SIMBHAOLI SUGARS LIMITED

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

UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER / SIX MONTHS ENDED SEPTEMBER 30, 2012

(Rs. in lacs)

	Particulars	Three months ended			Six months ended	Twelve months ended	Eighteen months ended
		September 30, 2012	June 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011	March 31, 2012
		I	II	III	IV	V	VI
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	**Income from operations**						
	Gross Sales of products	24,447	18,261	25,486	42,708	121,349	166,108
	Excise duty	992	934	7,526	1,926	26,834	31,557
	Net Sales/ income from operations	**23,455**	**17,327**	**17,960**	**40,782**	**94,515**	**134,551**
	Other operating Income	70	66	447	136	1,115	1,608
	Total income from operations	**23,525**	**17,393**	**18,407**	**40,918**	**95,630**	**136,159**
2	**Expenses**						
	(a) Cost of materials consumed	1,631	3,875	1,968	5,506	53,285	114,085
	(b) Purchase of stock-in-trade	78	70	211	148	4,966	4,887
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	16,202	9,866	10,464	26,068	11,001	(22,388)
	(d) Employee benefits expense	1,267	1,232	1,018	2,499	4,585	7,374
	(e) Depreciation and amortisation expense (net of revaluation reserve)	1,082	1,014	1,052	2,096	4,144	6,207
	(f) Consumption of stores,oils & chemicals	725	725	1,524	1,450	6,269	9,203
	(g) Power and fuel	469	333	725	802	2,662	3,126
	(h) Exchange fluctuation loss/(gain)	104	(45)	(93)	59	692	959
	(i) Other expenses	1,335	1,638	1,265	2,973	6,326	11,855
	(j) Own Expenses capitalised	(24)	(22)	-	(46)	-	(386)
	Total expenses	**22,869**	**18,686**	**18,134**	**41,555**	**93,930**	**134,922**
3	**Profit/(loss) from operations before other income, finance costs, exceptional items and tax**	**656**	**(1,293)**	**273**	**(637)**	**1,700**	**1,237**
4	Other income	89	1,364	90	1,453	538	2,135
5	**Profit/(loss) from ordinary activities before finance costs, exceptional items and tax**	**745**	**71**	**363**	**816**	**2,238**	**3,372**
6	Finance cost	3,048	3,098	2,729	6,146	10,611	16,358
7	**Profit/(Loss) from ordinary activities before exceptional items and tax**	**(2,303)**	**(3,027)**	**(2,366)**	**(5,330)**	**(8,373)**	**(12,986)**
8	Exceptional item Differential cane price for sugar season 2007-08	-	-	-	-	-	2,511
9	**Profit/(loss) from ordinary activities before tax**	**(2,303)**	**(3,027)**	**(2,366)**	**(5,330)**	**(8,373)**	**(15,497)**
10	**Tax expense/ (benefit)**	**(721)**	**(982)**	**(870)**	**(1,703)**	**(3,175)**	**(4,096)**
	Current tax	55	22	(3)	77	35	476
	Deferred tax (benefit)/ charge	(776)	(1,004)	(867)	(1,780)	(3,209)	(4,572)
11	**Net Profit/(loss) from ordinary activities after tax before minority interest**	**(1,582)**	**(2,045)**	**(1,496)**	**(3,627)**	**(5,198)**	**(11,401)**
12	**Minority interest**	**14**	**8**	**1**	**23**	**13**	**33**
	Net Profit/(loss) from ordinary activities after tax and minority interest	**(1,596)**	**(2,053)**	**(1,497)**	**(3,650)**	**(5,211)**	**(11,434)**
13	Paid up equity share capital (face value Rs.10/- each)	2,836	2,770	2,636	2,836	2,636	2,770
14	Reserves (excluding revaluation reserve)	-	-	-	-	-	2,544
15	Earning Per Share (of Rs. 10 each) (not annualized)						
	Basic and dilluted EPS before exceptional item (Rs.)	(5.70)	(7.45)	(5.71)	(13.13)	(20.65)	(37.68)
	Basic and dilluted EPS after exceptional item (Rs.)	(5.70)	(7.45)	(5.71)	(13.13)	(20.65)	(44.24)
(A)	**PARTICULARS OF SHAREHOLDING**						
	1) Public shareholding						
	- Number of shares	16,035,429	16,035,429	16,050,290	16,035,429	16,050,290	16,035,429
	- Percentage of shareholding	56.81	58.16	61.19	56.81	61.19	58.16
	2) Promoters and promoter group shareholding						
	a) Pledged/ Encumbered						
	- Number of shares	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	18.45	19.50	22.11	18.45	22.11	19.50
	- Percentage of shares (as a % of the total share capital of the Company)	7.97	8.16	8.58	7.97	8.58	8.16
	b) Non - encumbered						
	- Number of shares	9,943,381	9,285,881	7,928,520	9,943,381	7,928,520	9,285,881
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	81.55	80.50	77.89	81.55	77.89	80.50
	- Percentage of shares (as a % of the total share capital of the Company)	35.22	33.68	30.23	35.22	30.23	33.68

