



Dhampur Sugar Mills Limited

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www.dhampur.com

Highlights

- **Multifaceted model augments performance – Sugar contributes to PBIT at Rs. 22.29%; Allied businesses contribute at 77.71%**
- **Relative to regional peers – lowest drop in cane crushing compared to previous Sugar season leading to comparatively lower production cost**
- **One of the best recoveries in the region – Sugar recovery at 9.29%**
- **Maintained adequate bagasse stock to enable off-season refining – contracted 55,000 tonnes of raw Sugar for refining, with a potential to do more**
- **Firm Sugar price scenario partially offsets lower Sugar volumes; supporting performance**
- **Co-generation continues to deliver noticeable contribution to earnings**

New Delhi, April 30, 2009: Dhampur Sugar Mills Limited (Dhampur), one of the largest and one of the most integrated Sugar manufacturing companies in India, announced its results for the second quarter ended 31 March 2009.

Q2 FY2009 performance overview (Compared with Q2 FY2008)

- **Net revenues at Rs. 1,107.56 million from Rs. 1,919.13 million**
- **PBDIT at Rs. 623.04 million from Rs. 535.22 million**
- **PAT at Rs. 175.25 million compared to Rs. 170.74 million**
- **Cash Profit at Rs. 407.94 million against Rs. 311.90 million**

H1 FY2009 performance overview (Compared with H1 FY2008)

- Net revenues at Rs. 3,801.71 million from Rs. 3,269.76 million
- PBDIT at Rs. 1,139.47 million from Rs. 813.34 million
- PAT at Rs. 311.93 million compared to Rs. 195.48 million
- Cash Profit at Rs. 720.27 million against Rs. 445.23 million

Performance Review – Q2 FY2009 (All comparison with Q2 FY2008)

1. Net revenues decreased by 42.29% at Rs. 1,107.56 million

- Sugar business revenues were down by 25.73% at Rs. 1,225.14 million due to lower sales
- Co-generation revenues at Rs. 815.79 million compared to Rs. 683.24 million
- Ethanol/Chemical revenues at Rs. 38.42 million

2. PBDIT for the quarter at Rs. 623.04 million

- Sugar division witnessed a turnaround largely due to increased Sugar prices on account of lower Sugar production in SS 2008-09
- Increased contribution from the Co-generation business: up by 19.40% at Rs. 815.79 million
- Chemical/Ethanol segment contributed to 1.85% at Rs. 38.42 million

Performance Review – H1 FY2009 (All comparison with H1 FY2008)

1. Net revenues increased by 16.27% at Rs. 3,801.71 million

- Sugar business revenues were up by 42.29% at Rs. 3,939.98 million due to higher sales volume in Q1 FY2009 and improved realizations in Q1 & Q2 FY2009 on account of lower Sugar production in the current season
- Co-generation revenues at Rs. 1,388.53 million compared to Rs. 960.58 million on account of increased Export capacity from 60MW to 80MW
- Ethanol/Chemical revenues at Rs. 154.38 million

2. PBDIT for the half year at Rs. 1,139.47 million

- Largely due to favorable Sugar pricing and a healthy contribution from the Co-generation business

Outlook for 2008-09

Sector

- The Government of India sanctioned duty free import of 1 million ton of refined Sugar. Moreover, duty free import of raw Sugar is also permitted, without re-export obligation
- Reduction in cultivating area for Sugarcane resulted in a decline in cane supply leading to lower Sugar production and firmer Sugar prices
- Sugar prices to remain firm led by:
 - Sugar production in India below 15 million tonnes
 - Stable to higher consumption

Dhampur

- 96.39% of manufactured Sugar (SS 2008-2009) production as inventory – well positioned to take advantage of higher Sugar prices
- Contracted for import of 55,000 tonnes of raw Sugar to be converted into refined Sugar for sale in India. Out of this 25,000 tonnes has already arrived in India and is being transported to the factory
- Bagasse inventories to be utilized for generating power, along with processing of raw Sugar in the off-season
- Co-gen export capacity of 80 MW has commenced in SS 2008-09
- Distillery products business under stress due to lower crude prices and cheaper Imports of Alcohol & Chemicals, but rectified spirit and ENA remain profitable and demand expected to be strong
- Interest reduction envisaged in 2008-09 due to:
 - a. Regular repayment of term Loans
 - b. Short-term loans of Rs. 556.2 million (Rs. 325 million during Q2) were repaid out of SDF disbursements in 2007-09
 - c. Dhampur was sanctioned low cost SDF Loans of 1,471.9 million from the Govt. of India, out of which Rs. 1,001.4 million was disbursed till now and balance of Rs. 470.5 million is under disbursement, which shall be further utilized for repayment of term loans & working capital borrowings
 - d. Swapping high cost loans with SDF (Rate of Interest: 4%)
 - e. Reduction in rate of interest by banks
 - f. Reduction in Working Capital interest due to lower Sugar stocks

Commenting on the performance for Q2 & H1 FY2009, Mr. Gaurav Goel and Mr. Gautam Goel, Managing Directors, Dhampur Sugar Mills Limited, said:

“I am pleased to report another successful quarter which saw enhanced efficiencies that contributed to both, the top and bottom-line. The overall performance is reflective of an improved outlook in the Sugar business and our enduring growth strategy focus that maximizes earnings not only from Sugar production but also from our allied businesses, Co-generation and Ethanol/Chemical operations, which are expected to deliver consistent returns over the longer-term.

