

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 ended June 30, 2012 disclosed under column 1 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 Simbhaoli Spirits Limited
Jointly controlled entity: Uniworld Sugars Private Limited (Formerly known as Uniworld Sugars Limited).
4. The unreviewed financial results of the subsidiaries and jointly controlled entity which reflect Group's share of Revenue and Profit after Tax have been considered in the Consolidated Financial Results for the below mentioned periods (Refer note 8) :

(Rs. in lacs)

Particulars	Quarter ended March 31, 2012	Quarter ended June 30, 2011	Nine months ended June 30, 2011	Eighteen months ended March 31, 2012
Revenue	1,572	122	474	3,049
Profit/(Loss) after Tax	53	(5)	34	100

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5. The Statement reflects the Group's share of Revenues and Profit after Tax of Rs.304 lacs and Rs.28 lacs respectively for the quarter ended June 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 3 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 4(a) regarding preparation of financial results of the Company on a going concern basis for the reasons stated therein. The appropriateness of assumption of going concern is dependent upon the Company's ability to complete various business restructuring initiatives and to generate cash flows from operations in future to meet its obligations.
7. (a) Attention is invited to note 4(d) wherein it is stated that deferred tax assets (net) amounting to Rs.12,586 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.12,586 lacs and deferred tax asset would have been lower by the same amount.
- (b) Attention is invited to note 5 wherein it is stated that the Company has deferred off-season expenditure amounting to Rs.1,178 lacs for the quarter ended June 30, 2012 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.1,178 lacs for the quarter ended June 30, 2012 and loss after tax would have been higher by Rs. 796 lacs for the quarter ended June 30, 2012.

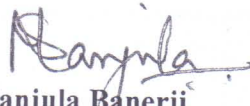
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8. Based on our review and read with our comments in paragraphs 5 and 6 above and subject to our comments in paragraphs 4 and 7 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance 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)

Place: Gurgaon
Date: August 14, 2012



SIMBHAOLI SUGARS LIMITED

Regd. Office : Simbhaoli- 245207 Dist. Ghaziabad (U.P.)
UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED
JUNE 30, 2012