	Particulars	Three months ended September 30, 2012
(B)	**INVESTOR COMPLAINTS**	
	Pending at the beginning of the quarter	-
	Received during the quarter	1
	Disposed off during the quarter	1
	Remaining unsolved at the end of quarter	-

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

(Rs. in lacs)

Particulars	Three months ended			Six months ended	Twelve months ended	Eighteen months ended
	September 30, 2012	June 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011	March 31, 2012
	I	II	III	IV	V	VI
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
(A). Segment Revenue						
(a) Sugar	17,869	13,445	13,178	31,314	82,851	124,958
(b) Distillery	5,271	4,530	5,541	9,801	19,062	25,883
(c) Power	21	1,259	102	1,280	11,204	25,211
(d) Others	422	348	44	770	613	1,701
Total	**23,583**	**19,582**	**18,865**	**43,165**	**113,730**	**177,753**
Less: Inter Segment Revenue	58	2,189	458	2,247	18,100	41,594
Net sales/ income from operations	**23,525**	**17,393**	**18,407**	**40,918**	**95,630**	**136,159**
(B). Segment Results						
Profit/(loss) before fiance costs, unallocated expenditure, exceptional items and tax from each segment						
(a) Sugar	68	(1,275)	1,143	(1,207)	727	(3,835)
(b) Distillery	1,302	283	(206)	1,585	1,122	2,280
(c) Power	(545)	(12)	(562)	(557)	775	4,191
(d) Others	198	52	-	250	95	272
Total	**1,023**	**(952)**	**375**	**71**	**2,719**	**2,908**
Less: (i) Finance cost	3,048	3,098	2,729	6,146	10,611	16,358
(ii) Other un-allocated expenses (net of income)	278	(1,023)	12	(745)	481	(464)
(iii) Exceptional items						
- Differential cane price for sugar season 2007-08	-	-	-	-	-	2,511
Total Profit/(loss) from ordinary activities before tax	**(2,303)**	**(3,027)**	**(2,366)**	**(5,330)**	**(8,373)**	**(15,497)**
(C).Capital Employed						
(a) Sugar	14,380	17,599	29,094	14,380	29,094	20,319
(b) Distillery	16,825	18,393	16,972	16,825	16,972	16,665
(c) Power	17,697	19,698	18,223	17,697	18,223	20,219
(d) Others	618	408	259	618	259	381
(e) Unallocated assets/(liabilities) (net)	8,722	9,352	5,123	8,722	5,123	7,508
Total Capital Employed	**58,242**	**65,450**	**69,671**	**58,242**	**69,671**	**65,092**

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITES

(Rs. in lacs)

Particulars	As at September 30, 2012	As at March 31, 2012
A EQUITY AND LIABILITIES		
1 Shareholders' funds		
(a) Share capital	2,836	2,770
(b) Reserves and surplus	(16,603)	(14,383)
(c) Money received against share warrants	-	133
(d) Employee stock options outstanding	39	39
Sub-total - Shareholders' funds	(13,728)	(11,441)
2. Minority interest	75	54
3. Non-current liabilities		
(a) Long-term borrowings	18,911	22,874
(b) Deferred tax liabilities (net)	1	3
(c) Other long-term liabilities	231	282
(b) Long-term provisions	304	269
Sub-total - Non-current liabilities	19,447	23,428
4. Current liabilities		
(a) Short-term borrowings	45,240	47,975
(b) Trade payables	53,692	78,130
(c) Other current liabilities	11,739	9,599
(d) Short-term provisions	418	411
Sub-total - Current liabilities	111,089	136,115
TOTAL - EQUITY AND LIABILITIES	116,883	148,156
B ASSETS		
1. Non-current assets		
(a) Fixed assets (net)	56,288	55,974
(b) Deferred tax assets (net)	6,498	4,869
(c) Long-term loans and advances	1,746	701
Sub-total - Non-current assets	64,532	61,544
2 Current assets		
(a) Current investments	1,021	1,400
(b) Inventories	28,234	54,992
(c) Trade receivables	9,734	9,530
(d) Cash and cash equivalents	6,247	7,392
(e) Short-term loans and advances	5,178	8,049
(f) Other current assets	1,937	5,249
Sub-total - Current assets	52,351	86,612
TOTAL - ASSETS	116,883	148,156

Notes to Consolidated Results:

1. The above results pertains to the quarter/half year ended on September 30, 2012, as reviewed by the audit committee were taken on record by the Board of Directors at its meeting held on November 12, 2012 at New Delhi.

