



# **Dhampur Sugar Mills Limited**

241, OKHLA INDUSTRIAL ESTATE PHASE-III NEW DELHI- 110020

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## **HIGHLIGHTS:**

- Dhampur Q1 FY2009 gross revenues up 98.3% at Rs.2,830.4 million
- Sustained strong revenue growth across Sugar led by higher sales volumes and realization
- Co-generation business gaining increasing traction - Revenues doubled to Rs. 572.7 million
- Allied businesses contribute 50.5% to PBIT at Rs. 172.2 million

**New Delhi, January 21, 2009:** Dhampur Sugar Limited (Dhampur), one of the largest and perhaps the most integrated sugar manufacturing companies in India, announced its results for the first quarter ended 31 December 2008.

## **Q1 FY2009 PERFORMANCE OVERVIEW (COMPARED WITH Q1 FY2008)**

- Net revenues at Rs. 2,699.5 million from Rs. 1,353.6 million
- PBDIT at Rs. 516.4 million from Rs. 278.1 million
- PAT at Rs. 136.7 million compared to Rs. 24.7 million
- Cash Profit at Rs. 312.3 million against Rs. 133.3 million

## **PERFORMANCE REVIEW - Q1 FY2009 (ALL COMPARISON WITH Q1 FY2008)**

### **1. Net revenues increased by 99.4% at Rs. 2699.5 million**

- Sugar business revenues were up by 147.6% at Rs. 2692.3 million due to higher sales volume and improved realizations
- Co-generation revenues at Rs. 572.7 million compared to Rs. 277.3 million on account of increased Export capacity from 60MW to 80MW

- Ethanol/Chemical revenues at Rs. 116.0 million

## **2. PBDIT for the quarter at Rs.516.4 million**

- Sugar division witnessed a turnaround largely due to sale of SS 2007-2008 sugar inventories at higher prices
- Increased contribution from the Co-generation business: up by 48.1% at Rs. 248.1 million
- Chemical/Ethanol segment contributed to 4.1% at Rs. 21.2 million

## **OUTLOOK FOR 2008-09**

### **SECTOR**

- Reduction in cultivating area for sugarcane to result in decline in cane supply leading to lower sugar production and firmer sugar prices

### **DHAMPUR**

- Impact of lower cane availability may result in a planned shut down for Dhampur in February / March 2009
- The Company has normal inventory of Sugar Season (2008-2009) making it well placed to take advantage of higher sugar prices
- Expansion of Co-gen Export from 60 MW to 80 MW in March 2008 contributing positively this year
- Distillery products business represents a mixed bag given cheaper imports of Alcohol & Chemicals
- Interest reduction envisaged in 2008-09 due to:
  - a. The Govt. of India has already sanctioned SDF Loans of Rs. 1,471.9 million, out of which 517.6 million were disbursed until the end of FY2008. In January 2009, there was further disbursement of Rs. 158.8 million. Now, out of the balance un-disbursed loan of Rs. 795.5 million, Rs. 417.8 million is to be utilized for repayment of short-term loans and the rest is to be adjusted for repayment of long-term loans & working capital borrowings
  - b. Swapping high cost Loans with SDF (Rate of Interest: 4%)
  - c. Reduction in Working Capital interest due to lower Sugar Stocks

**Commenting on the performance for Q1 FY2009, Mr. Gaurav Goel and Mr. Gautam Goel, Managing Directors, Dhampur Sugar Mills Limited, said:**

*“We are encouraged by our strong performance led by the Sugar division which witnessed a significant improvement in operating climate. This business delivered reasonably higher sales volumes and better realizations. Though, there is uncertainty about cane availability this season, firm sugar prices and sugar inventories are expected to offset the stress caused by these factors. Our Co-generation operations individually maintained healthy growth.*

*We continue to focus on the inherent strengths of our business model and brace our position as a leading integrated sugar player. The recent capacity expansion in our Co-gen division from 60MW to 80MW is operational and noticeably augmenting our earnings performance.*

*We have sustained through some of the toughest sugar cycles to emerge stronger and resilient. Given the integrated nature of our business, an aspect that we continue to reinforce at all times, our outlook for the future remains optimistic.”*

#### **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 perhaps the 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 40% is refined sugar capacity, i.e. 1500 MT of refinery capacity, distillery and Co-generation operations of 270 KLPD and 145 MW (80 MW Saleable) 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](http://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 Q1 FY2008 figures)**

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

**Revenues**

Particulars	FY2008	FY2007	% Shift
Revenue	3,403.5	1,687.9	101.6
PBIT	340.8	169.5	101.0

- Strong revenue growth led by higher Sugar sales volumes and improved realizations. In quantitative terms, the sugar sale was higher by 103.9% in this quarter
- The sugar industry in U.P. currently pays Rs.140/- per quintal of sugarcane for season 2008-09
- Revenues from Co-generation and Chemical/Ethanol, together, contributed to 16.8% and 3.4% respectively for the quarter under review

