Such initiatives are important for all the sugar complexes being located in the sugarcane rich region of Uttar Pradesh.

International marketing and trading: Simbhaoli Sugars has an active international marketing and trading division that carries out the Company's commodity trading activities and markets the Company's products in international markets. During the year, SSL exported its manufactured and traded sugar amounting Rs. 2823 lacs and alcohol products of Rs. 30 lacs to a number of markets including EU and Africa.

SSL has set up an associated business entity, **Simbhaoli Global Commodities DMCC (SGC)** in the free trade zone of Dubai, UAE. SGC is intended to be SSL's international trading arm, working for the sustainable development of its overseas business of marketing sugar and alcohol related products and identifying possible global investment opportunities in sugar, alcohol and agro-commodities sectors. SGC intends to enlarge the distribution of SSL products in Europe, Africa and the Middle East.

Corporate social responsibility: In an era where need for inclusive growth is recognized, the sugar industry is amongst the few industries that have successfully contributed to the last mile development. It has done so by commercially utilizing the rural resources to meet the large domestic demand for sugar and by generating surplus energy to meet the ever increasing energy needs of India. The sector supports over 50 million farmers and their families. Sugarcane price accounts for approximately 70 percent of the ex-mill sugar price which has become the catalyst of rural growth.

Simbhaoli Sugars has always understood the importance of being a socially responsible corporation. SSL meets its corporate social responsibilities in many ways, including:

- Providing healthier and hygienic sugar and its variants to its valued customers
- Manufacturing bio fuel to meet the green energy requirements of the country
- Co-generating power from bio mass, which is supplied to the state grid
- Lowering its environment footprint. The Simbhaoli plant has been accredited by UNFCCC for carbon credits. The registration process is underway for the Chilwaria plant
- Manufacturing and distributing bio manure to its captive farmers conforming to organic fertilizer standards
- Organizing rural welfare activities such as health camps, sports, banking needs, providing clean water, etc
- Making all business operations environmentally compliant

Going forward, the sector has the potential to cater to the large and growing domestic sugar consumption and emerge as a significant bio fuel and co-generated power producer. It is also capable to cater to the ethanol blending programme of E5 and beyond. Simbhaoli Sugars is relentlessly working towards these directions.

SWOT analysis

Strengths

- Three technologically advanced facilities located in the sugarcane-rich area of Uttar Pradesh.
- Sugarcane crushing capacity of 20,100 tcd with a capability to produce up to 0.22 mmt of premium refined sugar and 0.08 mmt of white sugar annually. The entire sugar at Simbhaoli and Brijnathpur locations conforms to EU standards (45 ICUMSA and below).
- Capability to process external raw sugar in the event of shortfall in cane availability and to create economic arbitrage.
- Strong relationships with over 120,000 sugarcane farmers, not only in sugar cane related areas but also in other crops.
- Producer of pharmaceutical-grade and specialty sugar products under branded categories, targeting retails, industrial users, and hospitality and tourism industries.
- Venturing into premium/ semi premium potable alcohol segments, a business not dependent upon sugar cycles.
- De-risked operations with power co-generation, alcohol and bio-manure.

Weaknesses

- Sugar business is affected on account of financial constraints and lower margins in sugar business.

- Company is part of the sugar manufacturing system of the country and subject to induced agro climatic/ business cycles and Government regulations.
- High gearing leading to higher financial costs and risks.

Opportunities

- Growing opportunities in bio-energy segment which includes bio-power and ethanol.
- Brand building in potable alcohol and sugar. Trust brand of sugar has created a number of opportunities. The potable alcohol market, in which the Company is increasing its penetration, is growing by over 10% annually.
- Commodity trading, both domestic and global. An offshore associate company has been set up for this purpose.
- An excellent relationship with the cane farmers for implementing an integrated agri- model for them.

Threats

- The sugar is the primary business of the Company, which may not only be impacted by the changing agro-climatic conditions but also the Government policies and regulations.
- The present economic slowdown may affect the business of the Company in more than one manner.

Human resources: The Company has formulated a transparent HR Policy with the objective to retain Company's over seven decade old family culture apart from the induction of qualified personnel, who are experts in various professional activities related to the Company's business. These employees are the driving force behind all the assets of the Company. They fulfill the Company's responsibility towards all its stakeholders including themselves. The Company assesses the learning needs of employees on regular basis to ensure that the employees remain up to date on the latest technological changes and management techniques.

During the year, SSL has conducted 732 man-days (previous period, 67 man-days) of training for executive staff and 1782 man-days (previous period, 109 man-days) for non-executive staff. Quality Circle movements adopted by the Company in 2004 have gained further strength and at present 19 Quality Circles are operating. Industrial relations have never been an issue as the management and employees are not two entities but parts of the same family.

Risk assessment and mitigation policy: SSL has adopted a system based approach for risk management, with the clear objectives of identification, evaluation, monitor and minimization of the identifiable risks. A policy has been formulated and adopted by the management for controlling the risks. The management periodically reviews the risk management framework to identify the major business risks as applicable to the Company and work outs the mitigation strategy.

Technology initiatives and energy conservation methods: The Company has adopted various technology initiatives and energy conservation methods for efficient operations. The detailed measures taken during the year are described in the annexure forming part of this report.

Growth plan updates: SSL has implemented its growth plan (2004 to 2008) with an investment of over Rs. 460 crores. The focus was to de-risk the business and reduce reliance on the sugar segment alone; diversifying business in the field of sugar, alcohol/ethanol and power. The plan involved enhancing the capacities in all the segments of the business as well as setting up a green field sugar complex.

Segment	Unit	Capacity growt	
		From	To
Sugar	TCD	11300	20100
Alcohol/ ENA	KLD	75	210
Cogenerated Power (surplus)	MWH	8	30
Bio Manure	MTA	15000	35000

All the projects have been completed except for Phase II of Chilwaria cogeneration, which will become operational during the 2008-09 crushing season. Phase I of the project has been commissioned and the unit is exporting surplus power to the state utility Company regularly.

Quality management system certifications: SSL has adopted an integrated quality management system comprising of system based approach in its day to day operations. It has got accredited ISO 9001:2000 for Quality Management System, 14001:2004 for Environment Management System and HACCP: 2002 for food safety for its Simbhaoli complex. It has also been granted status of Star Export House vide certificate of recognition issued by the Government of India, Ministry of Commerce and Industry.

Internal control systems: SSL has adequate systems of internal control to reasonably safeguard the assets against loss from any unwarranted use. All transactions are authorized, recorded and reported correctly. Internal audit and checks are carried out regularly at various units/ projects/ activities centre to ensure the adequacy of control system and its monitoring. The main objectives of the internal control system are: ensure critical examination of reasons causing the problems and offer solutions to overcome the same; identify the shortcomings that affect the Company's operations significantly; ensure the compliance of Company policies and procedures and develop a cost effective approach to work.

An audit committee of the Board, headed by an independent non-executive director, is in place to review the internal controls and other financial systems. SSL has implemented detailed plans to control all the elements of costs to remain competitive. It has appointed a firm of chartered accountants to carry out internal audits.

Communication: SSL has developed a transparent system for communicating with its stakeholders. Apart from having a website, 'www.simbhaolisugars.com, it has a quarterly journal 'Trust Talk', which is distributed to its customers, suppliers, major investors and employees. During the year, four issues of Trust Talks were published and distributed. Each quarterly result of the Company is accompanied by an investor update analysis. These communications are available at the Company's website and are regularly updated.

During the year, business login for institutional and corporate clients and newsletter auto- subscription were introduced. Business to business login through website will allow the customers, dealers, and other stakeholders to interact and deal with the Company directly through the website login, thereby saving the time and costs involved in the communication and confirmations. Direct subscription of the newsletter from the website will facilitate sending the newsletter to the subscribers automatically every quarter.

OPERATIONS

A summary of the physical operations of various business units of the Company for the year under report is stated as under:

Manufacturing facilities	Unit	Year/Period Ended	
		September 30, 2008 (12 Months)	September 30, 2007 (18 Months)
Simbhaoli Sugar (SSD)			
Sugarcane consumed	MT	11,23,395	14,69,776
Sugar recovery	%	10.28	9.34
Raw sugar refined	MT	2,946	12,383
Sugar produced*	MT	1,24,151	1,47,405
Surplus Power exported	Kw	313.14	83.78
Gross season	Days	142	196
Date of closure of plant		17.04.2008	15.05.2007
Chilwaria Sugar (CSD)			
Sugarcane consumed	MT	5,52,757	8,37,484
Raw sugar consumed	MT	Nil	19,655
Sugar recovery	%	9.00	8.75

Sugar produced*	MT	49,420	91,710
Surplus power exported	Kw	171.38	Nil
Gross season	Days	135	230
Date of closure of plant		14.04.2008	16.06.2007
Brijnathpur Sugar (BSD)			
Sugarcane consumed	MT	3,33,354	1,56,998
Sugar recovery	MT	9.50	8.01
Sugar produced	MT	31,656	12,575
Gross season	Days	126	92
Date of closure of plant		02.04.2008	23.04.2007
Simbhaoli Distillery (SDD)			
Alcohol/ Ethanol produced	B.L.	2,22,77,750	4,12,45,180
Potable alcohol sold	Cases	5,94,906	5,31,660
Days of operations**	Days	220	464
Chilwaria Ethanol (CED)			
Alcohol/ Ethanol produced	B.L.	1,16,08,632	1,11,70,010
Days of operations**	Days	265	253

* Including conversion of raw sugar
** Days of operation were lower, due to shortage of molasses

The operational performance for the current year is not comparable with the performance achieved in the previous period of 18 months.

During the year, an aggregate 2.01 mmt of sugarcane was crushed at all the sugar divisions of the Company as against 2.46 mmt in the previous period of 18 months. The average sugar price realization during the year ended September 2008 including excise duty is Rs.1625 per qtl. (previous period Rs. 1687 per qtl.). Levy price for the season 2007-08 at Rs. 1275 per qtl. remaining at the level of 2006-07 season only.

SSL exported 17,799 mt (previous period 58,980 mt) of white sugar during the year, which included exports under advance license scheme (ALS) and open general license (OGL). 29,421 mt of export obligation was outstanding at the year end. During the year, the Company commenced export of potable alcohol to Africa .

FINANCIAL RESULT AND ANALYSIS

		(Rs.in lacs)
Particulars	**Year ended Sept 30, 2008 (12 months)**	**Period ended Sept 30, 2007 (18 months)**
Net Sales/Income from operations	43,545.15	65,646.51
Other Operating Income	1,009.16	554.39
Total operating income	44,554.31	66,200.90
Profit from Operations before other income, interest, exchange fluctuation and derivative loss	1,576.24	(3,533.73)
Other Income	93.23	575.31
Profit/(Loss) before Interest, exchange fluctuation and derivative loss	1,669.47	(2,958.42)
Interest and finance cost	3,963.75	3,638.80
Exchange fluctuation and derivative loss/(profit)	2,112.12	(235.50)
(Loss) before tax	(4,406.40)	(6,361.72)
Tax expense		
deferred tax benefit	(1,555.73)	(1.70)
Fringe benefit tax	59.50	62.70
Net (Loss) after Tax	(2,910.17)	(6,422.72)

In view of the loss incurred during the year under report, your directors express their inability to recommend any dividend for the year.

The analysis of balance sheet of the Company as at September 30, 2008 and profit and loss account for the year ended as on that date is reported as under:

Share capital: The following movement in the share capital has taken place during the year:

a. 14,96,000 share warrants have been converted into 14,96,000 equity shares in the Company. The issue proceeds of Rs. 705 Lacs were utilized for capital expenditure/ working capital requirements of the Company.

b. 1,26,524 stock options issued to employees have been converted into 1,26,524 equity shares in the Company. The issue proceeds of Rs. 49 Lacs were utilized for capital expenditure/working capital requirements of the Company.

Reserve and surplus : The following movement has taken place under the reserve and surplus heads during the year:

a. Revaluation reserve: Deduction during the period of Rs. 40 lacs due to depreciation charged on re-valued amount of fixed assets.

b. Share premium account: Rs.5526 lacs.

c. Profit and Loss account: Total loss is Rs. 2910 lacs for this year.

Total equity shareholders funds excluding revaluation reserve of the Company decreased to Rs. 2513 lacs as on September 30, 2008 from Rs. 5455 lacs as on September 30, 2007. The book value per equity share is Rs. 11.75 as on September 30, 2008.

Secured loans - The Company took various loans secured on its assets to fund its expansion plans. The cash credit facilities utilization during the year remained higher on account of higher carry over inventory.

Unsecured loans - Unsecured loans mainly represent 0% foreign currency convertible bonds (FCCB) of Rs. 15490 lacs (US $33 million) issued by the Company on March 10, 2006 to finance its expansion plans. The fixed deposits have been decreased from Rs 54 lacs to Rs 15 lacs by payment.

Deferred tax liabilities/assets (net) - A deferred tax asset of Rs. 1927 lacs is recognised in these accounts. Board is confident that there is a virtual certainty that sufficient future taxable income will be available against which these assets will be realized in the normal course of Company's business.

Fixed assets : The following movement has taken place under the fixed assets head during the year:

a. Capital expenditure: An amount of Rs. 10785 lacs has been spent on capital expenditures including capital work in progress on the ongoing projects during the year.

b. Capex commitment: The remaining capital expenditure commitments of the Company are at Rs. 2446 lacs as at September 30, 2008, (previous period Rs. 2217 lacs).

c. Retirement of assets: The Company has retired/ transferred various assets having gross book value of Rs. 229 lacs (previous period Rs. 269 lacs) and net book value of Rs. 47 lacs (previous period Rs. 139 lacs).

Pre-operative expenditure - The pre-operative expenses pending allocation of Rs. 1175 lacs (Previous period 3118 lacs) represents pre operative expenses related to projects under execution.

Sundry debtors - Sundry debtors (net) amounting to Rs.3695 lacs as on September 30, 2008 (previous period Rs. 2983 lacs), considered good and realizable. Provisions are generally made for all debtors outstanding for over 360 days subject to their scope of realization and depending on the management's perception of the risk. Debtors are at 5.59% of gross revenues for the year ended September 30, 2008, as compared to 3.06% for the previous period, representing an outstanding of 20 days and 17days of gross revenues for the respective year/period.

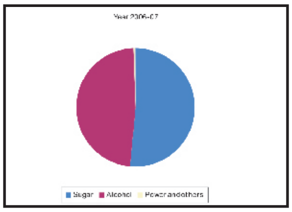
Current liabilities and provisions: Sundry creditors comprises amount due to small scale industries, the suppliers of raw materials, stores and services, other expenses. Other provisions include provision for FCCB of Rs. 2718 lacs (previous period Rs. 1362 lacs) towards the premium on redemption of FCCB and Rs. 128 lacs (previous period Rs.114 lacs) towards provisions for leave encashment.

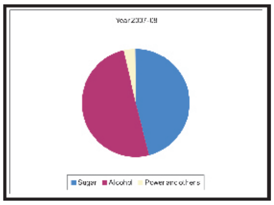
Sales and other income : Sales and other income (net of excise) for the year was Rs. 44648 lacs (Previous period Rs. 66379 lacs). On annualized basis, sale has gone up marginally. Average realization rate of sugar for the year has increased by Rs. 39 per quintal. The other income comprises interest, rent, profit on sale of fixed assets, liability/provisions no longer required written back and miscellaneous earnings from credit for carbon credits.

The segment wise allocation of its revenues for 2007-08 and preceding three years is as under:

Years/ Segment	Sugar		Alcohol		Power		Others	
	Turnover	%age	Turnover	%age	Turnover	%age	Turnover	%age
2004-05	33,779	65.6	17,409	33.8	Negligible	NA	254	0.6
2005-06	35,180	59.0	24,237	40.6	Negligible	NA	257	0.4
2006-07*	50,346	51.3	47,301	48.2	265	0.3	204	0.2
2007-08	30,291	45.8	33540	50.72	1478	2.23	825	1.25

*Consisting of a period of 18 months





Accounting policies: The Company's financial statements are prepared in compliance with the requirements of the Companies Act, 1956 and Generally Accepted Accounting Principles in India. The management of the Company accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates/ judgments used in preparation of these statements. The estimates and/ or judgments have been made on a consistent, reasonable and prudent basis to reflect true and fair picture of the state of the affairs of the Company.

Debt servicing and public deposits: The sugar industry faced a sharp decline in earnings on account of fall in the margins on free sale sugar sold and increase in the cost of production due to increase in the sugarcane prices, from August 2006 onwards. SSL incurred losses including cash loss in 2006-07 and required additional funds for completion of its projects and to meet its working capital needs. Therefore, a Scheme for restructuring of existing secured loans and obtaining fresh loans was approved by lenders to the Company under Corporate Debt Restructuring Mechanism on December 12, 2007. The Scheme became effective from July 1, 2007. The main features of the scheme comprises the reduction in interest rate on certain loans, re-schedulement for repayment of term loans with increased moratorium and additional funding to meet the capital expenditure and working capital needs.

The Company has not accepted any fresh public deposits during the year and repaid deposits aggregating Rs. 43 lacs. There has not been any amount overdue towards the public deposits accepted earlier.

AUDITORS' REPORT

The comments on the statement of account referred to in the report of the auditors are self-explanatory, and explained in the appropriate notes to accounts.