2. A vessel carrying 22,500 MT of raw sugar purchased by the Company sank in July 2009. The Company, in the arbitration proceedings against the vessel owner in London has accepted and received a compensation of USD 9.8 million (Rs. 5,515 lacs) towards the cost of raw sugar, interest loss and legal costs. However, the Company is continuing to pursue its ongoing legal proceedings against the cargo insurer for balance amount of claim of Rs. 769 lacs and interest thereon. Based on expert advice, management is confident that the proceedings against insurer would be settled in favour of the Company and no loss would arise in this regard. (Refer para 3 (i) of Auditor's Report for the period ended March 31, 2012).

3. (a) During the last few years Indian sugar industry had faced difficulties on account of higher sugar cane prices particularly in Uttar Pradesh. During the 2011-12 sugar season also, the country had a large surplus of sugar resulting in lower sugar realization, under recovery of cost of production and higher finance cost leading to operating/cash losses for the Company and consequent erosion of the Company's net worth. The Company has initiated a number of measures, including business and financial restructuring comprising of transfer of potable alcohol and power undertakings to separate SPVs, planned disinvestments of the shares in such SPVs, fresh capital infusion and Company's foray into sugar refining business in joint venture with a global major etc to de-risk its businesses and improving its financial position. The free sale sugar prices have witnessed an uptrend owing to change in sugar cycle, balanced supply and demand situation and steps initiated by the state/central governments to take long term policy measures to strengthen the sugar industry and considering these steps, which will bring long term business viability to the sector and correction in free sugar prices, these financial results are prepared on going concern basis.

   (b) The Company had taken approval from the shareholders of the Company under section 293(1) (a) of the Companies Act, 1956 to hive off its power businesses to Simbhaoli Power Limited (SPL), a subsidiary to facilitate expansion in power generation/export capacities. The transfer of assets was conditional upon the finalization of the business restructuring for giving effect to the transfer, capital contribution by a select investor and approvals from the lenders for financing expansion plan within a given time frame. Therefore, pending completion of the conditions, no effect/disclosures of such hiving off was considered necessary in these results.

   (c) Relying upon the future projections prepared based upon the Business restructuring plans under implementation, changing sugar cycle and improved sector scenario, taken on record by the Board of Directors, deferred tax assets (net) amounting to Rs. 6,381 lacs (Rs.679 lacs provided during the quarter) has been recognized as there is a virtual certainty that sufficient future taxable income will be available against which these assets would be realized. (Refer para 5 of auditor's report for the period ended March 31, 2012).

4. In accordance with the accounting policy consistently followed by the Company, the off-season expenditure aggregating Rs. 2,103 lacs for the quarter and Rs 3,281 lacs for the half-year ended September 30, 2012 {corresponding previous quarter Rs. 1,424 lacs and half year Rs 3,065 lacs}, has

been deferred for inclusion in the cost of sugar to be produced in the remaining part of the financial year and is considered as 'Inventory' for these results.

5. In the financial statements for the 18 months period ended March 31, 2012, which were adopted by the Board of Directors on September 25, 2012, the effect of the Scheme of Arrangement (SOA) for transferring and vesting the Simbhaoli Distillery Division (SDD) Alcohol Undertaking to a subsidiary company has been considered.

6. The standalone results are available on the Company's website www.simbhaolisugars.com. The particulars in respect of standalone results are as under:

Rs. In lacs

Particulars (Standalone)	Quarter ended			Six months ended	Twelve months ended	Eighteen months ended
	(Unaudited)			(Unaudited)	(Unaudited)	(Audited)
	September 30, 2012	June 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011	March 31, 2012
Net sales	20,936	15,346	14,976	36,283	84,152	1,19,953
Profit / (Loss) before tax	(2,115)	(2,969)	(1,919)	(5,084)	3,788	(2,530)
Profit / (Loss) after tax	(1,436)	(2,015)	(1,197)	(3,451)	6,835	1,546

7. The consolidated results for corresponding previous quarter ended September 30, 2011 and twelve months ended September 30, 2011 have been prepared by the Company after consolidating the reviewed standalone results of the Company and the un-reviewed management accounts of the Company's subsidiaries and joint venture company for that period.

8. Sugar, one of the major businesses of the Group (Company, its subsidiaries and jointly controlled entity), is a part of seasonal industry. The results may vary from quarter to quarter.