		(Rs. in lacs)					
Particulars		Three months ended			Nine months ended	Eighteen months ended	Year ended
		June 30, 2012	March 31, 2012	June 30, 2011	June 30, 2011	March 31, 2012	September 30, 2010
		I	II	III	IV	V	VI
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Income from operations						
	Gross Sales	18,257	23,035	24,831	95,730	166,348	149,206
	Excise duty	919	977	6,705	19,308	31,572	23,040
	Net Sales/ income from operations	17,338	22,058	18,126	76,422	134,776	126,166
	Other operating Income	66	206	69	668	1,608	3,539
	Total income from operations	17,404	22,264	18,195	77,090	136,384	129,705
2	Expenses						
	(a) Cost of materials consumed	5,506	35,223	3,675	50,537	112,048	121,341
	(b) Purchase of stock-in-trade	86	124	174	4,927	5,015	58
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	7,735	(20,337)	10,536	1,179	(19,515)	(9,497)
	(d) Employee benefits expense	1,250	1,481	1,057	3,567	7,358	4,106
	(e) Depreciation and amortisation expense (net of revaluation reserve)	991	1,041	1,042	3,090	6,225	4,009
	(f) Consumption of stores, oils & chemicals	721	1,511	945	4,726	9,166	5,336
	(g) Power and fuel	226	340	722	1,823	3,174	4,272
	(h) Exchange fluctuation loss/(gain)	(69)	266	131	785	922	(2,210)
	(i) Other expenses	1,714	3,246	881	5,012	11,732	6,748
	(j) Cost of own services capitalised	(22)	(361)	(5)	(14)	(384)	-
	Total expenses	18,138	22,534	19,158	75,632	135,741	134,163
3	Profit/(loss) from operations before other income, finance costs, exceptional items and tax	(734)	(270)	(963)	1,458	643	(4,458)
4	Other income	1,353	1,487	106	447	2,211	640
5	Profit/(loss) from ordinary activities before finance costs, exceptional items and tax	619	1,217	(857)	1,905	2,854	(3,818)
6	Finance cost	3,240	3,005	2,887	7,911	16,277	8,798
7	Profit/(Loss) from ordinary activities before exceptional items and tax	(2,621)	(1,788)	(3,744)	(6,006)	(13,423)	(12,616)
8	Exceptional item						
	Differential cane price for sugar season 2007-08	-	-	-	-	2,511	-
9	Profit/(loss) from ordinary activities before tax	(2,621)	(1,788)	(3,744)	(6,006)	(15,934)	(12,616)
10	Tax expense/ (benefit)	(844)	112	(925)	(1,668)	(4,185)	(5,133)
	Current tax	26	419	3	38	476	-
	Deferred tax (benefit)/ charge	(870)	(307)	(928)	(1,706)	(4,661)	(5,133)
11	Net Profit/(loss) from ordinary activities after tax before minority interest	(1,777)	(1,900)	(2,819)	4,338	(11,749)	(7,483)
12	Minority interest	8	15	1	12	33	-
13	Net Profit/(loss) from ordinary activities after tax and minority interest	(1,785)	(1,915)	(2,820)	(4,350)	(11,782)	(7,483)
14	Paid up equity share capital (face value Rs. 10/- each)	2,770	2,770	2,636	2,636	2,770	2,333
15	Reserves (excluding revaluation reserve)	-	-	-	-	9,401	7,565
16	Earning Per Share (of Rs. 10 each) (not annualized)						
	Basic and diluted EPS before exceptional item (Rs.)	(6.47)	(6.95)	(10.75)	(17.47)	(39.03)	(32.27)
	Basic and diluted EPS after exceptional item (Rs.)	(6.47)	(6.95)	(10.75)	(17.47)	(45.59)	(32.27)
(A)	PARTICULARS OF SHAREHOLDING						
	1) Public shareholding						
	- Number of shares	16,035,429	16,035,429	16,068,597	16,068,597	16,035,429	13,187,587
	- Percentage of shareholding	58.16	58.16	61.26	61.26	58.16	56.85
	2) Promoters and promoter group shareholding						
	a) Pledged/ Encumbered						
	- Number of shares	2,250,000	2,250,000	2,600,000	2,600,000	2,250,000	2,265,770
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	19.50	19.50	25.59	25.59	19.50	22.64
	- Percentage of shares (as a % of the total share capital of the Company)	8.16	8.16	9.92	9.92	8.16	9.77
	b) Non - encumbered						
	- Number of shares	9,285,881	9,285,881	7,560,213	7,560,213	9,285,881	7,742,543
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	80.50	80.50	74.41	74.41	80.50	77.36
	- Percentage of shares (as a % of the total share capital of the Company)	33.68	33.68	28.82	28.82	33.68	33.38
		Three months ended June 30, 2012					
(B)	INVESTOR COMPLAINTS						
	Pending at the beginning of the quarter	-	-	-	-	-	-
	Received during the quarter	-	-	-	-	-	-
	Disposed off during the quarter	-	-	-	-	-	-
	Remaining unsolved at the end of quarter	-	-	-	-	-	-



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

Particulars	Three months ended			Nine months ended	Eighteen months ended	Year ended
	June 30, 2012	March 31, 2012	June 30, 2011	June 30, 2011	March 31, 2012	September 30, 2010
	I	II	III	IV	V	VI
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
(A). Segment Revenue						
(a) Sugar	14,052	22,933	14,670	71,111	125,461	128,454
(b) Distillery	4,943	4,261	4,452	14,185	28,013	18,367
(c) Power	1,259	8,500	678	11,103	25,211	18,485
(d) Others	348	607	154	569	1,645	-
Total	20,602	36,301	19,954	96,968	180,330	165,306
Less: Inter Segment Revenue	3,198	14,037	1,759	19,878	43,946	35,601
Net sales/ income from operations	17,404	22,264	18,195	77,090	136,384	129,705
(B). Segment Results						
Profit/(loss) before finance costs, unallocated expenditure, exceptional items and tax from each segment						
(a) Sugar	(697)	(3,122)	(721)	(167)	(3,856)	(4,796)
(b) Distillery	218	1,001	429	1,145	1,847	(1,000)
(c) Power	(12)	2,083	(362)	1,337	4,191	2,549
(d) Others	52	123	8	95	272	-
Total	(439)	85	(646)	2,410	2,454	(3,247)
Less: (i) Finance cost	3,240	3,005	2,887	7,911	16,277	8,798
(ii) Other un-allocated expenses (net of income)	(1,058)	(1,132)	211	505	(400)	571
(iii) Exceptional items	-	-	-	-	2,511	-
- Differential cane price for sugar season 2007-08	-	-	-	-	-	-
Total Profit/(loss) from ordinary activities before tax	(2,621)	(1,788)	(3,744)	(6,006)	(15,934)	(12,516)
(C). Capital Employed						
(a) Sugar	18,387	18,294	27,523	27,523	18,294	28,818
(b) Distillery	18,656	18,734	18,087	18,087	18,734	16,343
(c) Power	19,698	20,248	18,954	18,954	20,248	19,869
(d) Others	340	391	234	234	391	-
(d) Unallocated assets/(liabilities) (net)	19,733	17,095	10,546	10,546	17,095	10,329
Total Capital Employed	76,816	74,762	75,344	75,344	74,762	75,359