While increased cost of production remains a key challenge for the Sugar sector, decline in production volumes should help in partially mitigating cost impact due to higher Sugar realizations. The international trends also point to firm Sugar price scenario, which should aid the domestic price trend.

Our intent lies in seeing moderate Sugar prices with a moderate cost structure; however, given the SAP and higher production cost, Sugar mills will have no option but to hope for higher prices to earn economic levels of return.

We believe that we are one of the strongest Sugar mills in our region of operation with multifaceted operations which should enable us to ride the Sugar cycles much better than others.”

Attached: Details to the announcement and results table

About Dhampur Sugar Mills Limited

Dhampur Sugar Mills Limited (Dhampur) is a focused Company having core competencies of being one of the largest and most integrated Sugar companies in India. This has been built on a record of accomplishment of continuous value additions, process optimizations and innovations. The allied businesses of the Company comprise distillery operations, cogeneration of power and manufacturing of bio-compost. The Company has four Sugar factories located in Central & Western Uttar Pradesh (India) having an aggregate Sugarcane crushing capacity of 39,500 TCD, of which 43% is refined Sugar capacity, i.e. 1700 MT of refinery capacity, Co-generation and distillery operations of 145 MW (80 MW Saleable) and 270 KLPD respectively.

Over the years, Dhampur has grown become the most integrated company.

For more information on the Company, please log on to www.dhampur.com.

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Note: *Certain statements in this document may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like government actions, local political or economic developments, agricultural policies, climatic conditions, technological risks, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward-looking statements. Dhampur Sugar Mills Limited will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.*

Details to the announcement

Discussions and Financial Overview

(All comparisons with Q2 & H1 FY2008 figures)

(All rupee figures in Rs. million unless stated otherwise)

Revenues

Particulars	Q2 FY2009	Q2 FY2008	% Shift	H1 FY2009	H1 FY2008	% Shift
Net Income	1,107.56	1,919.13	(42.29)	3,801.71	3,269.76	16.27
PBIT	390.35	394.05	(0.94)	731.13	563.59	29.73

- Improved realization in Sugar prices in H1 FY2009 resulted in higher revenues. Revenues in Q2 FY2009 declined due to lower Sugar sales
- Average free sale Sugar realization for the quarter under review improved to Rs. 20.53 per Kg compared to Rs. 14.83 per Kg in the corresponding quarter last year. For H1 FY2009, Sugar realizations were higher at Rs. 18.41 per kg compared to Rs. 14.47 per kg in the corresponding period last year
- Revenues from Co-generation contributed to 39.23% and 25.32% for the quarter and half year under review respectively
- Revenues from Chemical/Ethanol, together, contributed to 1.85% and 2.82% for the quarter and half year under review respectively

Sugar Segment	Q2 FY2009	Q2 FY2008	% Shift	H1 FY2009	H1 FY2008	% Shift
Net Revenue	1,225.14	1,649.60	(25.73)	3,939.98	2,769.07	42.29
Contribution to revenues (%)	58.92	62.29	(5.41)	71.86	63.86	12.53

- Revenues during H1 FY2009 were higher owing to the improved realizations, but were lower in Q2 FY2009 due to lower sales, resulting in higher Sugar inventory to be sold in subsequent quarters
- Refined Sugar, sold under the brand 'Dhampure', which has a premium, contributed to 46.17% of the total Sugar sales

Co-generation Segment	Q2 FY2009	Q2 FY2008	% Shift	H1 FY2009	H1 FY2008	% Shift
Net Revenue	815.79	683.24	19.40	1,388.53	960.58	44.55
Contribution to revenues (%)	39.23	25.80	52.07	25.32	22.15	14.32

- Co-generation business commenced power sales in Q1 FY2008. Our long established strategy is to focus on this division to offset the cyclicity of the Sugar business. We expect to post noticeable growth in performance with an aggregate capacity of 145 MW with a 80 MW exportable surplus as on Q2 FY2009
- The revenue from this business grew by 44.55% at Rs. 1,388.53 million compared to Rs. 960.58 million in the corresponding period last year - driven by healthy sales volume due to expanded capacities from 60MW to 80MW in the quarter under review
- Average realization for the quarter stood at Rs. 3.20/- per unit for the quarter under review

Chemical/Ethanol	Q2 FY2009	Q2 FY2008	% Shift	H1 FY2009	H1 FY2008	% Shift
Net Revenue	38.42	315.38	(87.82)	154.38	606.52	(74.55)
Contribution to revenues (%)	1.85	11.91	(84.48)	2.82	13.99	(79.87)

- Revenues from this segment stood at Rs. 38.42 million in the Q2 FY 2009 and Rs. 154.38 million in H1 FY2009