DIRECTORS

At the forthcoming 72nd Annual General Meeting (AGM) of the Company, Mr. Samir Kumar Ganguli, an Independent Director is retiring by rotation and being eligible offers himself for re-appointment. Mr. Ram Sharma, another independent director also retires by rotation and expressed his inability to continue as the director of the Company, on account of other engagements.

During the year, due to untimely demise, Mr. B. Gowri Prasad on January 15, 2008 ceased to be director of the Company. Mr. Prasad was the technical head of M/s J. P. Mukherjee & Associates Private Limited, Pune. His valuable contribution to the Company as director will always be remembered.

ICICI Bank has withdrawn the nomination of Mr. J.K. Jain and nominated Mr. Naveen Atrishi in his place as its nominee director with effect from May 6, 2008. Mr. Naveen Atrishi is MBA (Finance) from FMS, Delhi University and B.E. (Engineering) from DCE, Delhi University and is associated with ICICI Bank since 2005 at a senior position. IDBI Ltd has withdrawn the nomination of Mr. Suman Kumar with effect from September 1, 2008.

The Board of Directors places on record its appreciation for the advices and guidance extended by the outgoing directors to the Company.

SHARE WARRANTS

The Company has issued and allotted 31,00,000 share warrants at an exercise price of Rs. 42.55 (including premium of Rs. 32.55) per equity share to the specified promoters on January 30, 2008 under the provisions of SEBI (Disclosure & Investor Protection) Guidelines, 2000 for preferential issues. These warrants are convertible into equity shares of the Company within 18 months from the date of allotment i.e. January 30, 2008. During the year, 14,96,000 warrants have been converted into 14,96,000 fully paid up equity shares in the Company.

EMPLOYEE STOCK OPTION SCHEME

Under Simbhaoli Sugars Limited- Employees Stock Option Scheme 2007, the Company has issued and allotted 5,94,425 options to eligible employees on June 20, 2007 at an exercise price of Rs. 39.00 (including a premium of Rs. 29.00) per equity share in accordance with the provisions of SEBI (Employee stock option scheme and employee stock purchase scheme) Guidelines, 1999. During the year, 1,26,524 stock options have been converted into 1,26,524 equity shares in the Company. The details for stock options issued and exercised are given in the Annexure A to the report.

The scheme has been implemented in accordance with the said guidelines and the resolutions passed by the shareholders of the Company.

CORPORATE GOVERNANCE

As per clause 49 of the listing agreement with the stock exchanges, the report on corporate governance along-with certificate from Chairman and Managing Director and Director (Finance) form part of this annual report.

LISTING OF SECURITIES

The equity shares of Company are listed with Bombay Stock Exchange Limited and National Stock Exchange of India Limited. Foreign Currency Convertible Bonds issued by the Company are listed with the Singapore Stock Exchange.

FOREIGN EXCHANGE EARNINGS AND OUTGO

An aggregate of Rs. 2852.79 lacs (Previous period Rs. 9853.31 lacs) was earned by the Company against export of sugar. A sum of Rs. 193.46 lacs (previous period Rs. 693.15 lacs) was spent in foreign currency.

RESEARCH AND DEVELOPMENT

The details relating to Research and Development activities carried out by the Company are stated in Form B of this Report as required under Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

CONSERVATION OF ENERGY

Details of steps taken for conserving the energy are stated in Annexure to this report.

PARTICULARS OF EMPLOYEES

Information relating to employees of the company, as required under section 217(2A) of the companies act, 1956, read with the companies (particulars of employees) rules, 1975, as amended is set out in the Annexure B to this report. However, as per the provisions of section 219(b)(iv) of the Companies Act, 1956, the report and the accounts are being sent to all the shareholders of the company excluding the aforesaid information. Any shareholder interested in obtaining such information may write to the Company Secretary at the registered office of the Company. The said information is also available for inspection at the registered office during working hours upto the date of the annual general meeting.

AUDITORS

The Auditors, M/s A F Ferguson & Co., Chartered Accountants, retire at the ensuing annual general meeting of the Company and, being eligible, offers themselves for re-appointment. You are requested to re-appoint the auditors for the year 2008-09 and fix their remuneration.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of section 217(2AA) of the Companies Act, 1956 as amended, with respect to the Directors' responsibility statement, it is hereby confirmed:

(a) that in preparation of accounts for the year ended on September 30, 2008, the applicable accounting standards have been followed along with proper explanation relating to the material departures.

(b) that the directors of the Company have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at September 30, 2008 and of the loss of the Company for the year ended on that date.

(c) that the directors of the Company have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, and

(d) that the directors of the Company have prepared the accounts of the Company for the year ended September 30, 2008 on going concern basis.

CAUTIONARY STATEMENT

Certain statements in the Report of the Directors and Management Discussion and Analysis 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. Such statements represent intention of the management and the efforts put in to realize certain goals. 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. Investors, therefore, are advised to make their own judgments before taking any investment decisions.

ACKNOWLEDGEMENT

The Board of Directors places on record their gratitude to all the banks and financial institutions for their continued assistance and guidance. The Directors acknowledge with gratitude the co-operation and assistance received from all executives, staff and workmen of the Company.

The Directors also wish to emphatically state their gratitude to the Government of India, State Government of Uttar Pradesh, farmers, suppliers and all other concerned persons who have continued their valuable support to your Company.

For and on behalf of the Board of Directors
Simbhaoli Sugars Limited

New Delhi — Gurmit Singh Mann
November 28,2008 — Chairman and Managing Director

PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

CONSERVATION OF ENERGY

(a) Energy conservation measures taken

i) Simbhaoli Sugar Division (SSD) has replaced all the four mill steam turbines with energy efficient AC variable frequency drives to drive the mills and thereby reducing the energy requirement to half.

ii) Smaller size vapour line juice heater has been replaced with adequate size vapour line juice heater to recover the maximum waste heat at SSD.

iii) Larger size motors are replaced with energy efficient motors to reduce the electrical power loss at SSD.

iv) Electrical heating system for sulphur melting has been installed at Chilwaria Sugar Division (CSD) to divert the steam earlier required for melting the sulphur for power generation.

v) Complete mill automation system including the hydraulic motor has been installed at CSD to optimize the electrical load per unit of cane crushed.

vi) Brijnathpur Sugar Division (BSD) has installed the raw juice screening system to screen the juice before sending it to the juice heater being heated by waste heat of condensate to utilize the maximum waste heat of condensate.

vii) Simbhaoli Distillery Division (SDD) has installed Plate Heat Exchanger to heat the D M Water through waste heat of spent lees. Further, spent lees are being recycled for dilution of molasses, thus reducing the water requirement by 25%.

viii) Reva Bio-digester which was working on fixed bed has been modified to up flow sludge bed for better bio-gas generation thus reducing the requirement of outside fuel.

(b) Additional investments and proposals for reduction of consumption of energy

Activities, on continued basis are being pursued for further reducing the steam consumption in all three sugar complexes.

Further, steam consumption at Simbhaoli sugar division is planned by installing plate type evaporator for melt concentrator and condensate heater in Chilwaria sugar division for juice heating. Brijnathpur sugar plant has been designed to achieve maximum possible energy savings in operations.

(c) Impact of above measures

The above measures have reduced the power consumption and the sale of power has increased by 2.5 Mwh. The bagasse saving in all the units has increased. SSD and CSD are able to utilize the saved bagasse for off season power generation. BSD saved bagasse is utilized for production of power for captive consumption at Simbhaoli Distillery and Brijnathpur.

(d) Total energy consumption

Energy consumption per unit of Production as per Form-A enclosed.

TECHNOLOGY ABSORPTION:

Efforts made in technology absorption as per Form B enclosed.

FOREIGN EXCHANGE EARNINGS AND OUTGO:

Activities relating to export; initiatives taken to increase exports; development of new export markets for products and services; exports plans: Mentioned in the Directors Report.

Total foreign exchange used and earned for the year ended September 30, 2008: Mentioned in the Directors Report.

FORM A

Disclosure of particulars with respect to conservation of energy for the year ended September 30, 2008.

A. POWER AND FUEL CONSUMPTION

	Particulars	Unit	Year ended September 30, 2008 (12 months)	Period ended September 30, 2007 (18 months)
1	Electricity			
	Purchased			
	Units	Kwh ('000)	1834	3687
	Total Amount	Rs. Lacs	82.57	166.30
	Rate/Unit	Rs./Kwh	4.50	4.51
	Own Generation			
	(i) Through diesel generator			
	Units	Kwh('000)	1831	2127
	Unit per ltr. of diesel oil	Kwh	2.65	3.38
	Total Amount	Rs. Lacs	183.67	190.46
	Cost/Unit	Rs./Kwh	10.03	8.96
	(ii) Through steam turbine			
	Units	Kwh('000)	49392	67286
	Units per ltr. of fuel/gas	Kwh	N.A.	N.A.
	Total Amount	Rs. in lacs	1167.76	567.08
	Cost/Unit	Rs/Kwh	2.36	0.84
2	Coal/Coke			
	Quantity	Tonnes	Nil	25
	Total Cost	Rs. Lacs	Nil	1.95
	Average Rate	Rs/MT	N.A.	7666
3	Furnace oil/L.D.O			
	Quantity	Kilo ltrs.	60	162
	Total Cost	Rs. Lacs	20.56	45.48
	Average Rate	Rs/KLtrs	34010	28044
3	Others			
	Fire Wood			
	Quantity	Tonnes	49	87
	Total Cost	Rs. in Lacs	2.04	1.47
	Average Rate	Rs/MT	4182	1694
	Bagasse/Paddy husk (Purchased)			
	Quantity	Tonnes	30577	28845
	Total Cost	Rs. Lacs	450.15	525.90
	Average Rate	Rs/MT	1472	1823

B. CONSUMPTION PER UNIT OF PRODUCTION OF SUGAR

	Particulars	Unit	Year ended September 30, 2008	Period ended September 30, 2007
1	Electricity	Kwh	256	214
2	Coal/Coke	Tonnes	Nil	0.0001
3	Fire Wood	Tonnes	0.0003	0.0003
4	Bagasse (Purchased)	Tonnes	Nil	Nil

CONSUMPTION PER K.LTR. OF ALCOHOL PRODUCTION

	Particulars	Unit	Year ended September 30, 2008	Period ended September 30, 2007
1	Electricity	Kwh	295	302
2	F.O./L.D.O	KL	0.002	0.003
3	Bagasse/Paddy Husk (Purchased)	Tonne	0.902	0.0837

NOTES:

- For electricity generated through diesel generator, cost of the diesel has been considered.
- Since various types of fuel used are alternative to each other, no standard can be fixed for their consumption.
- Due to change in mix of fuel used, no comparison can be made with the earlier periods.
- Cost of electricity generated through steam turbine has been arrived at after giving credit for the exhaust steam subsequently used in the manufacturing process.
- Costs have been given based on the records maintained under the Cost Accounting Records Rules, applicable to Sugar and Alcohol industry.

FORM B

Disclosure of particulars with respect to technology absorption for the year ended September 30, 2008.

I. Specific areas in which research and development carried out by the Company

i. The commercial production of specialty sugars has been significantly increased and new markets have been developed.

ii. Sugar divisions of the Company have adopted various measures to further improve the quality of sugar, which conform the EU specifications.

iii. New brands under different premier spirit categories have been launched after considerable research work. Further, work is going on for developing new brands.

II Benefits derived

i. The Company is producing very low iu high quality sugar for export and yielding higher premiums.

ii. New types of branded specialty sugars have achieved growth in the market and will facilitate further value additions in future.

iii. The premium spirit segment will result in better realization.

III. Efforts will be made to enlarge these activities/capacities in future.

IV.Expenditure on Research & Development (R & D)

	2007-08 Rs in lacs	2006-07 Rs in lacs
Capital		
Recurring	4.54	2.16
Total	4.54	2.16
Total R&D expenditure as a percentage of total turnover	Neg.	Neg.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts made :

Efforts made and steps taken in the previous years towards technology absorption, adaptation and innovations were continued during the period under review.

2. Benefits :

The benefits derived in the form of cost reduction and the improvement in the quality of the product continued to be available to the Company.

3. Particulars of technologies imported during the last five years :

Not applicable

ANNEXURE-A

Statement pursuant to clause 12 'Disclosure in the Directors' Report of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as at September 30, 2008 for stock options issued under Simbhaoli Sugars Limited- Employee Stock Options Scheme 2007 (ESOS 2007) are given here in below:

Sr. No.	Particulars	ESOS 2007
1.	Date of EGM approving the Scheme	March 15, 2007
2.	Date of Institution of the Scheme.	June 20, 2007
3.	Total number of securities reserved under the scheme.	6% of the paid-up capital of the Company i.e. 11,85,924 equity shares as on March 15, 2007.
	Description:	
	(a) Options granted	5,94,425. Options were granted on 20.06.2007 at the exercise price of Rs. 39.00 per equity share (each option is equivalent to one equity share of the face value of Re.10/- each of the company).
	(b) Pricing formula	The exercise price of the options is determined by the Remuneration and Compensation Committee on the date the option is granted. It is based on the closing market price of the equity shares of the Company prior to the date of grant of options [i.e. June 19, 2007 at BSE, the stock exchange where there is highest trading volume on the said date]
	(c) Options vested	5,94,425
	(d) Options Exercised	1,26,524
	(e) Total number of shares arising as a result of exercise of option	1,26,524
	(f) Options lapsed	67,200
	(g) Variation of terms of options	NIL
	(h) Money realized by exercise of options	49.34 Lacs
	(i) Total number of options in force (j) Employee wise details of options granted to: (i) senior managerial personnel (ii)any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year. (iii) identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	4,67,901 1.Dr G S C Rao 25,000 2.Mr Sanjay Tapriya 24,000 3.Mr. A.K.Srivastava 21,000 4.Mr. I.S.Bhatia 21,000 5.Mr. Kamal Samtani 3,900 NIL NIL
	(k) Diluted Earnings per Share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20 'Earning Per Share	Negative
	(l) Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options	The Company has used intrinsic value method with respect to the stock options. The exercise price per option is Rs. 39/- per equity share is equivalent to the closing market price of the equity shares of the Company prior to the date of grant of options There is no impact on profits as the employee compensation cost is negative. As shown below: Exercise Price is Rs. 39.00 per option Fair Value is Rs. 18.88 per option Difference is (Rs. 20.12) per option
	(m) Weighted-average exercise prices of options granted Weighted-average fair values of options granted	Rs. 39.00 Rs. 18.88
	(n) A description of the method and significant assumptions used during the period to estimate the fair values of options, including the following weighted average information is given below :- [1] method [2] risk-free interest rate [3] expected life [4] expected volatility [5] dividend yield [6] the price of the underlying share in market at the time of option grant	Black Scholes model 7.98% 6 years (including vesting period of one year) 59.04% 0.99% Rs. 39.05

ANNEXURE B

Information as per Section 217(2A) of the Companies Act,1956 read with the Companies (Particulars of the Employees) Rules, 1975.

No.	Name	Age (yrs)	Gross Remune ration (In Rs. Lacs)	Designation Nature of Duties	Qualifications & Experience	Date of commencement of employment	Last Employment Held
1	Mr. Gurmit Singh Mann	73	32.99	Chairman & Managing Director	Senior Cambridge, 41 years	15.10.1972	Smithkline Beecham Limited
2.	Mr. Gurpal Singh	48	29.64	Deputy Managing Director	Graduate, 21 years	30.1.1986	NA
3.	Dr. G.S.C. Rao	54	31.46	Executive Director	M. Sc., Ph. D 26 years	1.11.1999	Maha lakshmi Sugar works

Notes:

1. The remuneration in excess of Rs. 24.00 lacs is covered.
2. No employee was employed for part of the financial period and in receipt of remuneration for any part thereof at a rate which in the aggregate was not less than Rs.2 lacs per month.

CORPORATE GOVERNANCE REPORT

[Pursuant to Clause 49 of the Listing Agreement]

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Directors present the Company's Report on Corporate Governance for the year ended September 30, 2008 (hereinafter referred as 'the year'). The Company has been implementing its growth plan involving capital expenditure in the expansion of sugar, alcohol, bio fuel and bio power capacities. As part of the future growth strategy, it has developed the practices to fulfill its corporate and social responsibilities to various stakeholders and believes in adopting good governance, which is founded upon the principles of transparency, monitoring, accountability, growth-oriented approach, trusteeship, corporate citizenship and environmental consciousness. At the core of the governance of the Company is its Board, which acknowledges responsibilities for servicing and protection of the long-term interest of all the stakeholders. The process consists of various business practices, which not only results in working towards sustainable and least risk earning model and enhancing shareholders wealth but also enables the Company to fulfill its obligations towards its suppliers, customers, employees, lenders and to the society in general.

The Company's corporate governance norms fulfill business ethics as an enabling and facilitating process encompassing all its functions at different levels. The management follows the policies of compliance, protection of the rights and interests, equality in dealing with all the shareholders, act as a trustee of shareholders capital, transparency in business dealings, timely disclosures, effective internal and external communication, strategic guidance and monitoring and the accountability to the Company and its shareholders. The Board has the necessary authority and practices in place to review and evaluate the operations conducted by the Company. It allows the Board to take decisions that add value to the stakeholders.