9. The previous period's figures have been regrouped / rearranged wherever necessary.

Limited Review:

The Limited Review, as required under Clause 41 of Listing Agreement has been completed by the Statutory Auditors. The Limited Review Report for the quarter / half year ended September 30, 2012 does not have any impact on the above results and notes in aggregate except notes no. 3(c), 4 and 7 above.

For **SIMBHAOLI SUGARS LIMITED**

GSC Rao
Whole TimeDirector& CEO

Place: New Delhi
Date: November 12, 2012
Company Website: www.simbhaolisugars.com

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

1. We have reviewed the accompanying statement of Unaudited Consolidated Financial Results ("the Statement") of **SIMBHAOLI SUGARS LIMITED** ("the Company"), its subsidiaries and jointly controlled entity (the Company, its subsidiaries and jointly controlled entity constitute "the Group") for the quarter and six months ended September 30, 2012 disclosed under columns I and IV respectively of the Statement. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial results based on our review.

2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatements. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an opinion.

3. The Statement includes the results of the following entities:
   Subsidiaries: Simbhaoli Global Commodities DMCC, Integrated Casetech Consultants Private Limited, Simbhaoli Power Limited and Simhbaoli Spirits Limited
   Jointly controlled entity: Uniworld Sugars Private Limited (Formerly known as Uniworld Sugars Limited).

4. The un-reviewed financial results of the subsidiaries and jointly controlled entity which reflect Group's share of Revenue of Rs. 3,805 lacs and Rs. 12,389 lacs for the quarter and twelve months ended September 30, 2011 respectively and Loss after Tax of Rs. 301 lacs and Rs. 219 lacs for the quarter and twelve months ended September 30, 2011 respectively has been considered in the Consolidated Financial Results for the quarter and twelve months ended September 30, 2011 respectively. (Refer note 7)

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5. The Statement reflects the Group's share of Revenues of Rs. 3,287 lacs and Rs. 5,821 lacs for the quarter and six months ended September 30, 2012 respectively, Loss after Tax of Rs. 107 lacs and Rs. 147 lacs for the quarter and six months ended September 30, 2012 respectively and Net Assets of Rs. 8,985 lacs as at September 30, 2012 relating to subsidiaries whose results have been reviewed by the other auditors. Accordingly, our assurance on the Statement in so far as it relates to the amounts included in respect of these subsidiaries is based solely on the reports of such other auditors which have been furnished to us.

6. Without qualifying our report,
   (a) attention is invited to note 2 which sets out the position regarding repudiation by the insurance company of the Company's insurance claim amounting to Rs. 769 lacs on account of sinking of ship carrying raw sugar purchased by the Company. Pending completion of legal proceedings in the matter, the effect thereof in these accounts cannot be determined at this stage.
   (b) attention is invited to note 3(a) regarding the Company's net worth being eroded and preparation of financial results of the Company on a going concern basis for the reasons stated therein. The ability of the Company to continue as a going concern is dependent upon the successful completion of its business and financial restructuring initiatives, the outcome of the steps being initiated by the State and Central Governments for the sugar industry and the Company's ability to generate sufficient cash flows to meet its future obligations.

7. (a) Attention is invited to note 3(c) wherein it is stated that deferred tax assets (net) amounting to Rs.6,381 lacs has been recognised in the books of the Company on the basis of future projections prepared based upon the restructuring plans under implementation and taken on record by the Board of Directors that there is a virtual certainty that sufficient future taxable income will be available against which these assets would be realised. However, in our opinion, recognition of such deferred tax credit is not in line with the virtual certainty requirement of Accounting Standard 22 "Accounting for Taxes on Income". Had such deferred tax credit not been recognised, loss after tax and debit balance in profit and loss account would have been higher by Rs.6,381 lacs and deferred tax asset would have been lower by the same amount.

   (b) Attention is invited to note 4 wherein it is stated that the Company has deferred off-season expenditure amounting to Rs.2,103 lacs and Rs.3,281 lacs for the quarter and six months ended September 30, 2012 respectively for inclusion in the cost of sugar to be produced in the remaining part of the financial year. Had the Company charged expenditure so incurred to the accounting period in which such expenses were incurred, changes in inventories of finished goods, work-in-progress and stock-in-trade would have been higher by Rs.2,103 lacs and Rs.3,281 lacs for the quarter and six months ended September 30, 2012 respectively and loss after tax would have been higher by Rs.1,421 lacs and Rs.2,217 lacs for the quarter and six months ended September 30, 2012 respectively.

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8. Based on our review and read with our comments in paragraphs 5 and 6 above and subject to our comments in paragraphs 4 and 7 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 and other recognised accounting practices and policies, has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreements with the stock exchanges, including the manner in which it is to be disclosed, or that it contains any material misstatement.

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

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

Manjula Banerji
Partner
(Membership No. 086423)

Gurgaon, 12th November 2012