- This segment faced input cost pressures led by increase in price of raw material without corresponding increase in realizations. However, rectified spirit and ENA remain profitable and demand expected to be strong

PBIT

Sugar Segment	Q2 FY2009	Q2 FY2008	% Shift	H1 FY2009	H1 FY2008	% Shift
PBIT	80.99	97.12	(16.61)	319.09	60.37	428.55
Contribution to PBIT (%)	22.29	21.48	3.73	41.24	9.57	331.00

- Operating profits in the Sugar segment were higher during the quarter and H1 FY2009 due to:
 - Higher Sugar prices on account of lower Cane availability during the current season as a result of lower yield per hectare in UP
 - Average realizations of free Sugar stood at Rs. 20.53 per kg in Q2 FY2009 compared to Rs. 14.83 per kg in Q2 FY2008
- The Company's operating efficiencies resulted in recovery of 9.77% & 9.29% in Q2 & H1 FY2009

Co-generation Segment	Q2 FY2009	Q2 FY2008	% Shift	H1 FY2009	H1 FY2008	% Shift
PBIT	267.16	269.06	(0.70)	429.94	376.23	14.12
Contribution to PBIT (%)	73.52	59.52	23.52	55.49	59.63	(6.94)

- The Co-generation segment contributed 73.52% to PBIT during the quarter on the back of expanded capacities to 145 MW from 125 MW with an exportable surplus of 80 MW. During the quarter, the Company sold power at an average realization of Rs. 3.20/- per unit
- The focus continues to be on this segment and is a stable profit contributor in a cyclical Sugar business

Chemical/Ethanol Segment	Q2 FY2009	Q2 FY2008	% Shift	H1 FY2009	H1 FY2008	% Shift
PBIT	15.25	85.87	(82.24)	25.30	194.33	(86.98)
Contribution to PBIT (%)	4.20	19.00	(77.90)	3.27	30.80	(89.38)

- The Chemical/Ethanol segment delivered a lower performance because of higher raw material (molasses) price. For Q2 FY2009, PBIT stood at Rs. 15.25 million
- Going forward, with mandatory ethanol-blending programme being implemented by the Central government, the Company expects increased off-take of ethanol to oil-marketing companies

Earnings Overview

Particulars	Q2 FY2009	Q2 FY2008	% Shift	H1 FY2009	H1 FY2008	% Shift
PAT	175.25	170.74	2.64	311.93	195.48	59.57
Cash Profits (Post tax)	407.94	311.90	30.79	720.27	445.23	61.77

- PAT for the quarter under review stood at Rs. 175.25 million compared to Rs. 170.74 in the corresponding period last year
- The term debt as on March 31, 2009 stood at Rs. 6,151.03 million

Operational overview

Sugar operations

Particulars	Q2 FY2009	Q2 FY2008	% Shift	H1 FY2009	H1 FY2008	% Shift
Cane crushing (lac tonne)	13.60	25.02	(45.66)	25.34	35.33	(28.28)
Sugar production (lac tonne)	1.33	2.56	(48.14)	2.36	3.49	(33.19)
Free Sugar Realization (Rs./Kg)	20.53	14.83	38.42	18.41	14.47	27.20
Recovery (%)	9.77	10.23	(4.50)	9.29	9.97	(6.82)

- Lower cane crushed on account of lower production of Sugarcane due to a fall in acreage
- Sugar production lower by 48.14% on account of decline in cane availability
- However, the recovery (to-date) for the Sugar Season 2008-09 stood at 9.29%
- Average Sugar realizations for the quarter and half year under review stood at Rs. 20.53 & Rs. 18.41 respectively, thereby offsetting lower sales volumes

Co-generation operations (MW)

Particulars	Q2 FY2009	Q2 FY2008	% Shift	H1 FY2009	H1 FY2008	% Shift
Power generation	142,015	140,831	0.84	244,461	205,997	18.67
Power export to UPPCL	77,856	96,257	(19.12)	139,187	139,851	(0.47)
Realization (Rs. per unit)	3.20	3.05	4.92	3.08	3.02	1.99

- The Company commenced sale of surplus power generation capacity in Q1 FY2008
- Expanded capacities to 145 MW with an exportable surplus of 80 MW, significantly contributed in H1 FY2009 to the growth in power generation by 18.67% to 244,461 MW, inspite of reduced duration of Sugar season
- The Company exported 139,187 MW to the state grid at an average rate of Rs. 3.08 per unit

Chemical/Ethanol operations

Particulars	Q2 FY2009	Q2 FY2008	% Shift	H1 FY2009	H1 FY2008	% Shift
Chemicals sale(Tons)	458.17	3,788.34	(87.88)	2,065.97	9,067.85	(77.23)
Rectified Spirit / Ethanol sale (KL)	2,338.00	6,550.00	(64.31)	3,742.00	12,138.00	(67.17)

- The Company sold 2,338 KL of Rectified Spirit / Ethanol and 458.173 MT of Chemicals during the quarter under review
- Our focus in this division continues to be in the business, which could be Chemicals, Ethanol, or Rectified Spirits, that offer better margins

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