BOARD OF DIRECTORS

Composition and category

As on September 30, 2008, the Board consists of 8 directors; out of which 4 are executive and remaining 4 are non-executive directors. Executive directors consist of Chairman and Managing Director, Deputy Managing Director, Executive Director and Director (Finance). 2 of the 8 directors are of promoters group and both are executives. The ratio between executive and non-executive directors is 1:1. All the non-executive directors are independent. The composition of the Board and also number of other directorship and committee memberships/chairmanships held by them are as follows:-

Name of Director & Category	No. of other Directorships	No. of other committee Memberships/Chairmanships*	
		Member	Chairman
Executive Directors			
Mr. Gurmit Singh Mann Chairman/Promoter	None	None	None
Mr. Gurpal Singh Promoter	None	None	None
Dr. G.S.C. Rao	None	None	None
Mr. Sanjay Tapriya	1	None	None
Non-Executive Directors			
Mr. S. K. Ganguli Independent Director	1	1	None
Mr. S. C. Kumar Independent Director	None	None	None
Mr. Ram Sharma Independent Director	None	None	None
Mr. Naveen Atrishi** Nominee ICICI Bank	1	None	None

*Excluding private limited companies and foreign companies

**ICICI Bank Limited (ICICI Bank) has withdrawn the nomination of Mr. J.K. Jain and nominated Mr. Naveen Atrishi in his place as its nominee director on the Board of the Company w.e.f. May 6, 2008.

Broad responsibilities of Chairman and Managing Director (CMD), Deputy Managing Director (DMD), Executive Director (ED) and Director Finance (DF).

The Company is having whole time Chairman and Managing Director (CMD), Deputy Managing Director (DMD), Executive Director (ED) and Director (Finance) (DF). Their responsibilities and authorities are as follows:

- CMD is responsible for overall management control, policy matters, apprising the Board, boundary management and charting growth plans. He implements the decisions taken by the Board.
- DMD is responsible for external environment management, marketing policies, internal control procedures, carrying out control functions and also assisting CMD in his activities.
- ED is responsible for the operations of the Company and its business units and also for implementations of projects.
- DF is responsible for the overall finance and accounts functions and financial control in the Company.

Pecuniary relationship and transactions with certain non-executive directors

(i) Mr. S.K. Ganguli, an independent director, is a professionally qualified chartered accountant. He retired as a joint managing partner of M/s Ray & Ray. He was paid Rs. 3.21 lacs for the year (Previous period Rs.6.27 lacs) towards his professional fee including reimbursements of out of pocket expenses for various professional services rendered to the Company.

(ii) Mr. Ram Sharma, an independent director is a professionally qualified advocate, and has acted as legal advisor to the Company. He was paid Rs. 2.42 lacs for the year (Previous period 2.74 lacs) towards his professional fee including reimbursements of out of pocket expenses for various professional services rendered to the Company.

BOARD PROCEDURES

Board Meetings and Attendance

During the year, 6 Board meetings were held. The details are as follows:-

Dates of Board Meeting	Board Strength	Directors Present
November 29, 2007	10	8
December 21, 2007	10	8
January 30, 2008	9	7
March 31, 2008	9	9
April 29, 2008	9	9
July 31, 2008	9	7

The attendance of each director at these meetings and at the last annual/extraordinary general meetings was as follows:

Name of the Directors	No. of Board Meetings Attended	Attendance at the	
		AGM on January 25, 2008	EGM on December 29, 2007
Mr. Gurmit Singh Mann	6	Yes	Yes
Mr. Gurpal Singh	6	Yes	Yes
Dr. G.S.C. Rao	6	Yes	Yes
Mr. Sanjay Tapriya	6	Yes	Yes
Mr. S.C. Kumar	4	No	No
Mr. S.K. Ganguli	6	Yes	Yes
Mr. Ram Sharma	4	No	No
Mr. J.K. Jain*	4	No	No
Mr. Naveen Atrishi*	1	NA	NA
Mr. Suman Kumar#	5	No	No
Mr. B. Gowri Prasad$	Nil	NA	No

*ICICI Bank has withdrawn the nomination of Mr. J.K. Jain and nominated Mr. Naveen Atrishi in his place as its nominee director on the Board of the Company w.e.f. May 6, 2008.

#IDBI Ltd. has withdrawn the nomination of Mr. Suman Kumar w.e.f. September 1, 2008.

$Ceased on January 15, 2008.

Information to Board

The major decisions affecting the operations of the Company are placed before the Board, which includes quarterly/half yearly/yearly results, financial restructuring, capital expenditure, sale and acquisition of assets, capital budget, business plans, mortgages, guarantees and loans, analysis of operations, major litigations, feed back reports, minutes of committee meetings, staff matters, senior appointments, labour relationship, accidents/ mishaps, information technology strategies, insider trading compliances, general notices of interest etc.

BOARD COMMITTEES

Board has constituted 5 committees viz audit committee, finance committee, remuneration & compensation committee, allotment committee and investors' grievance committee. The Company Secretary acts as the secretary to all the committees.

I. Audit Committee

The audit committee comprises of 3 non-executive independent directors. Mr. S. K. Ganguli acts as Chairman of the committee. The executive directors, statutory, internal and cost auditors of the Company are the regular invitees.

During the year, 4 periodical meetings of Audit committee were held. The details are as follows:-

Member	Meetings held	Meetings attended
Mr. S. K. Ganguli	4	4
Mr. S.C. Kumar	4	2
Mr. Suman Kumar*	4	3
Mr. J. K. Jain#	3	3
Mr. Naveen Atrishi$	NA	NA

* Ceased to be member w.e.f. September 1, 2008.

Ceased to be member w.e.f. May 6, 2008.

$ Appointed as member on July 31, 2008 and attended meeting as invitee.

All members of the committee have sound knowledge of finance and accounts. The role and terms of reference of audit committee covers areas mentioned under Clause 49 of the listing agreement and Section 292A of the Companies Act, 1956 (hereinafter referred as the 'Act'). Further, the committee oversees and monitors the financial reporting system within the Company, considers its quarterly, half-yearly and annual financial results and submits its observations to the Board, reviews the annual budget, annual internal audit plans, legal compliance, reviews internal control system, audit methodology and process, major accounting policies and practices, compliance with accounting standards, risk management and risk disclosure policy. The audit committee also advises the management on areas where greater internal control and internal audit focus are needed and on new areas to be taken up for audit, based on the discussions and review of the observations of the internal audit reports, cost control measures and statutory compliances in various functional areas.

II. Finance Committee

The finance committee comprises of 4 executive directors for taking decision in respect of opening and closing bank accounts, change of signatories in existing accounts, delegating authority for making representation before statutory/regulatory authorities, and acceptance of terms of loans/facilities and to do such other things, which are essential for executing the finance function of the Company for day to day financial activities of the Company. The committee works under the guidance of Board and its decisions are ratified in the subsequent meetings. Mr. Gurmit Singh Mann acts as Chairman of the committee. During the year, 12 meetings of the finanace committee were held as follows:

Members	Meetings held	Meetings attended
Mr. Gurmit Singh Mann	12	11
Mr. Gurpal Singh	12	11
Dr. G.S.C. Rao	12	12
Mr. Sanjay Tapriya	12	12

III. Remuneration and Compensation Committee

The remuneration and compensation committee comprises of 3 directors, i.e. 1 executive and 2 non-executive independent directors. Mr. S. K. Ganguli acts as Chairman of the Committee. The Committee recommends remuneration and other amount to be paid to the whole time directors. Further, the committee is authorized to formulate, administer and implement the employee stock options scheme of the Company. During the year, 1 meeting of the remuneration and compensation committee was held as follows:

Member	Meetings held	Meetings attended
Mr. S. K. Ganguli	1	1
Mr.S. C. Kumar	1	1
Mr. Gurmit Singh Mann	1	1
Mr. Suman Kumar*	1	1
Mr. J. K. Jain#	1	No

* Ceased to be member w.e.f. September 1, 2008

Ceased to be member w.e.f. May 6, 2008

IV. Allotment Committee

The Company has constituted an allotment committee w.e.f. July 31, 2008. The committee comprises of 2 executive director and 1 non-executive independent director. Dr. GSC Rao acts as the Chairman of the committee. The committee is constituted for issue and allotment of equity shares on receipt of the application/request for conversion of bonds, warrants and options into equity shares of the Company. The committee works under the guidance of Board and its decisions are ratified in the subsequent meetings. During the year, 2 meetings of the allotment committee were held as follows:

Member	Meetings held	Meetings attended
Dr. G.S.C. Rao	2	2
Mr. S. K. Ganguli	2	2
Mr. Sanjay Tapriya	2	2

V. Investors' Grievance Committee

The investors' grievance committee comprises of 2 executive and 2 non-executive directors. Mr. S. K. Ganguli acts as Chairman of the committee. The committee deals with redressal of the shareholders grievances in relation to transfer of shares, non-receipt of annual reports, change of addresses, non-receipt of dividend etc. The meetings of this committee are held on quarterly basis. During the year, 4 meetings of investors' grievance committee were held as follows:

Member	Meetings held	Meetings attended
Mr. S. K. Ganguli	4	4
Mr. S. C. Kumar	4	2
Dr. G.S.C. Rao	4	4
Mr. Sanjay Tapriya	4	4

During the year, 6 investors' complaints were received and all complaints were redressed to the satisfaction of the investors. There was no pending complaint as on September 30, 2008.

Remuneration policy as applicable to executive/non-executive directors

The remuneration policy as applicable to executive/non-executive directors provides for the following:

a. The executive directors are paid remuneration as per their respective terms of employment as approved by the shareholders in general meeting and Central Government, if required. No sitting fee is payable to executive directors.

b. Sitting fee of Rs. 5,000 per meeting is paid to non-executive directors for attending meetings of Board and certain Board committees. The sitting fee paid does not exceed the limits laid down under the Act and Articles of Association of the Company.

c. Details of remuneration paid to directors for the year is as follows:

Name of the Director	Salary	Benefit*	Sitting fees	Total
Mr. Gurmit Singh Mann	21.20	11.79	-	32.99
Mr. Gurpal Singh	18.80	10.84	-	29.64
Dr. G.S.C. Rao	18.80	12.66	-	31.46
Mr. Sanjay Tapriya	14.00	9.66	-	23.66
Mr. S.C. Kumar	-	-	0.30	0.30
Mr. Suman Kumar#	-	-	0.40	0.40
Mr. B. Gowri Prasad	-	-	-	-
Mr. S.K. Ganguli	-	-	0.50	0.50
Mr. Ram Sharma	-	-	0.20	0.20
Mr. J. K. Jain	-	-	0.35	0.35
Mr. Naveen Atrishi ##			0.05	0.05

* There is no commission paid/accrued to whole-time directors during the year.

Payable to IDBI.

Payable to ICICI.

The approval for payment of remuneration to directors in accordance with the provisions of Schedule XIII to the Act have been obtained from the shareholders in the extraordinary general meeting held on December 29, 2007. Provision for incremental gratuity and earned leave for the year has not been considered, since the provision has been made for the Company as a whole.

Compliance officer

Mr. Kamal Samtani, Company Secretary is the Compliance Officer.

MANAGEMENT DISCUSSION AND ANALYSIS

Management discussion and analysis report is made as a part of report of directors forming part of the corporate governance report in this annual report.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

The Company forward this report to obtain the certificate from the auditors of the Company regarding compliance with the provisions relating to corporate governance laid down in Clause 49 of the listing agreement with the stock exchanges. This certificate will be sent to the stock exchanges, along with the annual report to be filed by the Company.

CEO/CFO CERTIFICATION

The CEO/CFO certificate on the financial statements is enclosed at the end of this report.

GENERAL MEETINGS

Annual General Meeting

Day, Date, Time & Venue of the 72nd AGM

Day & Date : Saturday, January 31, 2009
Time : 10.00 AM
Venue : Registered Office of the Company at Simbhaoli 245207, District Ghaziabad, Uttar Pradesh.

Dates of Book Closure

Tuesday, January 27, 2009 to Saturday, January 31, 2009 (both days inclusive).

The last 3 annual general meetings of the Company were held as follows:-

AGM	Day, Date & Time	Venue
69th	Thursday, 30-06-2005 at 10.00 A.M.	Simbhaoli- 245 207, Distt. Ghaziabad, Uttar Pradesh
70th	Monday , 31-07-2006 at 10.00 A.M.	
71st	Friday, 25-01-2008 at 10.00 A.M.	

Special resolutions passed at the last three annual general meetings

AGM	Date	Subject matter of special resolution
69th	30.06.2005	1. Appointment of Mr. S.K. Ganguli as advisor to render professional services. 2. Consent for re -issue of forfeited equity shares on the terms deemed fit by the Board.
70th	31.07.2006	1. Increase in authorized share capital of the Company from Rs. 37 crores to Rs. 40 crores by creation of 30,00,000 further equity shares of Rs. 10/- each. 2. Appointment of Ms. Gursimran Kaur Mann, as an executive under the provisions of 314(1B) of the Act read with Director's Relatives (Office or Place of Profit) Rules, 2003. 3. Change of name of the Company from 'The Simbhaoli Sugar Mills Limited' to 'Simbhaoli Sugars Limited'.
71st	25.01.2008	No special Resolution was passed.

Extra ordinary general meeting

An extra ordinary general meeting of the shareholders of the Company was held on December 29, 2007 at the registered office of the Company. Following resolutions were passed therein:

a. Approval to the Board to mortgage / charge of whole or part of all the movable or immovable assets and properties of the Company in favour of the Government of India to secure the financial assistance granted to the Company.

b. Approval for payment of remuneration not exceeding Rs. 48 lac per annum each to Mr. Gurmit Singh Mann, Chairman and Managing Director, Mr. Gurpal Singh, Deputy Managing Director, Dr. G. S. C. Rao, Executive Director and Mr. Sanjay Tapriya, Director (Finance) with effect from April 1, 2006.

c. Approval to the Board /committee thereof to issue and allot the warrants convertible into the equity shares of the Company to specified promoters in accordance with Section 81(1A) of Act.

Postal Ballot

During the year, no resolution was passed through postal ballot.

Information on appointment of directors

During the year, Mr. Naveen Atrishi has been nominated by the ICICI Bank on the Board as nominee director in place of Mr. J.K. Jain.

DISCLOSURES:

Related party transactions and their basis

In terms of Accounting Standards (AS) 18 "Related Party Disclosure" issued by The Institute of Chartered Accountants of India, the Company has identified the related parties covered therein and details of transactions with such related parties have been disclosed in the note 10 to schedule 18-Notes to accounts of the financial statements for the year ended September 30, 2008. There were no transactions of material nature with the directors or the management or their subsidiaries or relatives etc. during the year that had potential conflict with the interest of the Company at large.

Disclosure of accounting treatment

The financial statements are prepared under the historical cost convention and have been prepared in accordance with the applicable mandatory accounting standards prescribed by The Institute of Chartered Accountants of India and relevant presentational requirements of the Act.

Details of non- compliance

There were no instances of non-compliance of any matter related to the capital markets during the last three years. No penalties or strictures have been imposed on the Company by stock exchanges or SEBI or any statutory authority on any matter related to capital markets. The Company has issued code of conducts for its Board and senior management in compliance with SEBI regulations and listing agreement with the stock exchanges, advising and cautioning management staff and other business associates on the procedure to be followed while dealing in equity shares of the Company and disclosure requirements in this regard. The policies framed in this regards are available on the Company's website.

Communication

The quarterly financial results of the Company are published in one or more reputed national and regional newspapers viz. Business Standard and Veer Arjun. The quarterly results are sent to stock exchanges, immediately after approval of Board. The Company has its website **www.simbhaolisugars.com** which provides the comprehensive details of the operations of the Company and its dimensions .The financial results and other information pertaining to the Company are promptly uploaded on the site.

The Company has also been registered with www.corpfiling.co.in as required under Corporate Filing and Dissemination System (CFDS) to make electronic filing of information, statements and reports pursuant to compliance with any clause of the listing agreement through CFDS.

ISSUE PROCEEDS

The Company periodically discloses to the audit committee, the use/application of funds. The issue proceeds of Rs. 754.14 Lacs were utilized for capital expenditure/ working capital requirement of the Company

SHAREHOLDERS INFORMATION

Financial year calendar for 2008-09

First quarter results	:	January, 2009
Second quarter results	:	April, 2009
Third quarter results	:	July, 2009
Fourth quarter results	:	December, 2009

Listing

Equity shares	Equity Shares	Foreign Currency Convertible Bonds
Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai. Tel: 91-22-22721233/34, Fax: 91-22-22721072 Website: www.bseindia.com Scrip Code: 507446	National Stock Exchange of India Limited , Exchange Plaza, Bandra Kurla Complex, Mumbai Tel : 91-22-26598100 Fax : 91-22-26598237/38 Website: www.nseindia.com Scrip code : SIMBHSUGAR	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 ISIN Code: XS0246465560

Listing fee for the year 2008-09 has been paid to all the concerned stock exchanges.