Sugar Segment	Q1 FY2009	Q1 FY2008	% Shift
Net Revenue	2,692.3	1,087.5	147.6
Contribution to revenues (%)	79.1	64.4	22.8

- Revenues during Q1 FY2009 were higher owing to the sale of Sugar inventories at higher realizations
- Average free sale sugar realization for the quarter under review improved to Rs. 17.9 per Kg compared to Rs. 14.3 per Kg in the corresponding quarter last year.
- Refined sugar, sold under the brand 'Dhampure', which has a premium, contributed to 45% of the total Sugar sales

Co-generation Segment	Q1 FY2009	Q1 FY2008	% Shift
Net Revenue	572.7	277.3	106.5
Contribution to revenues (%)	16.8	16.4	2.4

- 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 and deliver positive performance with an aggregate capacity of 145 MW with a 80 MW exportable surplus as on Q1 FY2009
- The revenue from this business grew by 106.5% at Rs. 572.7 million compared to Rs. 277.3 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/- per unit

Chemical/Ethanol Segment	Q1 FY2009	Q1 FY2008	% Shift
Net Revenue	116.0	291.1	(60.2)
Contribution to revenues (%)	3.4	17.3	(80.3)

- Revenues from this segment stood at Rs. 116 million

- This business faced input cost pressures led by increase in price of raw material without corresponding increase in realizations
- The Company expects better off-take in Ethanol owing to the Central Government measure to increase ethanol blending to 10% from the current 5% going forward

## PBIT

Sugar Segment	Q1 FY2009	Q1 FY2008	% Shift
PBIT	167.7	(487.0)	---
Contribution to PBIT (%)	49.2	---	---

- Sugar division delivers strong operating profits during the quarter 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
  - Realizations of free sugar at Rs. 17.9 per kg in Q1 FY2009 compared to Rs. 14.3 per kg in Q1 FY2008

Co-generation Segment	Q1 FY2009	Q1 FY2008	% Shift
PBIT	162.2	107.2	51.3
Contribution to PBIT (%)	47.6	63.2	(24.7)

- The Co-generation segment contributed 47.6% 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/- per unit
- The focus continues to be on this segment and is a stable profit contributor in a cyclical Sugar business

Chemical/Ethanol Segment	Q1 FY2009	Q1 FY2008	% Shift
PBIT	10.0	108.5	(90.7)
Contribution to PBIT (%)	2.9	63.9	(95.4)

- The Chemical/Ethanol segment delivered a subdued performance because of higher raw material (molasses) price. For Q1 FY2009, PBIT stood at Rs. 10 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	Q1 FY2009	Q1 FY2008	% Shift
PAT	136.7	24.7	452.4
Cash Profits (Post tax)	312.3	133.3	134.3

- Interest cost for the year was higher by 32.63% at Rs. 189.6 million due to higher term loans for financing expansion projects of Co-generation, Sugar and Chemicals.
- However interest cost is lower by 13.2% compared to Rs. 218.3 million in the previous quarter (Q4 FY2008) on account of lower working capital borrowings on higher sale of sugar during this quarter
- Notional forex loss of Rs. (49.3) million
- PAT for the quarter under review stood at Rs. 136.7 million compared to Rs. 24.7 in the corresponding period last year
- The term debt as on December 31, 2008 stood at Rs. 6,111.1 million ,which was Rs. 4,894.8 million as on December 31, 2007

## Operational overview

Particulars	Q1 FY2009	Q1 FY2008	% Shift
Cane crushing (lac tonne)	11.7	10.3	13.9
Sugar production (lac tonne)	1.0	0.9	8.0
Sugar sales (lac tonne)	1.3	0.6	103.9
Free Sugar Realization (Rs./Kg)	17.9	14.3	32.6
Recovery (%)	9.1	9.6	(5.2)

- Sugar operations posted better performance and sustained healthy growth from sale of its inventories at higher realizations in the quarter under review
- Sugar production lower on account of decline in cane availability
- The recovery for the Sugar Season 2007-08 stood at 9.1%

### Co-generation operations (Lakh units)

Particulars	Q1 FY2009	Q1 FY2008	% Shift
Power production	1,024.5	653.9	56.7
Power export to UPPCL	613.3	443.3	38.3
Realization (Rs. per unit)	3/-	3/-	---

- 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 to the earnings performance of the Company

### Chemical/Ethanol operations

Particulars	Q1 FY2009	Q1 FY2008	% Shift
Chemicals Sales(Tons)	1,606.8	4,295.9	(62.6)
Rectified Spirit/Ethanol Sales (KL)	1,404.0	6,545.0	(78.6)

- Sales volume of chemicals down by 62.6% for the quarter under review compared to the corresponding period last year
- Sales volumes of Rectified Spirits/Ethanol decreased by 78.6% for the quarter under review compared to the corresponding period last year

