SIMBHAOLI SUGARS LIMITED

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

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

(Rs. in lacs)

	Particulars	Quarter 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	21,633	15,976	15,559	37,609	86,614	123,583
	Excise duty	697	630	583	1,326	2,462	3,630
	Net Sales/ income from operations	**20,936**	**15,346**	**14,976**	**36,283**	**84,152**	**119,953**
	Other operating Income	37	46	401	84	1,018	1,468
	Total income from operations	**20,973**	**15,392**	**15,377**	**36,367**	**85,170**	**121,421**
2	**Expenses**						
	(a) Cost of materials consumed	1,059	3,339	1,467	4,398	50,309	109,915
	(b) Purchase of stock-in-trade	4	55	-	59	4,745	4,745
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	15,934	9,661	10,274	25,595	11,253	(21,802)
	(d) Employee benefits expense	1,007	958	803	1,965	3,711	5,896
	(e) Depreciation and amortisation expense (net of revaluation reserve)	950	934	973	1,884	3,830	5,744
	(f) Consumption of stores,oils & chemicals	224	368	420	592	2,737	4,753
	(g) Power and fuel	255	292	326	548	2,111	2,548
	(h) Exchange fluctuation loss/(gain)	52	(16)	(96)	36	689	1,067
	(i) Other expenses	836	1,184	740	2,020	4,553	8,809
	Total expenses	**20,321**	**16,775**	**14,907**	**37,097**	**83,938**	**121,675**
3	**Profit/(loss) from operations before other income, finance costs, exceptional items and tax**	**652**	**(1,383)**	**470**	**(730)**	**1,232**	**(254)**
4	Other income	119	1,360	208	1,479	732	3,793
5	**Profit/(loss) from ordinary activities before finance costs, exceptional items and tax**	**771**	**(23)**	**678**	**749**	**1,964**	**3,539**
6	Finance cost	2,886	2,946	2,597	5,833	9,993	15,376
7	**Profit/(Loss) from ordinary activities before exceptional items and tax**	**(2,115)**	**(2,969)**	**(1,919)**	**(5,084)**	**(8,029)**	**(11,837)**
8	Exceptional items (net)	-	-	-	-	(11,817)	(9,306)
9	**Profit/(loss) from ordinary activities before tax**	**(2,115)**	**(2,969)**	**(1,919)**	**(5,084)**	**3,788**	**(2,531)**
10	**Tax expense/ (benefit)**	**(679)**	**(954)**	**(722)**	**(1,633)**	**(3,047)**	**(4,077)**
	Current tax	-	-	-	-	-	378
	Deferred tax (benefit)/ charge	**(679)**	(954)	(722)	(1,633)	(3,047)	(4,455)
11	**Net Profit/(loss) from ordinary activities after tax**	**(1,436)**	**(2,015)**	**(1,197)**	**(3,451)**	**6,835**	**1,546**
12	Paid up equity share capital (face value Rs.10/- each)	2,836	2,770	2,636	2,836	2,636	2,770
13	Reserves (excluding revaluation reserve)	-	-	-	-	-	2,416
14	Earning Per Share (Rs.) (not annualized)						
	Basic and Diluted EPS before exceptional item (Rs.)	(5.12)	(7.31)	(4.56)	(12.41)	(37.36)	(18.34)
	Basic and Diluted EPS after exceptional item (Rs.)	(5.12)	(7.31)	(4.56)	(12.41)	27.09	5.98
(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	Quarter 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	-

* Refer Note 5

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

(Rs. in lacs)

Particulars	Quarter 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	18,547	14,005	13,619	32,552	84,491	125,028
(b) Distillery	2,464	2,318	2,113	4,782	7,574	10,127
(c) Power	21	1,259	102	1,280	11,204	25,211
Total	**21,032**	**17,582**	**15,834**	**38,614**	**103,269**	**160,366**
Less: Inter Segment Revenue	59	2,189	457	2,247	18,099	38,943
Net sales/ income from operations	**20,973**	**15,393**	**15,377**	**36,367**	**85,170**	**121,423**
(B). Segment Results						
Profit/(loss) before finance costs, unallocated expenditure, exceptional items and tax from each segment						
(a) Sugar	1,358	(1,273)	1,181	86	808	(3,781)
(b) Distillery	178	270	75	448	880	1,633
(c) Power	(545)	(12)	(559)	(556)	778	4,220
Total	**991**	**(1,015)**	**697**	**(22)**	**2,466**	**2,072**
Less: (i) Finance cost	2,886	2,946	2,597	5,833	9,993	15,376
(ii) Other un-allocated expenses (net of income)	220	(992)	19	(771)	502	(1,467)
(iii) Exceptional items (Net)	-	-	-	-	(11,817)	(9,306)
Total Profit/(loss) from ordinary activities before tax	**(2,115)**	**(2,969)**	**(1,919)**	**(5,084)**	**3,788**	**(2,531)**
(C).Capital Employed						
(a) Sugar	12,970	17,618	31,154	12,970	31,154	19,319
(b) Distillery	8,769	10,100	8,970	8,769	8,970	10,172
(c) Power	17,663	19,693	18,215	17,663	18,215	20,243
(d) Others	-	-	-	-	-	-
(d) Unallocated assets/(liabilities) (net)	25,855	24,864	18,841	25,855	18,841	23,100
Total Capital Employed	**65,257**	**72,275**	**77,180**	**65,257**	**77,180**	**72,834**