Depositories

National Securities Depository Limited , Trade World, 4 th Floor, Kamla Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013 Tel: 91-22-24994200 Fax: 91-22-24972993/2497 Email info@nsdl.co.in Website : www.nsdl.co.in	Central Depository Services (India) Limited , Phiroze Jeejeebhoy Towers, 28th Floor, Dalal Street, Mumbai-400 023 Tel: 91-22-2272333 Fax: 91-22-22723199 Email: investors@cdslindia.com Website: www.cdslindia.com

International Securities Identification Number is ISIN- INE 270C01017

Stock Market Data

The details of high/low/closing price of shares of the Company, at stock exchanges for the year are as follows:

	BSE				NSE			
Month	High Price	Low Price	Close Price	Vol ('000)	High Price	Low Price	Close Price	Vol ('000)
October 2007	47.00	35.70	38.95	631	46.90	36.00	38.75	251
November 2007	41.45	35.00	39.85	333	42.00	35.05	39.45	133
December 2007	58.50	40.00	54.00	1,149	59.20	40.00	54.00	495
January 2008	62.00	37.25	41.10	769	62.00	38.00	40.30	293
February 2008	47.90	34.50	45.60	239	47.60	35.10	44.95	108
March 2008	45.00	26.10	32.35	419	44.95	27.05	33.20	394
April 2008	43.95	31.25	42.95	1,073	44.05	31.30	42.95	489
May 2008	44.90	32.00	35.00	770	44.95	32.40	35.00	534
June 2008	38.00	30.00	34.55	417	37.90	29.40	34.25	262
July 2008	48.00	32.85	46.05	1,224	48.30	32.75	46.20	412
August 2008	51.40	37.25	40.95	1,172	51.50	38.75	40.90	389
September 2008	43.90	28.75	29.65	188	43.00	29.30	29.45	78

Distribution of share holding as at September 30, 2008:

Category	No. of folios/Client ID	% of no. of shareholders	No. of shares	% of capital
Upto 10,000	18205	93.27	3874565	18.12
10,001 to 30,000	875	4.48	1538723	7.19
30,001 to 50,000	185	0.95	744468	3.48
50,001 to 1,00,000	148	0.76	1081090	5.06
1,00,001 and above	105	0.54	14149078	66.15
Total	**19518**	**100**	**21387924**	**100**

Shareholding pattern as on September 30, 2008 :

Equity Shares

Category	No. of Shares held	%
A: Indian Promoters	9691279	45.31
Sub-Total (A)	**9691279**	**45.31**
B: Non – Promoters Holding:		
Mutual Funds	62700	0.29
Foreign Institutional Investors (FII)	0	0.00
Financial Institutions and Banks	482818	2.26
Private Corporate Bodies	2933791	13.72
Indian Public (individuals)	7945611	37.15
NRIs / OCBs	99378	0.46
Any other (Clearing Members)	172347	0.81
Sub-Total (B)	**11696645**	**54.69**
Grand Total (A+B)	**21387924**	**100.00**

Preference Shares

Particulars	Nos.
8% Cumulative redeemable preference shares of Rs. 100/- each	
Industrial Development Bank of India Limited	4,32,000
0% Optionally convertible preference shares of Rs. 100/- each	
ICICI Bank Limited	3,80,000

Preference shares are not listed.

Note on Warrants and Stock Option

During the year, following issues have been made by the company:

(i) Preferential Issue

On January 30, 2008, 31,00,000 equity warrants (paid up amount of Rs. 4.25 per warrant) were allotted to specific promoters to be converted within 18 months of allotment into equity shares at a price of Rs. 42.55 (including premium of Rs. 32.55) per share. 14,96,000 equity warrants have since been converted into 14,96,000 equity shares upto year end in accordance with the terms of allotment thereof.

(ii) Employee stock option scheme

Under Simbhaoli Sugars Limited - Employee Stock Option Scheme 2007, the Company has granted 5,94,425 options on June 20, 2007 exercisable in three tranches over a period of three years after vesting on June 20, 2008 at an exercise price of Rs. 39 (including premium of Rs. 29) per option in accordance with the provisions of SEBI (Employee stock option scheme and employee stock purchase scheme) Guidelines, 1999. During the year, 1,26,524 equity shares were issued and allotted as fully paid-up at an exercise price of Rs. 39 (including premium of Rs. 29) per equity share.

Dematerialization of Shares

The trading of the Company's equity shares fall under the category of compulsory delivery in dematerialized mode in respect of all categories of investors. As on September 30, 2008, 189,54,257 shares of the Company constituting 88.62 % of total equity capital were under demat category with NSDL and CDSL.

LOCATION OF THE PLANTS AND OPERATING DIVISIONS:

Simbhaoli Complex	Simbhaoli, District Ghaziabad Uttar Pradesh – 245 207	Tel.No. +91 5731-23117/ 8/ 9 Fax No. +91 5731-223039/42
Chilwaria Complex	Chilwaria, Distt. Bahraich, Uttar Pradesh – 271 801	Tel.No. +91 5252-244251/2 Fax No. +91 5252-244253
Brijnathpur Complex	Brijnathpur, District Ghaziabad Uttar Pradesh – 245 101	Tel. No. +91 9927049979 Fax No. +91 122-223039

INVESTOR SERVICES

Share Transfer System

Share transfers under physical category and demat requests are normally effected/ confirmed within a period of 15 days from the date of receipt. Shares are transferred and depository services are provided through M/s Mas Service Limited, the Registrar and share transfer agent. Investor's correspondence can be made on any of the following address:

i) Mas Services Limited : AB-4, Safdarjung Enclave, New Delhi-110 029
Tel: No. +9111-26104142 / 4326/4292
Fax No. +9111-26181081
e-mail: info@masserv.com

ii) Registered Office : Simbhaoli 245 207, Distt. Ghaziabad, U.P.
Tel: No. +91 5731-223117
Fax: +91 5731-223042/39
e-mail: kamal@simbhaolisugars.com

Non-mandatory requirements

Non-mandatory requirements have been adopted by the Company to the extent it is in line with the nature of business activities of the Company. However, steps have been taken to implement the other requirements in a phased manner.

Nomination

Individual shareholders holding shares singly or jointly in physical form can nominate a person in whose name the shares shall be transferable in the case of death of concerned registered shareholders. The prescribed form for such nomination can be obtained from the Company/Transfer agent. Nomination facility in respect of shares held in electronic form is also available with depository participant as per the byelaws and business rules applicable to NSDL and CDSL.

Unclaimed dividend and interest

The amount of dividend/debenture installment or interest thereon remaining un-claimed for a period of 7 years, is transferred to the credit of investors education and protection fund in accordance with the provisions of Section 205C of the Act.

For and on behalf of Board of Directors
Simbhaoli Sugars Limited

NewDelhi — **Gurmit Singh Mann**
November 28, 2008 — **Chairman and Managing Director**

AUDITORS' CERTIFICATE

To the Members of Simbhaoli Sugars Limited

We have examined the compliance of conditions of Corporate Governance by Simbhaoli Sugars Limited for the year ended on September 30, 2008, as stipulated in Clause 49 of the Listing Agreement(s) of the said Company with the stock exchange(s).

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company, for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement(s).

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For A. F. FERGUSON & CO.
Chartered Accountants

Place: New Delhi — Manjula Banerji
Date: December 5, 2008 — Partner
Membership No. 86423

CEO/CFO Certification

We, Gurmit Singh Mann, Chairman and Managing Director, and Sanjay Tapriya, Director (Finance) of Simbhaoli Sugars Limited to the best of our knowledge and belief, certify that:

(a) We have reviewed the balance sheet as on September 30, 2008, profit and loss account, the cash flow statement and the directors' report for the year ended September 30, 2008 and based upon our knowledge and information confirm that;
   (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
   (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting for the Company and we have
   (i) evaluated the effectiveness of the internal control systems of the Company,
   (ii) disclosed to the auditors and the audit committee of the Board, deficiencies in the design or operation of internal controls, if any, of which we are aware, and
   (iii) taken necessary steps or proposed to take to rectify these deficiencies.

(d) We have indicated to auditors and the audit committee of the Board that there have been:
   (i) no significant changes in internal control over the financial reporting during the year;
   (ii) no significant changes in accounting policies during the year;
   (iii) no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

New Delhi — Gurmit Singh Mann — Sanjay Tapriya
November 28, 2008 — Chairman & Managing Director — Director (Finance)

AUDITORS` REPORT

TO THE MEMBERS OF SIMBHAOLI SUGARS LIMITED

1. We have audited the attached balance sheet of Simbhaoli Sugars Limited as at September 30, 2008 and also the profit and loss account and the cash flow statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the annexure referred to in paragraph (3) above:
   (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
   (c) the balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
   (d) in our opinion balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the mandatory Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
   (e) on the basis of written representations received from the directors as on September 30, 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on September 30, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
   (f) without qualifying our opinion, we draw attention to note 9 of schedule 18 relating to accounting for cane purchase liability for the sugar season 2007-08 at Rs. 110 per quintal instead of State Advised Price of Rs. 125 per quintal fixed by the Uttar Pradesh State Government. Pending completion of legal proceedings in the matter, the effect thereof on these accounts can not be determined at this stage.
   (g) *deferred tax assets (net) amounting to Rs.1926.76 lacs have been recognised on the basis of future projections taken on record by the Board of Directors confirming that sufficient future taxable income will be available against which these assets would be realised. We are unable to express any view at this stage in the matter (refer note 22 of Schedule 18).*

   subject to the foregoing, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

   i. in the case of the balance sheet, of the state of affairs of the Company as at September 30, 2008;
   ii. in the case of the profit and loss account, of the loss for the year ended on that date; and
   iii. in the case of cash flow statement, of the cash flows for the year ended on that date.

For A.F. FERGUSON & CO
Chartered Accountants

Place : New Delhi — Manjula Banerji
Date : November 28, 2008 — Partner
Membership No. 086423

Annexure referred to in paragraph `3' of the Auditors' Report to the Members of Simbhaoli Sugars Limited on the accounts for the year ended September 30, 2008.

(i) (a) The Company is maintaining proper records to show full particulars, including quantitative details and situation of fixed assets.

(b) As explained to us, the Company has a programme of physically verifying all its fixed assets over a period of three years, which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets. In accordance with this programme, some of the fixed assets were physically verified by the management during the year. The discrepancies noticed on such verification between the physical balances and the fixed assets records were not material and have been properly dealt with in the books of account.

(c) In our opinion and according to the information and explanations given to us, a substantial part of the fixed assets has not been disposed off by the Company during the year.

(ii) (a) During the year, the inventories have been physically verified by the management except for stocks lying with third parties where confirmations have been received in most of the cases. In our opinion, the frequency of verification is reasonable.

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the

Company and the nature of its business.

(c) On the basis of our examination of the records of inventory, we are of the opinion that, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventories as compared to book records were not material and have been properly dealt with in the books of account.

(iii) (a) According to the information and explanations given to us, the Company had taken unsecured loans from two Directors. The maximum amount involved during the year was Rs. 9.11 lacs and the year end balance of loans taken was Rs. Nil. The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

(b) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.

(c) The Company is regular in repaying the principal amounts and has been regular in the payment of interest as per stipulated terms.

(d) There are no amount payable at the year end, therefore, the question of overdue amount of loan taken does not arise. Further, the Company has not granted loans to parties listed in the register maintained under section 301 of the Companies Act, 1956 and, therefore, the question of overdue amount of loans granted does not arise.

(iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to the purchase of inventories and fixed assets and with regard to the sale of goods. There are no sales of services. Further, on the basis of our examination and according to the information and explanations given to us, we have neither come across nor have been informed of any instance of major weaknesses in the aforesaid internal control procedures.

(v) (a) According to the information and explanations given to us, we are of the opinion that during the year, the transactions that were required to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupee five lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

(vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of sections 58A, 58AA and other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. We are informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or other Tribunal in relation to the deposits accepted from public by the Company.

(vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.

(viii) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209 (1)(d) of the Companies Act, 1956 and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

(ix) (a) As explained to us, the statutory dues payable by the Company comprise of provident fund, investor education and protection fund, income-tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess, entry tax, and cane purchase tax. According to the records of the Company and information and explanations given to us, the Company, during the period, has been regular in depositing, aforesaid undisputed statutory dues except for tax deducted at source and service tax where there have been few delays in depositing these with the appropriate authorities. There are no undisputed statutory dues as referred to above as of September 30, 2008 outstanding for a period of more than six months as on September 30, 2008 from the date they became payable.

(b) According to the information and explanations given to us and the records of the Company, as at the year end, the following are the particulars of disputed dues on account of sales tax (trade tax) and excise duty matters that have not been deposited by the Company as at September 30, 2008:-

Name of the statute	Nature of the dues	Amount* (Rs. in lacs)	Amount paid under protest (Rs. in lacs)	Forum where dispute is pending	Period to which the amount relates
U. P. Trade Tax Act	Trade tax	0.43	0.43	Trade Tax Tribunal	1984-1985
	Trade tax	3.18	-	Trade Tax Appellate Tribunal	1995-1996
	Trade tax	2.17	1.08	High Court	2000-2001
	Trade tax	3.47	1.60	Trade Tax Tribunal	2001-2002
	Trade tax	0.62	0.15	Trade Tax Appellate Tribunal	2003-2004
Central Excise Act	Excise duty	0.28	0.28	Customs, Excise & Service tax Appellate Tribunal	2004-2005
	Excise duty	0.60	0.60	Customs, Excise & Service tax Appellate Tribunal	2002-2003
	Excise duty	11.01	-	Commissioner (Appeal)	1979-1980
State Excise Act	Excise duty	9.26	-	High Court, Allahabad	2001-2002

* Amount as per demand orders including interest and penalty wherever indicated in order.

(c) In the following instance the concerned statutory authority is in appeal against favourable order received by the Company.

Name of the statute	Nature of the dues	Amount* (Rs. in lacs)	Forum where dispute is pending	Period to which the amount relates
U. P. Trade Tax Act	Trade tax	59.96	High Court	1996-1997

* Amount as per demand order including interest and penalty wherever indicated in order.

We have been further informed that there are no dues in respect of income tax, customs duty, wealth tax, service tax and cess, which have not been deposited on account of any disputes.

(x) In our opinion, the Company's accumulated losses as at the year end i.e. September 30, 2008, are not less than fifty percent of its net worth. Further, the Company has incurred cash losses during the year ended September 30, 2008 and in the immediately preceding financial period ended September 30, 2007.

(xi) During the year, after considering the effect of reschedulement of repayment terms of borrowings from certain banks, approved by the Corporate Debt Restructuring Empowered Group, the details of defaults in repayments of dues are as under:

(Rs. In lacs)

Lender	Amount * (including interest)	Period of delay
Banks	396.36	1 – 30
	215.03	31 – 60
	223.01	61 – 90
	198.66	91 – 180

* includes Rs.1022.15 lacs paid during the year, subsequent to due date.

(xii) As the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, paragraph 4 (xii) of the Order is not applicable.

(xiii) As the Company is not a chit fund / nidhi / mutual benefit fund / society, paragraph 4 (xiii) of the Order is not applicable.

(xiv) As the Company is not dealing or trading in shares, securities, debentures and other investments, paragraph 4 (xiv) of the Order is not applicable.

(xv) According to the information and explanations given to us, the Company has given corporate guarantees for loans taken by others from bank. In our opinion, the terms and conditions of these guarantees are not prejudicial to the interest of the Company.

(xvi) According to the information and explanations given to us, the term loans taken have been applied for the purpose for which they were raised.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that short term funds of Rs.11,433.36 lacs have been used to finance fixed assets/operating losses.

(xviii) During the year, the Company has issued 14,96,000 equity shares on conversion of equity warrants issued on a preferential basis (refer foot note in schedule 1B) as well as 9,600 equity shares under 'Simbhaoli Sugar Limited-Employee Stock Option Scheme 2007', to parties covered in the register maintained under section 301 of the Companies Act, 1956. In our opinion and according to the information and explanations given to us the price at which the equity shares have been issued are not pre judicial to the interest of the Company.

(xix) The Company has not issued any debentures during the year.

(xx) The Company has not raised any money by way of public issue during the year.

(xxi) Based upon the audit procedures performed and information and explanations given by the management, we report that, no fraud on or by the Company has been noticed or reported during the course of our audit for the year ended September 30, 2008.