Notes to Consolidated Results:

1. The above results as reviewed by the audit committee were taken on record by the Board of Directors at its meeting held on August 14, 2012 at New Delhi.
2. 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.
3. A vessel carrying 22,500 MT of raw sugar purchased by the Company sank in July 2009 for which an insurance claim for Rs. 4,780 lacs was filed with the insurance Company. Following the repudiation of insurance claim by Cargo insurers, in an arbitrary manner, the Company has initiated legal proceedings against the insurer in India and vessel owner in London. During the quarter, the Company, in the London proceedings, has accepted a final compensation of USD 98 lacs (Rs. 5,515 lacs) towards the cost of raw sugar, interest loss and legal costs. The Company is continuing to pursue the ongoing legal proceedings against the cargo insurer for balance amount of Rs. 769 lacs. 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 4 (e) (i) of auditor's report for the year ended September 30, 2010).
4. (a) During the last two 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 and under recovery of cost of production and higher finance cost leading to operating/cash losses and consequent erosion of its 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, 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. Subsequent to the end of June 2012 quarter, the free sale sugar price have witnessed an uptrend owing to change in cycle, balanced supply and demand situation and steps initiated by the State/Central governments to strengthen the sugar industry. Taking into account 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 Scheme of Arrangement, under Sections 391-394 of the Companies Act, 1956, as approved by the Board of Directors, has been filed with Hon'ble High Court of Judicature at Allahabad, Uttar Pradesh (the Hon'ble Court) for transfer and vesting of the Alcohol Undertaking at Simbhaoli Distillery Division into Simbhaoli Spirits Limited (wholly owned subsidiary company) by way of Slump Sale method. The appointed date has been fixed as October 1, 2010. All the steps/approvals related activities for hiving off have been completed and Petitions have been submitted with the Hon'ble Court. However, pending sanction of the Scheme by the Hon'ble Court, no financial effect of the Scheme has been considered in these results. The impact of the Scheme will be given in the financial accounts pertaining to the eighteen months period ended March 31, 2012, in terms of the final approval of the Scheme by the Hon'ble Court.

(c) 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, wholly owned 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 completions of the conditions, no effect/disclosures of such hiving off was considered necessary in these results

(d) 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. 12,586 lacs (Rs. 870 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 4 (f) of auditor's report for the year ended September 30, 2010).



5. In accordance with accounting policy consistently followed by the Company, the off-season expenditure aggregating Rs. 1,178 lacs (corresponding previous quarter Rs. Nil), has been deferred for inclusion in the cost of sugar to be produced in the remaining part of the financial year.
6. The Company has issued and allotted 6,57,500 equity shares on conversion of 6,57,500 warrants to a promoter at a price of Rs. 46/- (including premium of Rs. 36/-) per equity share under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 for preferential issue on July 30, 2012.
7. The standalone results are available on the Company's website www.Simbhaolisugars.com. The particulars in respect of standalone results are as under:

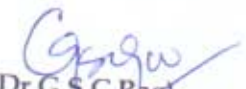
Particulars (Standalone)	Three months ended			Nine months ended	Eighteen months ended	Rs. In lacs Year ended
	June 30, 2012	March 31, 2012	June 30, 2011	June 30, 2011	March 31, 2012	September 30, 2010
Net sales from operations	17,046	20,791	18,004	75,961	133,428	126,166
Profit/(Loss) before tax	(2,680)	(854)	(3,741)	(6,075)	(15,102)	(12,603)
Profit/(Loss) after tax	(1,810)	(923)	(2,813)	(4,372)	(10,817)	(7,470)

8. The consolidated results for corresponding preceding quarter ended March 31, 2012, corresponding previous quarter and nine months ended June 30, 2011 and eighteen months ended March 31, 2012 have been prepared by consolidating the reviewed standalone results of the Company and the un-reviewed management accounts of the Company's subsidiaries and jointly controlled entity for that period.
9. Figures for the quarter ended March 31, 2012 pertaining to the Group are the balancing figures between unaudited figures in respect of the eighteen months period ended March 31, 2012 and unaudited figures for the fifteen months period ended December 31, 2011 for the Group.
10. 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 ended June 30, 2012 does not have any impact on the above results and notes in aggregate except notes no. 4(d), 5 and 8 above.

For SIMBHAOLI SUGARS LIMITED


(Dr. G. S. C. Rao)

CEO & Whole Time Director

Place: New Delhi

Date: August 14, 2012

Website: www.simbhaolisugars.com