* Refer Note 5

STANDALONE STATEMENT OF ASSETS AND LIABILITES

(Rs. in lacs)

Particulars	As at	
	September 30, 2012	March 31, 2012
Â EQUITY AND LIABILITIES		
1 Shareholders' funds		
(a) Share capital	2,836	2,770
(b) Reserves and surplus	(4,672)	(1,488)
(c) Money received against share warrants	-	133
(d) Employee stock options outstanding	39	39
Sub-total - Shareholders' funds	(1,797)	1,454
2. Non-current liabilities		
(a) Long-term borrowings	17,262	20,998
(b) Long-term provisions	269	225
Sub-total - Non-current liabilities	17,531	21,223
3. Current liabilities		
(a) Short-term borrowings	42,850	45,391
(b) Trade payables	52,311	76,809
(c) Other current liabilities	10,314	8,447
(d) Short-term provisions	322	316
Sub-total - Current liabilities	105,797	130,963
TOTAL - EQUITY AND LIABILITIES	121,531	153,640
B ASSETS		
1. Non-current assets		
(a) Fixed assets (net)	49,681	50,569
(b) Non-current investments	17,154	3,513
(c) Deferred tax assets (net)	6,381	4,748
(d) Long-term loans and advances	316	300
(e) Other non-current assets	-	13,600
Sub-total - Non-current assets	73,532	72,730
2 Current assets		
(a) Inventories	26,769	52,896
(b) Trade receivables	9,406	8,701
(c) Cash and cash equivalents	4,773	6,745
(d) Short-term loans and advances	5,387	7,592
(e) Other current assets	1,664	4,976
Sub-total - Current assets	47,999	80,910
TOTAL - ASSETS	121,531	153,640

Notes to Standalone 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 para5 (e) of auditor's report for the period ended March 31, 2012).

4. In accordance with the accounting policy consistently followed by the Company, the off-season expenditure aggregating 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. As such, the results of three months ended June 30, 2012, September 30, 2011 and 12 months ended September 30, 2011 reported earlier without taking effect of the SOA, as adjusted after taking effect of the SoA, are given below to facilitate the comparison:

(Rs. lacs)

Particulars	Quarter ended June 30, 2012		Quarter ended Sept 30, 2011		12 months Sept 30, 2011	
	Unaudited		Unaudited		Unaudited	
	Reported earlier	Adjusted results	Reported earlier	Adjusted results	Reported earlier	Adjusted results
Total Income from Operations	17,112	15,392	18,262	15,377	94,878	85,170
Total Expenses	17,910	16,775	18,111	14,907	93,574	83,938
Other Income	1,357	1,360	199	208	692	732
Profit Before Tax	(2,680)	(2,969)	(2,367)	(1,918)	(8,442)	3,788
Tax Expense	(870)	(954)	(767)	(722)	(2,470)	(3,047)
Profit after tax	(1,810)	(2,015)	(1,600)	(1,197)	(5,972)	6,835*

*including profits on transfer of SDD Alcohol Undertaking

6. The consolidated results for corresponding previous quarter ended September 30, 2011 and twelve months ended September 30, 2011 have been prepared by 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.

7. Exceptional items represents:
   (a) 12 months ended September 30, 2011 and 18 months ended March 31, 2012: Profit on sale of Simbhaoli Distillery Division (SDD) alcohol undertaking amounting to Rs. 11,817.
   (b) 18 months ended March 31, 2012: Differential cane price of Rs. 2,511 lacs for the sugar season 2007-08 accounted for pursuant to the Hon'ble Supreme Court Order.

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.

<u>Limited Review</u>

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

For **SIMBHAOLI SUGARS LIMITED**

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 Financial Results of **SIMBHAOLI SUGARS LIMITED** ("the Company") for the quarter and six months ended September 30, 2012 ("the Statement") disclosed under columns I and IV respectively of the Statement. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.

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

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

4. (a) Attention is invited to note 3(c) wherein it is stated that deferred tax assets (net) amounting to Rs.6,381 lacs has been recognised 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.

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(b) Attention is invited to note 4 wherein it is stated that the Company has deferred off-season expenditure amounting to Rs.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.

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

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

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

Manjula Banerji
Partner
(Membership No. 086423)

Gurgaon, 12th November, 2012