For A.F. FERGUSON & CO
Chartered Accountants

Place : New Delhi
Date : November 28, 2008

Manjula Banerji
Partner
Membership No. 086423

SIMBHAOLI SUGARS

BALANCE SHEET
AS AT SEPTEMBER 30, 2008

	Schedule No.	As at September 30, 2008 Rs. lacs	As at September 30, 2007 Rs. lacs
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1A	2,963.79	2,801.54
Equity warrants	1B	68.25	-
Reserves and surplus	2	6,895.96	7,130.18
		9,928.00	9,931.72
Loan funds			
Secured loans	3	52,261.96	37,931.42
Unsecured loans	4	15,557.53	13,261.13
		67,819.49	51,192.55
TOTAL		77,747.49	61,124.27
APPLICATION OF FUNDS			
Fixed assets	5		
Gross block		70,535.63	42,313.79
Less: Depreciation		17,314.84	14,231.40
Net block		53,220.79	28,082.39
Capital work in progress		6,099.96	23,764.95
		59,320.75	51,847.34
Pre-operative expenditure pending allocation	6	1,175.32	3,118.17
		60,496.07	54,965.51
Investments	7	0.05	0.05
Deferred tax assets (net)	8	1,926.76	-
Current assets, loans and advances			
Inventories	9	16,822.32	15,535.74
Sundry debtors	10	3,694.53	2,983.40
Cash and bank balances	11	1,158.75	970.37
Loans and advances	12	6,070.65	4,958.59
		27,746.25	24,448.10
Less: Current liabilities and provisions	13		
Current liabilities		15,238.27	19,626.01
Provisions		3,187.12	1,756.96
		18,425.39	21,382.97
Net current assets		9,320.86	3,065.13
Profit and loss account		6,003.75	3,093.58
TOTAL		77,747.49	61,124.27
Notes to the accounts	18		

Per our report attached

For A.F.FERGUSON & CO. Chartered Accountants	Gurpal Singh Dy. Managing Director	Gurmit Singh Mann Chairman & Managing Director
Manjula Banerji Partner Membership No.86423	Sanjay Tapriya Director-Finance	Dr. G.S.C Rao Executive Director
New Delhi Date : November 28, 2008	Kamal Samtani Company Secretary	Sunil K. Gupta GM-Finance

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Schedule No.		Year ended September 30, 2008 Rs. lacs		18 Months ended September 30, 2007 Rs. lacs
INCOME					
Sale of products					
Gross sales		66,133.91		97,560.86	
Less: Excise duty		22,588.76	43,545.15	31,914.35	65,646.51
Other income	14		1,102.39		732.07
			44,647.54		66,378.58
EXPENDITURE					
Manufacturing and other expenses	15		39,757.89		67,016.05
Profit/(loss) before interest, exchange fluctuation, derivative loss, depreciation and tax			4,889.65		(637.47)
Interest expense	16		3,963.75		3,495.89
Exchange fluctuation and derivative loss/(profit)	17		2,112.12		(235.50)
Profit/(loss) before depreciation and tax			(1,186.22)		(3,897.86)
Depreciation			3,260.24		2,524.84
Profit/(loss) before transfer from revaluation reserve			(4,446.46)		(6,422.70)
Transfer from revaluation reserve			40.06		60.98
Profit/(loss) before tax			(4,406.40)		(6,361.72)
Deferred tax (benefit)			(1,555.73)		(1.70)
Fringe benefit tax			59.50		62.70
Profit/(loss) after tax			(2,910.17)		(6,422.72)
Balance brought forward from the previous period			(3,093.58)		2,829.14
			(6,003.75)		(3,593.58)
Deducted from general reserve			-		500.00
Balance carried to balance sheet			(6,003.75)		(3,093.58)
Earning per share - basic/diluted (Rs.) (Refer note 12 in schedule 18)			(14.65)		(32.80)
Notes to the accounts	18				

Per our report attached to the balance sheet

For A.F.FERGUSON & CO.
Chartered Accountants

Manjula Banerji
Partner
Membership No.86423

New Delhi
Date : November 28, 2008

Gurpal Singh
Dy.Managing Director

Sanjay Tapriya
Director-Finance

Kamal Samtani
Company Secretary

Gurmit Singh Mann
Chairman & Managing Director

Dr. G.S.C. Rao
Executive Director

Sunil K. Gupta
GM-Finance

CASH FLOW STATEMENT FOR THE YEAR ENDED SEPTEMBER 30, 2008

		Year ended September 30, 2008 Rs.(Lacs)	18 Months ended September 30, 2007 Rs.(Lacs)
A.	**CASH FLOW FROM OPERATING ACTIVITIES :**		
	Net profit/(loss) before tax	(4,406.40)	(6,361.72)
	Adjustments for:		
	Depreciation	3,220.18	2,463.86
	Foreign exchange fluctuation	1,091.18	(285.89)
	Dividend income	-	(0.36)
	Interest expense	3,963.75	3,638.80
	(Profit)/loss on sale of fixed assets	(11.27)	(1.69)
	Profit on sale of long term investment - other than trade	-	(1.29)
	Interest income	(28.63)	(191.77)
	Transfer from Capital-grant-in-aids'	2.77	(1.74)
	Operating profit/(loss) before working capital changes	**3,831.58**	**(741.80)**
	Adjustments for change in :		
	Trade and other receivables	(1 663.84)	708.67
	Inventories	(1,286.58)	5,724.22
	Trade payables	(3,009.81)	6,129.89
	Cash generated from operations	(2,128.65)	11,820.98
	Direct taxes paid	(167.25)	(354.54)
	Net cash (used) / from operating activities	**(2,295.90)**	**11,466.44**
B.	**CASH FLOW FROM INVESTING ACTIVITIES :**		
	Purchase of fixed assets	(8,907.72)	(30,525.19)
	Sale of fixed assets	58.30	30.38
	Investment sold	-	17.66
	Dividend received	-	0.36
	Interest received	38.45	162.47
	Net cash used in investing activities	**(8,810.97)**	**(30,314.32)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES :**		
	Proceeds from issue of equity shares/equity warrants	754.14	-
	Proceeds from long term borrowings	12,301.00	16,095.53
	Repayment of long term borrowings	(2,562.32)	(5,111.76)
	Changes in cash credit account	3,565.09	877.67
	Interest paid	(2,762.49)	(3,371.06)
	Dividend paid	(0.23)	(883.49)
	Contribution toward charity reserve received	0.06	1.17
	Net cash from financing activities	**11,295.25**	**7 608.06**
	Net increase/(decrease) in cash and cash equivalents	188.38	(11,239.82)
	Cash and cash equivalents (opening balance)		
	Cash and bank balances	970.37	12,210.19
	Cash and cash equivalents (closing balance)		
	Cash and bank balances	1,158.75	970.37
	Total	**188.38**	**(11,239.82)**

Per our report attached to the balance sheet

For A.F.FERGUSON & CO.
Chartered Accountants

Manjula Banerji
Partner
Membership No. 86423

Place: New Delhi
Date : November 28, 2008

Gurpal Singh
Dy.Managing Director

Sanjay Tapriya
Director-Finance

Kamal Samtani
Company Secretary

Gurmit Singh Mann
Chairman & Managing Director

Dr.G.S.C.Rao
Executive Director

Sunil K. Gupta
GM-Finance

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

SCHEDULE 1A - SHARE CAPITAL

	As at September 30, 2008 Rs. lacs	As at September 30, 2007 Rs. lacs
Authorised		
3,10,00,000 (previous period 3,10,00,000) Equity shares of Rs.10 each	3,100.00	3,100.00
9,00,000 (previous period 9,00,000) Preference shares of Rs.100 each	900.00	900.00
	4,000.00	4,000.00
Issued		
2,15,92,549 (previous period 1,99,70,025) Equity shares of Rs.10 each	2,159.25	1,997.00
4,32,000 (previous period 4,32,000), 8% Cumulative Redeemable Preference shares of Rs.100 each, redeemable at par on January 1, 2009	432.00	432.00
3,80,000 (previous period 3,80,000), 0% Optionally Convertible Preference shares of Rs.100 each	380.00	380.00
	2,971.25	2,809.00
Subscribed		
Equity shares		
2,13,87,924 (previous period 1,97,65,400) Equity shares of Rs.10 each fully paid up	2,138.79	1,976.54
Add: 2,04,625 (previous period 2,04,625) Forfeited shares	13.00	13.00
	2,151.79	1,989.54
Preference shares		
4,32,000 (previous period 4,32,000), 8% Cumulative Redeemable Preference shares of Rs.100 each, redeemable at par on January 1, 2009.	432.00	432.00
3,80,000 (previous period 3,80,000), 0% Optionally Convertible Preference shares of Rs.100 each	380.00	380.00
	2,963.79	2,801.54

Note :-

1. 14,96,000 Equity shares of Rs. 10 each were issued and allotted during the year as fully paid- up at an exercise price of Rs. 42.55 (including premium of Rs. 32.55) per equity share on conversion of 14,96,000 warrants out of 31,00,000 warrants issued and alloted to spcified permoters on professional basis. (refer footnote (1) in schedule 1B)
2. Under Simbhaoli Sugars Limited - Employee Stock Option Scheme 2007, the Company has granted 5,94,425 options on June 20, 2007 exercisable in three tranches over a period of three years after vesting on June 20, 2008 at an exercise price of Rs. 39 (including premium of Rs. 29) per option. Consequently 1,26,524 equity shares were issued and alloted during the year as fully paid - up at an exercise price of Rs. 39 (including premium of Rs. 29) per equity share.

   Note : each option entitles the holder there of to apply for and be alloted one equity share of face value of Rs. 10 each.
3. Represents 3,80,000 0% Optionally Convertible Preference shares of Rs.100 each, issued in lieu of 3,80,000 8% Cumulative Redeemable Preference shares of Rs.100 each during the year ended March 31, 2006. These preference shares were convertible into 3,27,445 equity shares of Rs. 10 each of the Company at a price of Rs. 116.05 (including premium of Rs. 106.05) after a period of 12 months and before 18 months from the date of issue i.e. March 16, 2006. Since these shares were not converting into equity shares with in the specify period, these would be redeemed at per on January 1, 2009.
4. 22,80,000 (previous period 22,80,000) Equity shares of Rs.10 each were allotted as fully paid-up by way of bonus shares by capitaliisation of general reserve.
5. 5,46,234 (previous period 5,46,234) Equity shares of Rs.10 each were allotted as fully paid-up pursuant to the Scheme of Amalgamation of the erstwhile Simbhaoli Industries Private Limited with the Company, without payment being received in cash.

SCHEDULE 1B - EQUITY WARRANTS

	As at September 30, 2008 Rs. lacs	As at September 30, 2007 Rs. lacs
Share warrants		
16,04,000 (Previous period Nil) Share warrants, paid up amount of Rs.4.25 per warrant (see noe 1 below) (Refer also note (1) of Schedule 1A)	68.25	-
	68.25	-

Note: -

On January 30, 2008, 31,00,000 Equity warrants (paid up amount of Rs. 4.25 per warrant) were alloted to specific promoters to be converted within 18 months of allotment into equity shares at a price of Rs. 42.55 (including premium of Rs. 32.55) per share. 14,96,000 Equity warrants have since been converted 14,96,000 equity shares upto year end in accordance with the terms of allotments thereof.

SCHEDULE 2 - RESERVES AND SURPLUS

	As at September 30, 2007 Rs. lacs	Additions during the year Rs. lacs		Deductions during the year Rs. lacs		As at September 30, 2008 Rs. lacs
Revaluation reserve	570.79	-		40.06	(1)	530.73
Reconstruction reserve	589.73	-		-		589.73
Capital grant-in-aid	11.05	4.00	(5)	1.23	(2)	13.82
Capital reserve	231.26	-		-		231.26
Securities premium account	5,723.43	523.64	(3)	720.63	(4)	5,526.44
Charity reserve	3.92	1.06	(5)	1.00	(6)	3.98
	7,130.18	528.70		762.92		6,895.96

(1) Represents Rs.40.06 lacs (previous period Rs.60.98 lacs) as additional depreciation transferred to profit and loss account.

(2) Transferred to profit and loss account.

(3) Received on alloment of Equity shares.

(4) Represents premium payable on redemption of securities (refer note 1(xiii) in schedule 18).

(5) Received during the year.

(6) Disbursed during the year.

SCHEDULE 3 - SECURED LOANS

	As at September 30, 2008 Rs. lacs	As at September 30, 2007 Rs. lacs
Banks		
Cash credit	21,166.74	17,597.33
Term loans	25,422.70	17,704.20
Others		
Term loans	5,648.16	2,429.14
Interest accrued and due on term loans	24.36	200.75
	52,261.96	**37,931.42**

Notes:

In terms of Corporate Debt Restructuring (CDR) Package approved by the CDR Cell on December 17, 2007, the security clause has been changed as under

1. (i) Cash credits facilities from banks of each business division (other than co-operative banks referred to in 1(ii) below) are secured by way of first pari passu charge created/to be created by hypothecation of all current assets, both present and future, of the concerned business division of the Company. These facilities are further secured by way of third pari passu charge created/to be created on all movable and immovable fixed assets, both present and future, including equitable mortgage on land, of the Company.

. (ii) Cash credit facilities from co-operative banks of each business division is secured by pledge of sugar stocks of the respective business division of the Company.

2. Term loan of Rs. 24,476.24 lacs from banks and term loans of Rs. 922.35 lacs from others are secured by way of first pari passu charge created/to be created on all movable and immovable fixed assets, both present and future, including equitable mortgage on land, of the Company.

3. Term loan of Rs. 902.00 lacs from banks are secured by way of first pari passu charge created/to be created on all movable and immovable fixed assets, both present and future, including equitable mortgage on land, of the Company. These loans are further secured by pledge of 22.50 lacs equity shares of the Company, owned by key promoters.

4. Term loan of Rs. 4,620.70 lacs from Sugar Development Fund (SDF) is secured by way of second exclusive charge created/to be created on all movable and immovable assets (save and except book debts), both present and future, including equitable mortgage on the land of the respective business division of the Company.

5. Term loan of Rs. 100 lacs from Sugar Technology Mission (STM) is secured by exclusive first charge created on sugarcane juice purification project at Simbhaoli Sugar Division by way of hypothecation in favour of Technology Information and Assessment Council (TIFA).

6. Term loan of Rs. 44.46 lacs from banks and term loan of Rs. 5.11 lacs from others are secured by way of hypothecation of specific vehicles acquired under the scheme.

7. Term loan repayable within a year Rs 1,409.87 lacs (previous period Rs. 1,677.40 lacs).

All the credit facilities other than SDF loan of Rs. 4,620.70 lacs (previous period Rs 1,808.12 lacs), Sugar technology mission loan ofRs. 100.00 lacs (previous period Rs. 100.00 lacs) and vehicle loan of Rs 44.46 lacs (previous period Rs 58.95 lacs) are guaranteed by Chairman & Managing Director and Deputy Managing Director of the Company.

Status of security clause prior to the CDR package in the previous period are as under:

1. (i) Cash credits from banks of each business division (other than co-operative banks referred to in 1(ii) below) are secured by hypothecation of inventories and book debts of the respective business division of the Company. These facilities are further secured by third charge by way of hypothecation on all the movable assets, save and except book debts, both present and future, and by a equitable mortgage of immovable properties of the Company, both present and future, except in case of Simbhaoli distillery division where the said assistance is secured on entire current assets and on the fixed assets of said divisions on exclusive second charge basis.

   (ii) Cash credit from co-operative banks of each business division is secured by pledge of sugar stocks of the respective business division of the Company.

2. (i) Foreign currency loan of Rs 239.30 lacs and rupee loan of Rs.1,530.20 lacs from a bank is secured by first charge on all movable assets of Simbhaoli Sugar division and Chilwaria Sugar division, save and except books debts, both present and future, subject to prior charges created/to be created in favour of banks on these division's inventories, book debts and other movable assets, for securing borrowings for working capital requirement. The loans are further secured by way of equitable mortgage on immovable properties of these divisions.

   (ii) The loan aggregating Rs 1,227.78 lacs from a bank is secured by a first charge by way of hypothecation of movable properties, save and except books debts, both present and future, subject to prior charges created/to be created in favour of banks on inventories, book debts and other movable assets of Chilwaria Sugar and Chilwaria ethanol divisions for securing borrowings for working capital requirement. The loan is further secured by way of second charge on the fixed assets of said divisions on pari passu basis.

(iii) The loan aggregating Rs. 642.68 lacs from a bank is secured by a first charge by way of hypothecation of all the movable assets of Chilwaria Sugar division, save and except book debts, both present and future, subject to prior charges created/to be created in favour of the division's banks on the division's inventories, book debts and other movable assets, for securing borrowings for working capital requirement. The loan is further secured by an equitable mortgage of fixed assets of said division, both present and future.

(iv) The loan aggregating Rs. 2,107.34 lacs from a bank is secured by first charge on current assets of Chilwaria Sugar division, subject to the prior charge of division's banks on specified assets for working capital requirement. The loan is further secured by an equitable mortgage of fixed assets of said division, both present and future.

(v) The loans aggregating Rs. 4,420.25 lacs from banks are secured by first charge on movable fixed assets and second charge over current assets of Simbhaoli Sugar division, subject to the prior charge of division's banks on specified assets for working capital requirement. The loan is further secured by an equitable mortgage of fixed assets of said division, both present and future.

The charges (refer to para (2) above shall rank pari passu with charges created/to be created in favour of existing first charge holders for their respective term loans on the security of respective divisions.

3 (i) The loan of Rs. 972.12 lacs from Sugar Development Fund (SDF) is secured by a second charge on all movable assets of Simbhaoli Sugar division, both present and future. The loan is further secured by way of exclusive second charge on the immovable assets of the said division, both present and future.

(ii) The loan of Rs.836.00 lacs from SDF is secured by a second charge on all movable assets of Chilwaria Sugar division save and except book debts. The loan is further secured by way of exclusive second charge on the fixed assets of said division, both present and future.

4 Term loan of Rs. 40.59 lacs from a bank for Simbhaoli Distillery Division (SDD) is secured by way of exclusive first charge on the SDD's fixed assets acquired under the scheme. The loan is further secured by way of first pari passu charge on the remaining fixed assets of SDD.

5 Term loan of Rs. 65.11 lacs from banks are secured by way of hypothecation on specific vehicles.

6 Loan of Rs. 4,902.95 lacs from banks are secured on first pari passu charge basis on all movable assets of Brijnathpur Sugar division, save and except books debts, subject to prior charges created/to be created in favour of banks on inventories, book debts and other movable assets for securing borrowings for working capital. The loan is further secured by way of first pari passu charge on the fixed assets of said division.

7 Loan of Rs. 2,307.52 lacs from a bank and non banking financial company is secured by first pari passu charge on all movable machinery of the Chilwaria Sugar division and second pari passu charge on current assets including Chilwaria co-gen plant, subject to prior charges created/to be created in favour of banks on inventories, book debts and such other movable assets for securing borrowings for working capital. The loan is further secured by way of first pari passu charge on the fixed assets of said division.

8 Loan of Rs. 741.50 lacs from a bank is secured by way of first pari passu charge of movable assets of Chilwaria Sugar division. The loan is further secured by way of first pari passu charge on the immovable properties of said division.

9 Term loan of Rs. 100 lacs from the Technology information, forecasting and assessment council mission. Government of India is secured/to be secured by way of an exclusive first charge on equipment acquired under the scheme.

SCHEDULE 4 - UNSECURED LOANS

	As at September 30, 2008 Rs. lacs	As at September 30, 2007 Rs. lacs
Fixed deposits	14.69	53.60
Short term loans and advances:		
From Directors	-	27.82
From others	49.45	61.30
	49.45	89.12
Other Loans and advances from :		
0% Foreign Currency Convertible Bonds (FCCB)* (2011)	15,490.20	13,110.90
Bank (Book overdraft)	3.19	7.51
	15,493.39	13,118.41
	15,557.53	13,261.13

* Refer note 4 in schedule 18

SCHEDULE 5 - FIXED ASSETS

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at September 30, 2007	Additions	Deletions	As at September 30, 2008	Up to September 30, 2007	For the year	On Deletions	As at September 30, 2008	As at September 30, 2008	As at September 30, 2007
	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs
Land	1,787.80	100.77	16.57	1,872.00	-	-	-	-	1,872.00	1,787.80
Buildings	4,229.99	4,259.52	10.82	8,478.69	1,201.31	360.84	10.82	1,551.33	6,927.36	3,028.68
Railway siding	1.60	-	-	1.60	1.48	0.02	-	1.50	0.10	0.12
Plant and machinery	35,722.97	24,037.85	146.25	59,614.57	12,692.29	2,835.19	128.32	15,399.16	44,215.41	23,030.68
Furniture and fixtures	183.18	15.13	3.66	194.65	140.04	12.70	1.47	151.27	43.38	43.14
Vehicles	387.80	37.47	51.60	373.67	196.28	56.56	41.26	211.58	162.09	191.52
Live Stock	0.45	-	-	0.45	-	-	-	-	0.45	0.45
	42,313.79	28,450.74	228.90	70,535.63	14,231.40	3,265.31	181.87	17,314.84	53,220.79	
Previous period	30,810.77	11,771.62	268.60	42,313.79	11,795.67	2,565.09	129.36	14,231.40		28,082.39
Capital work in progress including capital advances Rs.547.05 lacs (previous period Rs.1,708.51 lacs)									6,099.96	23,764.95
									59,320.75	51,847.34

Notes:

1- Additions to fixed assets includes adjustment on account of foreign exchange Rs.Nil (previous period foreign exchange gain Rs.103.45 lacs). Also refer note 23 in Schedule 18.

SCHEDULE 6 - PRE-OPERATIVE EXPENDITURE PENDING ALLOCATION

		As at September 30, 2008 Rs. lacs		As at September 30, 2007 Rs. lacs
Raw material consumed		483.87		2,358.23
Sugarcane development expenses		-		110.84
Salaries, wages, bonus, provisions		119.71		406.84
Contribution to provident fund		6.62		18.72
Contribution to superannuation fund		1.02		10.30
Contribution to gratuity fund		2.02		3.53
Compensated absences		3.91		5.65
Staff welfare expenses		1.80		12.23
Stores, oils and chemicals		106.47		119.40
Power and fuel		46.26		368.63
Repairs and maintenance				
-Plant and machinery		79.49		163.58
-Others		12.06		16.92
Insurance		10.44		82.33
Rent		8.17		16.11
Rates and taxes		0.35		7.62
Travelling expenses		10.04		83.06
Miscellaneous expenses		175.56		728.23
Increase/(decrease) in excise duty on inventory		24.21		40.25
Premium on Foreign Currency Convertible Bonds		157.03		1,321.54
Foreign exchange fluctuation *		1,608.98		-
Depreciation		5.07		40.25
Interest				
-Fixed		453.88		1,594.01
-Others		65.33		191.23
		3,382.29		7,699.50
Less:				
Gross sales	64.40		1,335.62	
Less: Excise duty on sales	2.71	61.69	137.92	1,197.70
Miscellaneous income		19.26		50.09
Foreign exchange fluctuation		-		1,622.02
Interest income		43.93		94.07
		3,257.41		4,735.62
Add: Brought forward from previous period		3,118.17		283.37
		6,375.58		5,018.99
Less:Stock transferred to 'Manufacturing and other expenses' on commencement of commercial production in schedule 15				
Finished	1,178.97		262.22	
Process	182.69	1,361.66	13.51	275.73
		5,013.92		4,743.26
Add: Opening stock of finished goods produced during trial run				
Finished	827.31		-	
Process	50.26	877.57	-	-
		5,891.49		4,743.26
Less: Closing stock of finished goods produced during trial run				
Finished	-		827.31	
Process	-	-	50.26	877.57
		5,891.49		3,865.69
Less: Allocated to assets		4,716.17		747.52
		1,175.32		3,118.17

* refer note 23 in Schedule 18.

SCHEDULE 7 - INVESTMENTS

	As at September 30, 2008 Rs. lacs	As at September 30, 2007 Rs. lacs
Long term investments		
Unquoted (Trade)		
One share of Rs.20 fully paid-up of The Simbhaoli Co-operative Cane Development Union Limited ** Rs. 20	**	**
Government securities		
6-Years Post Office National Savings Certificate	0.05	0.05
	0.05	0.05
Aggregate book value		
- unquoted	0.05	0.05
	0.05	0.05

SCHEDULE 8 - DEFERRED TAX ASSETS (NET)

Deferred tax liabilities		
Depreciation	5,353.05	3,755.75
	5,353.05	3,755.75
Deferred tax assets		
Unabsorbed depreciation	6,253.93	3,755.75
Foreign Currency Convertible Bonds premium	401.49	-
Accrued expenses deductible on payment	624.39	-
	7,279.81	3,755.75
Deferred tax liabilities/(assets) (net)	(1,926.76)	-

SCHEDULE 9 - INVENTORIES

Stores and spares (at cost or under)	1621.73	1,312.59
Tools and appliances (at cost or under)	6.37	7.54
Stock-in-trade (at lower of cost and net realisable value)		
Raw materials	435.06	518.82
Process stocks	526.28	1,396.01
Finished goods	14232.88	12,300.78
	16,822.32	15,535.74

SCHEDULE 10 - SUNDRY DEBTORS

	As at September 30, 2008 Rs. lacs	As at September 30, 2007 Rs. lacs
Unsecured		
Debts over six months		
- considered good	382.80	324.00
- considered doubtful	174.54	180.38
Other debts - considered good	3,311.73	2,659.40
	3,869.07	3,163.78
Less: Provision for doubtful debts	174.54	180.38
	3,694.53	2,983.40

SCHEDULE 11 - CASH AND BANK BALANCES

Cash on hand	14.92	36.70
Cheques and drafts on hand	17.19	27.18
With scheduled banks:		
On current account	784.85	488.55
On fixed deposit account #	341.79	417.94
	1,158.75	970.37

Pledged with excise authorities and civil court Rs.141.80 lacs (previous period Rs.120.26 lacs); and pledged with banks Rs.181.40 lacs (previous period Rs.250.00 lacs)

SCHEDULE 12 - LOANS AND ADVANCES

Unsecured and considered good, unless otherwise stated		
Advances recoverable in cash or in kind or for value to be received		
Considered good	3,211.96	1,908.33
Considered doubtful	4.72	4.72
	3,216.68	1,913.05
Less: Provision for doubtful advances	4.72	4.72
	3,211.96	1,908.33
Balances with excise authorities on current accounts	1,826.29	2,187.01
Advance payment of income-tax	654.15	485.00
MAT credit entitlement	378.25	378.25
	6,070.65	4,958.59

SCHEDULE 13 - CURRENT LIABILITIES AND PROVISIONS

	As at September 30, 2008 Rs. lacs	As at September 30, 2007 Rs. lacs
Current liabilities		
Sundry creditors		
Total outstanding dues of micro and small enterprises #	2.03	1.37
Total outstanding dues of creditors other than micro and small enterprises	13,647.08	18,250.92
Other liabilities	1,030.85	1,072.56
Interest accrued but not due on loans	549.17	291.79
Unclaimed dividend ##	9.14	9.37
	15,238.27	19,626.01
Provisions		
Taxation	342.10	280.70
Compensated absences	127.57	114.30
Premium payable on redemption of Foreign Currency Convertible bonds	2,717.45	1,361.96
	3,187.12	1,756.96
	18,425.39	21,382.97

Refer note 6 in schedule 18.

There is no amount due and outstanding to be credited to investor education and protection fund.

SCHEDULE 14 - OTHER INCOME

	Year ended September 30, 2008 Rs. lacs	18 months ended September 30, 2007 Rs. lacs
Interest on Bank deposits*	28.63	191.77
Rent	20.90	37.47
Transfer from 'Capital grant-in-aid'	1.23	1.74
Profit on sale of fixed assets	11.59	3.80
Profit on sale of long term investment - other than trade	-	1.29
Dividend income	-	0.36
Liability/provisions no longer required written back	167.80	22.41
Miscellaneous	872.24	473.23
	1,102.39	732.07

* Tax deducted at source Rs.5.58 lacs (previous period Rs.28.17 lacs)

SCHEDULE 15 - MANUFACTURING AND OTHER EXPENSES

	Year ended September 30, 2008 Rs. lacs	18 Months ended September 30, 2007 Rs. lacs
Raw materials consumed	26,396.29	39,283.72
Purchase for re-sale	62.20	6,701.45
Sugarcane development expenses	317.07	957.13
Stock produced during the trial production	1,361.66	275.73
Salaries, wages, bonus, commission etc.	2,365.40	2,791.03
Contribution to provident fund	213.32	261.67
Contribution to superannuation fund	29.54	69.88
Contribution to gratuity fund	130.72	133.02
Compensated absences	80.33	154.73
Staff welfare expenses	91.74	204.19
Stores, oils and chemicals (all indigenous) #	4,603.90	6,126.68
Power and fuel	795.57	737.88
Repairs and maintenance		
-Plant and machinery	1,642.26	1,485.57
-Buildings	92.69	127.61
-Others	216.84	208.59
Insurance	72.37	182.06
Rent	171.76	235.15
Lease rent	38.73	54.87
Rates and taxes	293.75	338.62
Donations	6.98	1.16
Travelling expenses	290.67	246.14
Marketing expenses	900.46	1,715.36
Commission to selling agents	405.77	443.89
Loss on sale of fixed assets	0.32	2.11
Bad debts and advances	9.26	155.32
Provision for doubtful debts	37.31	65.07
Increase/(decrease) in excise duty on inventory	(46.71)	465.12
Miscellaneous expenses	1,117.63	1,012.26
	41,697.83	64,436.01
(Increase)/decrease in stocks :		
Finished :		
Opening stocks	11,473.47	14,166.04
Less: closing stocks	14,232.88	11,473.47
	(2,759.41)	2,692.57
Process:		
Opening stocks	1,345.75	1,233.22
Less: closing stocks	526.28	1,345.75
	819.47	(112.53)
	39,757.89	67,016.05

Stores, oils and chemicals allocated to other revenue heads Rs.1,431.07 lacs (previous period Rs.1,912.56 lacs)

SCHEDULE 16 - INTEREST EXPENSE

Interest		
On fixed loans	1,468.12	1,044.44
On Others	2,495.63	2,451.45
	3,963.75	3,495.89

SCHEDULE 17 - EXCHANGE FLUCTUATION AND DERIVATIVE LOSS/(PROFIT)

Exchange fluctuation	865.46	(32.75)
Derivative loss/(profit)	1,246.66	(202.75)
	2,112.12	(235.50)

SCHEDULE 18 - NOTES TO THE ACCOUNTS

1. **Significant Accounting Policies**

(i) Accounting convention

The financial statements are prepared under the historical cost convention as modified to include the revaluation/business valuation of certain fixed assets as indicated in (ii) below. These statements have been prepared in accordance with the applicable mandatory Accounting Standards and relevant presentational requirements of the Companies Act, 1956.

ii) Fixed assets

Fixed assets [other than certain fixed assets of Simbhaoli Sugar Division and Simbhaoli Distillery Division where cost has been modified based on revaluation/business valuation thereof as determined by the value] are valued at cost.

Cost is inclusive of freight, duties, taxes, other incidental expenses and, in case of capital projects, financing cost relating to borrowed funds attributable to construction or acquisition of fixed assets, up to the dates of their commissioning. (Also see note 23)

iii) Depreciation

(a) In respect of fixed assets of Simbhaoli Sugar Division and Simbhaoli Distillery Division, where costs have been modified based on revaluation / business valuation, depreciation is provided on the straight line method at the rates applicable to the balance useful life of the relevant assets as estimated by the valuer or at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956, whichever is higher.

(b) In respect of other assets, the depreciation is provided by applying the following method at the rates specified in Schedule XIV to the Companies Act, 1956

-	Buildings(other than Simbhaoli Distillery Division and Chilwaria Sugar Division)	-	Written down value method
-	Buildings(Simbhaoli Distillery Division and Chilwaria Sugar Division)	-	Straight line method
-	Plant and machinery (other than electric installations, typewriters and office equipments)	-	Straight line method
-	Railway siding/electric installations/ typewriters and office equipment/furniture and fixtures/motor lorries and vehicles.	-	Written down value method

C) Fixed assets costing upto Rs. 5,000 are fully depreciated in the year of acquisition.

D) In respect of buildings and other revalued assets, an amount equivalent to the additional charge for depreciation arising due to revaluation is transferred from the revaluation reserve to the profit and loss account.

iv) Investments

Investments are stated at cost as reduced by diminution in value, if any.

v) Inventories

Stores, spare parts and tools and appliances are valued at cost or under. Stock-in-trade is valued at the lower of cost and net realizable value. The bases of determining cost for different categories of inventory are as follows:

Stores and spare parts	-	Monthly weighted average.
Raw materials	-	Annual weighted average.
Process stocks /finished goods	-	Annual weighted average material cost plus appropriate share of labour and manufacturing overheads

vi) Employee benefits

Company's contribution paid/payable during the year to provident fund and superannuation fund are recognised in the profit and loss account. Provision for gratuity and compensated absences determined on an acturial basis at the end of the year are charged to revenue each year.

vii) Research and development expenditure

The revenue expenditure on research and development is charged as expenditure in the year in which it is incurred, under the respective revenue heads. Expenditure which results in the creation of capital assets is treated in the same manner as expenditure on fixed assets.

viii) Revenue recognition

Sales are recognized on transfer of the significant risk and rewards of ownership of the goods to the buyer and stated at net of sales tax but inclusive of excise duty. Interest income is recognized on time proportion basis.

ix) Foreign Currency Transactions and Forward contracts

Transactions in foreign currency are recorded on initial recognition at the exchange rate prevailing at the time of transaction.

Monetary items (i.e. receivables, payables, loans etc.) denominated in foreign currency are reported using the closing exchange rate on each balance sheet date.

The exchange differences arising on the settlement of monetary items or on reporting these items at rates different from rates at which these were initially recorded/reported in previous financial statements are recognized as income/expense in the period in which they arise.

In case of forward exchange contracts, the premium or discount arising at the inception of such contracts is amortised as income or expense over the life of the contract. Further, exchange difference on such contracts i.e. difference between the exchange rate at the reporting/settlement date and the exchange rate on the date of inception of contract/the last reporting date, is recognized as income/ expense for the period.

x) Government grants

Government grants related to revenue are recognized in the profit and loss account over the years necessary to match them with the related costs.

Government grants related to depreciable fixed assets are recognized in the profit and loss account over the useful life of the asset to which they relate.

xi) Taxation

Provision for current taxation is ascertained on the basis of assessable profits computed in accordance with the provisions of the Income-tax Act, 1961.

Deferred tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent period. Deferred tax assets are recognized on unabsorbed depreciation and carry forward of losses based on virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

xii) Securities issue expenses

Securities issue expenses (net of tax) are adjusted from the securities premium account. This is in accordance with section 78 of the Companies Act, 1956.

xiii) Premium payable on redemption of securities

Premium payable on redemption of securities issued for financing capital project up to the date of commissioning of such projects is included in cost thereof. Subsequent to the date of commissioning of such project, premium payable on redemption of securities (net of tax) is adjusted from securities premium account. This is in accordance with section 78 of the Companies Act, 1956.

2. i) **Contingent liabilities not provided for:**

Claims against the Company not acknowledged as debts Rs. 56.67 lacs (previous period Rs. 63.44 lacs).

(Rs. in lacs)

Description	As at Sept. 30, 2008	As at Sept. 30, 2007
Sales Tax/ Trade Tax Act	9.87	17.65
State Excise Act	9.26	9.26
Central Excise Act	11.89	11.89
Others	25.65	24.64
Total	**56.67**	**63.44**

All the above matters are subject to legal proceedings in the ordinary course of business. The legal proceedings, when ultimately concluded will not in the opinion of the management, have a material effect on results of operations or financial position of the Company.

(ii) Arrears of cumulative preference dividend Rs. 86.40 lacs (previous period arrears Rs. 51.84 lacs) for the period from April 2006 to September 2008.

(iii) Corporate guarantee of Rs. 12,000.00 lacs (previous period Rs. 12,000.00 lacs) given by the Company to banks on behalf of farmers :

(Rs. in lacs)

	Current Year	Previous Period
Amount guaranteed	12,000.00	12,000.00
Amount outstanding	3,096.01	3,999.62

3. Estimated amount of contracts (net of advances) remaining to be executed on capital account Rs. 2,445.84 lacs (previous period Rs. 2,217.15 lacs).

4. (a) During the year ended March 31, 2006, the Company had issued Zero Coupon Foreign Currency Convertible Bonds (FCCB) aggregating to US$ 33 million (Rs.14,685 lacs at issue). The bondholders have an option to convert these bonds into shares, at the conversion price of Rs. 153 (including share premium of Rs. 143) per share {initial conversion price of Rs.170 (including share premium of Rs.160) per share} with a fixed rate of exchange on conversion of Rs.44.1050 = US $ 1, at any time on or after April 10, 2006 up to February 9, 2011. The Company has option to convert principal amount of the bonds between March 10, 2007 and March 10, 2011, subject to the satisfaction of certain conditions. Unless previously converted, redeemed or repurchased and cancelled, the bonds fall due for redemption on March 11, 2011 at 137.033% of their principal amount.

(b) The Company on grounds of prudence has decided to provide for premium payable on redemption of Foreign Currency Convertible Bonds. Accordingly a sum of Rs. 1,355.49 lacs (previous period Rs. 1,304.28 lacs) determined at the 'Yield to maturity' rate per annum of the concerned security has been provided for in the accounts.

5. Category wise quantitative data about Derivative Instruments:

Nature of Derivatives	Number of deals		Purpose		Amount in foreign currency (in lacs)		Rs. in lacs	
	Current Year	Previous period	Current year	Previous period	Current year (JPY)	Previous period (USD)	Current Year	Previous period
CHF/USD Currency swap	-	7	-	Conversion of Indian Rupee into CHF/USD	-	191.39	-	8,109.00
USD Call option buy	-	3	-	Hedging of export receivables	-	30.00	-	1,270.00
USD interest Swap	-	1	-	Interest Swap	-	50.00	-	2,211.00
JPY/USD Currency swap	1	-	Conversion of Indian Rupee into JPY/USD	-	5861.00	-	2347.00	-

Foreign Currency exposures that are not hedged by derivative instruments or otherwise is as follows:

Particulars	Current year		Previous period	
	Amount in foreign currency (USD in lacs)	Amount (Rs. in lacs)	Amount in foreign currency (USD in lacs)	Amount (Rs. In lacs)
Secured loan	-	-	6.02	239.30
Unsecured loan	330.00	15490.20	330.00	13,110.90
Sundry Debtors	3.73	175.01	4.64	184.92
Loans and advances	-	-	1.00	39.73

6. Based on the information available with the Company, the balance due to Micro and Small Enterprises as defined under the " The Micro, Small and Medium Enterprises Development Act, 2006" is Rs 2.03 lacs (previous period Rs. 1.37 lacs). Further no interest during the year has been paid or is payable under the terms of the " The Micro, Small and Medium Enterprises Development Act, 2006".

7. Employee Benefits

The Company has during the year adopted Accounting Standard-15 (revised 2005) "Employee Benefits". In accordance with the revised accounting standard, the transitional benefit amounting to Rs. 57.77 lacs has been adjusted in the profit and loss account during the year.

The Company has classified the various benefits provided to employees as under:-

a) Defined contribution plans

i) Superannuation fund

ii) Provident fund

During the year, the Company has recognized the following amounts in the profits and loss account:

	Rs. in lacs
- Employers' Contribution to Provident Fund #	219.94
- Employers' Contribution to Superannuation Fund #	30.56

Includes Rs. 6.62 lacs for Employers' contribution to Provident Fund and Rs. 1.02 lacs for Employers' contribution to Superannuation Fund allocated to 'Pre-operative expenditure pending allocation' in schedule 6.

b) Defined benefits plans

a) Gratuity

b) Compensated absences Earned Leave/ Sick Leave/ Casual Leave

In accordance with the Accounting Standard 15 (revised

2005), acturial valuation was done in respect of the aforesaid defined benefit plans and details of the same are given below:

This year (Rs. lacs)

	Gratuity (Funded)	Compensated absences (Unfunded)
Discount rate (per annum)	8%	8%
Future salary increase	5%	5%
Expected rate of return on plan assets	8%	N/A
In service mortality	LIC 1994-96 ULTIMATE	LIC 1994-96 ULTIMATE
I. Expense recognized in profit and loss account		
Current service cost	86.34	75.49
Interest cost	48.39	5.95
Expected return on plan assets	(44.21)	-
Net acturial (gain)/loss recognized in the year	42.22	2.80
Total expense #	**132.74**	**84.24**
II Net asset/(liability) recognized in the balance sheet as at September 30, 2008		
Present value of Defined benefits obligation	682.56	127.57
Fair value of plan assets	(550.16)	-
Funded status [surplus/(deficit)]	(132.40)	(127.57)
Net asset /(liability) as at September 30, 2008	**(132.40)**	**(127.57)**
III Change in the present value of obligation during the year		
Present value of the obligation as at the beginning of the year	647.84	78.84
Interest cost	48.39	5.95
Current service cost	86.34	75.49
Benefits paid	(65.51)	(35.51)
Acturial (gains)/ losses on obligation	(34.50)	2.80
Present value of obligation as at the end of the year	**682.56**	**127.57**
IV Change in present value of fair value of plan Assets		
Fair value of plan assets as at the beginning of the year	555.09	-
Expected return on plan assets	44.21	-
Contributions	93.09	-
Benefits paid	(65.51)	-
Actuarial gains/(losses)	(76.72)	-
Fair value of plan assets as at the end of the year	**550.16**	**-**
V **Detail of plan Assets**	Funded with ICICI	N/A

\# Includes Rs. 2.02 lacs for Gratuity and Rs. 3.91 lacs for Compensated absences allocated to 'Pre-operative expenditure pending allocation' in schedule 6.

8. Revenue expenditure on research and development Rs. 4.54 lacs (previous period Rs.2.16 lacs).
9. The Company has accounted for cane purchases for sugar season 2007-08 at Rs. 110 per quintal, the rate at which it has made payment to the cane growers as per the interim order of the Hon'ble Supreme Court, against the State Advised Price of Rs. 125 per quintal fixed by the Uttar Pradesh State Government. Necessary adjustments will be made in accordance with subsequent orders of the Hon'ble court in the matter.

10. Related Party disclosure under Accounting Standard 18

A. Name of related party and nature of related party relationship.

Key Management Personnel: Mr.G.M.S.Mann, Mr.Gurpal Singh, Dr.G.S.C.Rao and Mr. Sanjay Tapriya.

Relatives of Key management personnel: Mrs. Ishwarpreet Kaur (sister of Mr. Gurpal Singh) Mrs. G.R.Lakshmi (wife of Dr.G.S.C.Rao), Mrs. Mamta Tapriya (wife of Mr. Sanjay Tapriya), Mr. B.D.Tapriya (father of Mr. Sanjay Tapriya), Mr. Govind Singh Sandhu (brother of Mr. Gurpal Singh) and Ms. Gursimran Kaur Mann (daughter of Mr. G.M.S.Mann).

Enterprise over which key management personnel exercise significant influence: Dholadhar Investments (P) Ltd. (enterprise over which Mr.G.M.S.Mann exercises significant influence) and Pritam Singh Sandhu Associates Pvt. Ltd (enterprise over which Mr. Gurpal Singh exercises significant influence).

B. Transactions with the above parties:

Description	Key management personnel		Relatives of key management personnel		Enterprise over which key management personnel exercise significant influence	
	Current Year	Previous period	Current Year	Previous period	Current Year	Previous period
Rent	**-**	**-**	**37.63**	**45.59**	**-**	**-**
Mrs. G.R. Lakshmi	-	-	8.90	9.45	-	-
Mrs. Mamta Tapriya	-	-	7.92	9.00	-	-
Govind Singh Sandhu	-	-	20.81	27.14	-	-
Salary	**-**	**-**	**4.60**	**3.79**	**-**	**-**
Ms. Gursimran Kaur Mann	-	-	4.60	3.79	-	-
Allotment of Share Warrants, Equity Shares	**3.74**	**-**	**0.67**	**-**	**704.80**	**-**
Mr. Sanjay Tapriya	3.74	-	-	-	-	-
Ms. Gursimran Kaur Mann	-	-	0.67	-	-	-
Pritam Singh Sandhu Associates Pvt. Ltd.	-	-	-	-	51.06	-
Dholadhar Investment Pvt. Ltd.	-	-	-	-	653.74	-
Purchase of Fixed Assets	**-**	**-**	**-**	**-**	**4.95**	**-**
Dholadhar Investment Pvt. Ltd.	-	-	-	-	4.95	-
Professional Charges	**-**	**-**	**0.28**	**0.35**	**-**	**-**
Mr. B.D. Tapriya	-	-	0.28	0.35	-	-
Managerial Remuneration $	**117.75**	**158.89**	**-**	**-**	**-**	**-**
Mr. G.M.S. Mann	32.99	48.86	-	-	-	-
Mr. Gurpal Singh	29.64	40.41	-	-	-	-
Dr. G.S.C.Rao	31.46	39.72	-	-	-	-
Mr. Sanjay Tapriya	23.66	29.90	-	-	-	-
Forfeiture of equity warrant	**-**	**144.67**	**-**	**-**	**-**	**88.59**
Mr. G.M.S. Mann	-	144.67	-	-	-	-
Pritam Singh Sandhu Associates Pvt. Ltd.	-	-	-	-	-	88.59
Loans taken (including fixed deposits, excluding interest)	**-**	**7.53**	**-**	**-**	**-**	**-**
Mr. G.M.S. Mann	-	6.53	-	-	-	-
Mr. Sanjay Ta priya	-	1.00	-	-	-	-
Interest paid on Loans (including fixed deposits)	**0.18**	**1.13**	**-**	**0.60**	**-**	**0.02**
Mr. G.M.S. Mann	0.18	0.98	-	-	-	-
Mr. Gurpal Singh (@ Rs. 194)	-	@	-	-	-	-
Mr. Sanjay Tapriya (# Rs. 516)	#	0.15	-	-	-	-
Mrs. Ishwarpreet Kaur	-	-	-	0.60	-	-
Pritam Singh Sandhu Associates Pvt. Ltd.	-	-	-	-	-	0.02
Loans repaid	**9.11**	**1.57**	**-**	**19.79**	**-**	**0.83**
Mr. G.M.S. Mann	8.88	-	-	-	-	-
Mr. Gurpal Singh (## Rs. 36)	##	0.07	-	-	-	-
Mr. Sanjay Tapriya	0.23	1.50	-	-	-	-
Mrs. Ishwarpreet Kaur	-	-	-	19.79	-	-
Pritam Singh Sandhu Associates Pvt. Ltd.	-	-	-	-		0.83
Loans outstanding	**-**	**9.11**	**-**	**-**	**	**
Mr. G.M.S. Mann	-	8.88	-	-	-	-
Mr. Gurpal Singh (* Rs. 36)	-	*	-	-	-	-
Mr. Sanjay Tapriya	-	0.23	-	-	-	-
Pritam Singh Sandhu Associates Pv t. Ltd. (** Rs. 366)	-	-	-	-	**	**
Guarantees given on behalf of Company by Mr. G. M. S. Mann and Mr.Gurpal Singh	47,496.80	36,064.35	-	-	-	-

$ refer note 14

11. Segment reporting

A. Business segments:

Based on the guiding principles given in Accounting Standard AS-17 "Segment Reporting" issued by the Institute of Chartered Accountants of India, the Company's business segments include: Sugar, Alcohol, Power and Others (Iron products).

B. Geographical segments:

Since the Companies activities/operations are primarily within the country and considering the nature of products it deals in, the risks and returns are same and as such there is only one geographical segment.

C. Segment accounting policies:

In addition to the significant accounting polices applicable to the business segments as set out in note 1 of schedule 18 "Notes to the Accounts", the accounting policies in relation to segment accounting are as under:

a) Segment revenue and expenses:

Joint revenue and expenses of segments are allocated amongst them on a reasonable basis. All other segment revenue and expenses are directly attributable to the segments.

b) Segment assets and liabilities:

Segment assets include all operating assets used by a segment and consist principally of operating cash, debtors, inventories and fixed assets, net of allowances and provisions which are reported as direct offsets in the balance sheet. Segment liabilities include all operating liabilities and consist principally of creditors and accrued liabilities. Segment assets and liabilities do not include deferred income taxes. While most of the assets/liabilities can be directly attributed to individual segments, the carrying amount of certain assets/liabilities pertaining to two or more segments is allocated to the segments on a reasonable basis.

c) Inter segment sales:

Inter segment sales between operating segments are accounted for at market price. These transactions are eliminated in consolidation.

D. Information About Business Segments

(Rs.lacs)

PARTICULARS	Sugar		Alcohol		Power		Others		Elimination		Unallocated		Total	
	Current Year	Previous Period	Current Year	Previous Period	Current Year	Previous Period	Current Year	Previous Period	Current Year	Previous Period	Current Year	Previous Period	Current Year	Previous Period
Segment revenue														
External sales:	30,919.22	50,052.94	33,736.99	47,242.06	1,477.70	265.86	-	-	-	-	-	-	**66,133.91**	**97,560.86**
Inter segment sales	6,644.44	7,196.21	13.83	-	5,382.26	5,670.50	-	-	(12,040.53)	(12,866.71)	-	-	-	-
Other income	317.13	129.69	170.63	59.07	382.05	-	139.35	203.50	-	-	93.23	339.81	**1,102.39**	**732.07**
Total revenue	**37,880.79**	**57,378.84**	**33,921.45**	**47,301.13**	**7,242.01**	**5,936.36**	**139.35**	**203.50**	**(12,040.53)**	**(12,866.71)**	**93.23**	**339.81**	**67,236.30**	**98,292.93**
Segment results	(1,253.95)	(6,314.50)	852.32	3,228.71	1,706.38	826.30	(14.65)	(13.41)					**1,290.10**	**(2,272.90)**
Unallocated expenses (net of income)											1,732.75	592.93	**1,732.75**	**592.93**
Operating profit/(loss)											-	-	**(442.65)**	**(2,865.83)**
Interest expenses											3,963.75	3,495.89	**3,963.75**	**3,495.89**
Provision for taxes											-	-	-	-
- Deferred tax benefit											(1,555.73)	(1.70)	**(1,555.73)**	**(1.70)**
- Fringe benefit tax											59.50	62.70	**59.50**	**62.70**
Net Profit/(loss)													**(2,910.17)**	**(6,422.72)**
Other information														
Segment assets	48,967.40	45,280.20	17,160.80	14,616.64	20,425.12	17,818.76	41.71	44.86			-	-	**86,595.03**	**77,760.46**
Unallocated assets											3,574.05	1,653.15	**3,574.05**	**1,653.15**
Investment											0.05	0.05	**0.05**	**0.05**
Profit and loss account											6,003.75	3,093.58	**6,003.75**	**3,093.58**
Total assets	**48,967.40**	**45,280.20**	**17,160.80**	**14,616.64**	**20,425.12**	**17,818.76**	**41.71**	**44.86**			**9,577.85**	**4,746.78**	**96,172.88**	**82,507.24**
Segment liabilities	12,556.54	17,273.40	1,763.25	1,938.80	151.81	88.66	-	-			-	-	**14,471.60**	**19,300.86**
Shares capital and reserves											9,928.00	9,931.72	**9,928.00**	**9,931.72**
Secured and unsecured loans											67,819.49	51,192.55	**67,819.49**	**51,192.55**
Unallocated liabilities											3,953.79	2,082.11	**3,953.79**	**2,082.11**
Total liabilities	**12,556.54**	**17,273.40**	**1,763.25**	**1,938.80**	**151.81**	**88.66**	-	-			**81,701.28**	**63,206.38**	**96,172.88**	**82,507.24**
Capital expenditure	2,729.74	16,042.57	2,990.89	5,608.27	3,083.98	11,154.27					38.30	59.34		
Depreciation	2,115.83	1,471.92	426.89	370.82	672.47	615.41	3.14	4.98			41.91	61.70		
Non cash expenses other than depreciation	198.29	218.02	37.31	162.57	-	-	-	-			914.25	(125.34)		

SIMBHAOLI SUGARS

12. Earnings per share

(Rs. in lacs)

		Year ended September 30, 2008	Period ended September 30, 2007
I.	Profit/(loss) after tax, as per profit and loss account (Rs.lacs)	(2,910.17)	(6,422.72)
	Less: Preference dividend due on 8% (Previous year 8%) Cumulative Redeemable Preference Shares	40.43	60.65
(A)	Profit for basic earnings per share of Rs.10 each	(2,950.60)	(6,483.37)
	Adjustment for the purpose of diluted earnings per share	-	-
(B)	Profit for diluted earnings per share of Rs.10 each	(2,950.60)	(6,483.37)
II.	Weighted average number of equity shares for earnings per share computation		
(A)	For basic earnings per share	201,41,812	1,97,65,400
(B)	For diluted earnings per share		
	No. of shares for basic earnings per share as per II (A)	201,41,812	1,97,65,400
	Add: Weighted average of outstanding Equity Warrants / Optionally Convertible Preference shares / FCCB / Employee stock options scheme deemed to be issued for no consideration	-	-
	No. of shares for diluted earnings per share	201,41,812	1,97,65,400
III.	Earnings per share (Weighted Average)		
	Basic (Rs.)	(14.65)	(32.80)
	Diluted (Rs.)	(14.65)	(32.80)

13.	**Auditors' remuneration:**		
	As auditor		
	- Audit fee	20.00	17.50
	- Out of pocket expenses	0.13	0.49
	In other capacity for:		
	- Limited review of unaudited financial results	21.00	28.75
	- Other services	8.79	3.52
14.	**Managerial remuneration: #**		
	- Salaries	72.80	100.40
	- Other benefits	44.95	58.49
	Total managerial remuneration	117.75	158.89
	- Directors' fees	1.8	3.3
	Total	**119.55**	**162.19**

Provision for incremental gratuity and earned leave has not been considered, since the provision has been made for the Company as a whole.

15.	**Value of export on FOB basis**	2,852.79	9,853.31
16.	**Value of imports on C I F basis**		
	- Capital goods	168.65	689.13
17.	**Expenditure in foreign currency**		
	Traveling	18.91	1.69
	FCCB raising expenses	-	2.33
	Others	5.90	-

18. Operating lease

(i) The Company has given its Furnace Plant located at Simbhaoli on operating lease for a period of four years commencing on September 28, 2004 and has expired on September 27, 2008.

(ii) The particulars of fixed assets of Furnace Plant given on Lease are as under:

(Rs. in lacs)

Sl. No.	Particulars	Gross Block		Accumulated depreciation	
		As at September 30, 2008	As at September 30, 2007	As at September 30, 2008	As at September 30, 2007
(a)	Buildings	-	14.88	-	4.78
(b)	Plant and machinery	-	40.38	-	7.68
		-	**55.26**	-	**12.46**

19. **Particulars of capacity, production, sales, stocks and raw materials consumed**

	Year ended September 30, 2008	Period ended September 30, 2007
(a) Licensed capacity		
Crushing of sugarcane per day (M.T.)	Not Applicable	Not Applicable
Rectified spirit/Ethanol (Bulk Litres) per annum	4,52,72,000	4,52,72,000
(b) Installed capacity, as certified by the management but not verified by the auditors being a technical matter		
Crushing of sugarcane per day (M.T.)	20,100	20,100
Rectified spirit/Ethanol (Bulk Litres) per annum	4,52,72,000	4,52,72,000
Power per hour (MW)	56.75	12
Iron products per day (MT)	24	24
(c) Actual production		
Sugar (Quintals)*	20,10,336	25,12,497
Rectified Spirit and Country Spirit (B.L.)	3,38,86,382	5,61,24,414#
Power (KWH)**	5,01,88,858	82,84,860

* Includes production during trial run 25,067 Qtls (Previous period 1,21,339 Qtls).

** Net of captive consumption

Included production during trial run 23,84,502 BL

(d) Sales

	Unit	Year ended September 30, 2008 Quantity	Year ended September 30, 2008 Value Rs. In lacs	Period ended September 30, 2007 Quantity	Period ended September 30, 2007 Value Rs. In lacs
Sugar*	Qtls.	19,05,843	30,346.78	29,60,335	49,944.61
Rectified Spirit and country spirit	BL	3,39,99,792	25,805.32	5,24,27,114**	36,681.19**
Denatured spirit	BL	77,08,155	1,731.80	1,28,23,900	2,787.21
Whisky, brandy and civil rum	BL	52,03,065	6,002.48	47,09,264	7,526.02
Power	KWH***	49,508,361	1,478.36	82,84,860	265.86
Others#			833.57		1,691.59
			66,198.31		**98,896.48**

* Includes trial run sale 3,680 qtls of Rs. 55.78 lacs (Previous period 69,630 qtls of Rs.952.46 lacs).

** Includes trial run sale 6,62,000 BL of Rs.163.74 lacs.

*** Net of captive consumption.

Includes trial run sale of molasses of Rs. Nil (previous period Rs. 161.29 lacs) and bagasse sale of Rs 8.62 lacs (Previous period Rs. 58.13 lacs).

(e) Stock of goods manufactured :

	Unit	Year ended September 30, 2008 Quantity	Year ended September 30, 2008 Value Rs. In lacs	Period ended September 30, 2007 Quantity	Period ended September 30, 2007 Value Rs. In lacs
1. **Opening stocks**					
Sugar	Qtls.	7,48,562	10,911.21	7,76,630	12,655.37
Rectified Spirit and country spirit	BL	19,20,603	764.00	11,79,043	446.95
Denatured spirit	BL	5,377	0.96	20,316	3.47
Whisky, brandy and civil rum	BL	1,24,651	340.34	49,585	140.61
Power banked and wheeled	KWH *	-	-	66,806	0.56
Others			284.27		919.08
			12,300.78		**14,166.04**

* Net of units deducted towards banking and wheeling charges.

2. **Closing stocks**

	Unit	Year ended September 30, 2008 Quantity	Year ended September 30, 2008 Value Rs. In lacs	Period ended September 30, 2007 Quantity	Period ended September 30, 2007 Value Rs. In lacs
Sugar	Qtls.	8,53,055	13,330.68	7,48,562	10,911.21
Rectified Spirit and country spirit	BL	20,96,955	559.10	19,20,603	764.00
Denatured spirit	BL	28,730	6.42	5,377	0.96
Whisky, brandy and civil rum	BL	1,24,129	117.47	1,24,651	340.34
Power banked and wheeled	KWH *	6,80,497	16.50	-	-
Others			202.71		284.27
			14,232.88		**12,300.78**

* Net of units deducted towards banking and wheeling charges.

(f) Raw material consumed :

	Unit	Year ended September 30, 2008 Quantity	Year ended September 30, 2008 Value Rs. In lacs	Period ended September 30, 2007 Quantity	Period ended September 30, 2007 Value Rs. In lacs
(i) Indigenous					
Sugar cane*	Qtls.	2,01,09,755	24,507.42	2,46,43,784	33,161.56
Molasses#	Qtls.	14,18,354	2,187.25	21,72,151**	3,981.96**
Others			185.49		150.61
			26,880.16		**37,294.13**
Imported					
Raw Sugar	Qtls.	-	-	3,20,384	4,347.82
			-		**4,347.82**
Total			**26,880.16**		**41,641.95**

\# Quantity consumed includes internal transfer.

* Includes trial run sugar cane consumption 4,05,500 qtls of Rs. 483.87 lacs (previous period 15,71,186.21 qtls of Rs. 2,076.53 lacs)

** Includes trial run molasses consumption 86,850 qtls of Rs. 281.70 lacs.

(g) Goods purchased for re-sale

	Unit	Year ended September 30, 2008 Quantity	Year ended September 30, 2008 Value Rs. In lacs	Period ended September 30, 2007 Quantity	Period ended September 30, 2007 Value Rs. In lacs
Sugar	Qtls.	-	-	4,19,770	6,571.26
Country Liqour	BL	13,796.00	62.20	2,01,726	130.19
Total			**62.20**		**6,701.45**

20. (a) The following are the particulars of disputed dues on account of sales tax (trade tax) and excise duty matters that have not been deposited by the Company as at September 30, 2008.

Name of the statute	Nature of the dues	Amount* (Rs. in lacs)	Amount paid under protest (Rs. in lacs)	Forum where dispute is pending	Period to which the amount relates
U. P. Trade Tax Act	Trade tax	0.43	0.43	Trade Tax Tribunal	1984-85
	Trade tax	3.18	-	Trade Tax Appellate Tribunal	1995-96
	Trade tax	2.17	1.08	High Court	2000-2001
	Trade tax	3.47	1.60	Trade Tax Tribunal	2001-2002
	Trade tax	0.62	0.15	Trade Tax Appellate Tribunal	2003-2004
Central Excise Act	Excise duty	0.28	0.28	Customs, Excise & Service tax Appellate Tribunal	2004-05
	Excise duty	0.60	0.60	Customs, Excise & Service tax Appellate Tribunal	2002-03
	Excise duty	11.01	-	Commissioner (Appeals)	1979-80
State Excise Act	Excise duty	9.26	-	High Court, Allahabad	2001-2002

*Amount as per demand orders including interest and penalty wherever indicated in order.

(b) In the following instances the concerned statutory authority is in appeal against favourable orders received by the Company.

Name of the statute	Nature of the dues	Amount* (Rs. in lacs)	Forum where dispute is pending	Period to which the amount relates
U. P. Trade Tax Act	Trade tax	59.96	High Court	1996-1997

* Amount as per demand orders including interest and penalty wherever indicated in order.

There are no dues in respect of income tax, customs duty, wealth tax, service tax and cess, which have not been deposited on account of any disputes.

21. During the earlier years, the Company, without payment of customs duty, had purchased imported raw sugar aggregating 1,11,000 metric tones for Rs 12,403.28 lacs for conversion into white sugar. In terms of the advance license(s) granted for this purpose by the office of Director General of Foreign Trade and subsequent extensions therein, the Company is required to complete the export white sugar aggregating 1,05,619 metric tones by March 18, 2009. As at September 30, 2008 outstanding export obligation is 29,421 metric tones. The management is confident that the export obligation shall be fully met and no loss is foreseen in complying with such obligation.

22. On the basis of future projections taken on record by the Board of Directors of the Company as well as growth plans and additional capacities set up to produce sugar, ethanol and power, resulting in de-risking of the business operations which will augment revenues, improved margins in sugar and cogeneration operations and after considering turnaround in domestic sugar market scenario as well as steps taken by the government to strengthen the industry, the Management is confident that there is a virtual certainty that sufficient future taxable income will be available against which deferred tax asset (net) of Rs 3854.22 lacs will be realized in the normal course of Company's business. However, the management, out of abundant caution, has decided to restrict recognition of deferred tax asset (net) to Rs 1,926.76 lacs, in these accounts.

23. Pursuant to Revised Accounting Standard 11-"The Effects of Changes in Foreign Exchange Rates" and Accounting Standard 16 "Borrowing Cost" read together with a recent opinion issued thereon by the Expert Advisory Committee of The Institute of Chartered Accountants of India, the Company has written back exchange fluctuation gain (net) of Rs. 1,482.32 lacs (net of exchange differences considered as an adjustment to interest cost), abated from construction cost of Capital Project's in earlier years and has adjusted the same from "Foreign exchange fluctuation" in schedule 17.

24. The proceeds of Rs. 704.79 Lacs from 31,00,000 warrants/shares issued and allotted to specified promoters and Rs. 49.34 Lacs from 5,94,425 stock options/shares issued and allotted to eligible employees of the Company were utilized for capital expenditure/working capital requirement of the Company as per the resolutions passed by the shareholders in the general meetings.

25. The figures for the current year are for a period of twelve months from October 1, 2007 to September 30, 2008 whereas the corresponding previous period figures are for eighteen months from April 1, 2006 to September 30, 2007. As such, corresponding figures for the previous period are not directly comparable with those of current year.

26. Previous year figures have been regrouped/ recast wherever necessary.

SIMBHAOLI SUGARS

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS ON SEPTEMBER 30, 2008

1. Registration Details

Registration No.	740	State Code	20
CIN No.	L24231UP1936PLC000740		
Balance Sheet Date	30092008		

2. Capital raised during the year (amount in Rs. thousand)

Public Issue	Right Issue
NIL	NIL
Bonus Issue	Private Placement
NIL	NIL
Equity Warrants	Stock Options
70479	4934

3. Position of mobilization and deployment of fund (amount in Rs. thousand)

TOTAL LIABILITIES	TOTAL ASSETS
7774749	7774749
SOURCE OF FUNDS	
Paid up capital	Reserve and Surplus
296379	0689596
Secured Loan	Unsecured Loan
5226196	1555753
APPLICATION OF FUND	
Net fixed Assets	Deferred tax Assets
6049607	192676
Investment	Net Current Assets
0005	0932086
Miscellaneous Expenditure	Accumulated Losses
NIL	600375

4. Performance of Company (amount in Rs. thousand)

Turnover & Other Income	Total Expenditure
4464754	4755771
Profit/Loss Before Tax + / -	Profit/Loss after Tax + / -
- 440640	- 291017
Earning per share in Rs.	Dividend rate %
- 14.65	NIL

5. Generic names of three principal product/services of the Company (as per monetary terms)

Item Code No. (ITC Code)	Product Description
17.01	SUGAR
Item Code No. (ITC Code)	Product Description
2207.10	ALCOHAL

Gurpal Singh Dy. Managing Director	Gurmit Singh Mann Chairman & Managing Director	Dr. G.S.C. Rao Executive Director
Sanjay Tapriya Director Finance	Kamal Samtani Company Secretary	Sunil K. Gupta GM-Finance

New Delhi
November 28, 2008

SIMBHAOLI SUGARS LIMITED

Registered Office: Simbhaoli-245 207, District Ghaziabad (U.P.)

PROXY FORM

DP Id*	
Client ID*	

No. of Shares	
Master Folio No.	

I/We……………………………………………of………………………………………being the member(s) of SIMBHAOLI SUGARS LIMITED hereby appoint…………………….…………………of…………………………………………...or failing him……………………………………………………………………………………….
of …………………………………………………………………………………………..
as my/our proxy to attend and vote for me/us and on my/our behalf at 72nd annual general meeting of the members of Simbhaoli Sugars Limited to be held on Saturday, January 31, 2009 at 10.00 A.M. at the registered office of the Company at Simbhaoli -245 207, District Ghaziabad (U.P.) and at any adjournment thereof.

Signed this ………..day of …………….2009.

………………………………… ………………….

Signature of the Member(s) Signature of Proxy (ies)

Affix Revenue Stamp

*Applicable for Investors holding shares in electronic form.

NOTE: The proxy form duly signed across the revenue stamp should reach the Company's registered office at least 48 hours before the time of the meeting.

SIMBHAOLI SUGARS LIMITED

Registered Office: Simbhaoli-245 207, District Ghaziabad (U.P.)

ATTENDENCE SLIP

DP Id*	
Client ID*	

No. of Shares	
Master Folio No.	

I hereby record my presence at 72nd annual general meeting of the members of Simbhaoli Sugars Limited on Saturday, January 31, 2009 at 10.00 A.M. at Simbhaoli 245 207, District Ghaziabad (U.P.).

Full Name(s) of Member(s) … . …
………

Full Name(s) of attending member/proxy………………………………. ………………………………..

*Applicable for Investors holding shares in electronic form.

Signature of the Members/Proxy
(To be done at the Entry Point)

NOTE: Please fill in block letters, except signatures. Please bring your copy of notice in the meeting.

Members' Particulars

Name: Fathers' Name

Address:

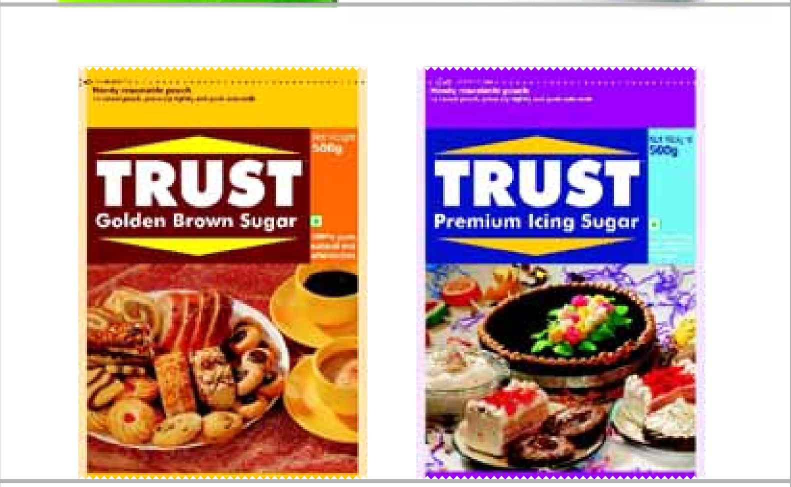
e-mail id:

Telephone no:

Please send the above particulars to Company Secretary at the registered office of the Company or through e-mail at kamal@simbhaolisugars.com for updating of our records.

Signature of the Member

BRANDED SUGAR



BRANDED ALCOHOL

SIMBHAOLI SUGARS

India's largest integrated sugar refinery

• Simbhaoli • Brijnathpur • Chilwaria

If undelivered please return to:

Registered Office
Simbhaoli Sugars Limited
Simbhaoli, District Ghaziabad
Uttar Pradesh, 245 207 India