**DHAMPUR SUGAR MILLS LIMITED**  
UNAUDITED FINANCIAL RESULTS (PROVISIONAL) FOR THE FIRST QUARTER ENDED 31.12.2008

Rs. in Lacs

SL. No.	PARTICULARS	QUARTER ENDED		YEAR ENDED
		31st DEC. 08 (UNAUDITED)	31st DEC. 07 (UNAUDITED)	30th SEP. 08 (AUDITED)
1.	(a) <b>SALES / INCOME FROM OPERATIONS</b>	<b>28304.02</b>	<b>14275.76</b>	<b>72190.52</b>
	(b) LESS : EXCISE DUTY & OTHER TAXES	1522.00	1120.89	5402.83
	(c) <b>NET SALES / INCOME FROM OPERATIONS {1(a)-1(b)}</b>	<b>26782.02</b>	<b>13154.87</b>	<b>66787.69</b>
	(d) OTHER OPERATING INCOME	159.46	349.31	2670.38
	TOTAL REVENUE {1(c)+1(d)}	26941.48	13504.18	69458.07
2.	<b>TOTAL EXPENDITURE</b>			
	(a) (INCREASE) /DECREASE IN STOCKS	(1277.98)	(6408.62)	(9026.54)
	(b) CONSUMPTION OF RAW MATERIALS	18200.31	12760.59	47739.57
	(c) PURCHASES OF GOODS	207.74	914.57	2107.52
	(d) EMPLOYEES COST	1183.09	1031.94	4344.41
	(e) DEPRECIATION	1756.50	1085.89	5337.49
	(f) OTHER EXPENDITURE	3023.94	2456.05	10244.49
	(g) TOTAL {2(a) to 2(f)}	<b>23093.60</b>	<b>11840.42</b>	<b>60746.94</b>
3.	<b>NET PROFIT BEFORE OTHER INCOME,INTEREST, EXTRA ORDINARY ITEMS AND TAXES (1-2)</b>	<b>3847.88</b>	<b>1663.76</b>	<b>8711.13</b>
4.	OTHER INCOME	53.23	31.57	208.37
5.	<b>NET PROFIT BEFORE INTEREST, EXTRA ORDINARY ITEMS AND TAXES (3+4)</b>	<b>3901.11</b>	1695.33	8919.50
6.	INTEREST	1896.22	1429.71	7731.02
7.	<b>NET PROFIT AFTER INTEREST BUT BEFORE EXTRA ORDINARY ITEMS AND TAXES (5-6)</b>	<b>2004.89</b>	<b>265.62</b>	<b>1188.48</b>
8.	EXTRA ORDINARY INCOME / (EXPENSES) (NET) FOREIGN EXCHANGE FLUCTUATIONS (NET)	(493.29)	0.00	(1804.28)
9.	<b>PROFIT BEFORE TAX (7-8)</b>	<b>1511.60</b>	<b>265.62</b>	<b>(615.80)</b>
10.	PROVISION FOR TAXATION CURRENT & FRINGE BENEFIT TAX NET OF MAT CREDIT DEFERRED TAX	19.80 125.00	18.21 0.00	152.44 (1128.73)
11.	<b>NET PROFIT (9-10)</b>	<b>1366.80</b>	<b>247.41</b>	<b>360.49</b>
12.	PAID UP EQUITY SHARE CAPITAL (FACE VALUE PER SHARE RS.10/-EACH )	5270.60	5077.02	5270.60
13.	RESERVES EXCLUDING REVALUATION RESERVES (AFTER ADJUSTING DEFERRED TAX ASSET)	N.A	N.A	38485.41
14.	EPS BEFORE EXTRA ORDINARY ITEMS: BASIC DILUTED	3.50 3.44	0.54 0.53	4.17 4.15
15.	EPS AFTER EXTRA ORDINARY ITEMS: BASIC DILUTED	2.57 2.51	0.54 0.53	0.64 0.63
16.	PUBLIC SHAREHOLDING NO. OF SHARES PERCENTAGE OF SHAREHOLDING	30259661 57.41%	30459661 60.07%	30259661 57.41%

**NOTES:**

- The results were reviewed by the Audit Committee and approved by the Board in their meeting held on 21.01.2009.
- The Auditors of the Company have carried out the Limited Review of the above financial results.
- The Cane Price has been accounted for at State Advised Cane Price (SAP) of Rs. 140/- per quintal for the season 2008-09.
- Accounting policy for charging depreciation in respect of Co-generation units has been changed. Hitherto, depreciation was charged over all the four quarters. Under the changed policy, depreciation of the entire year is being allocated during periods in which co-generation plants are expected to operate. Due to this, depreciation for the quarter is higher by Rs 332.94 lacs, consequently profit before tax is lower by the same amount. However, this will have no impact on the annual profit and loss account.
- Sugar being a seasonal industry, the performance of any quarter may not be representative of the annual performance of the Company.
- The Consolidated financial results information, which includes the results of its subsidiary, M/S Dhampur Sugar Distillery Pvt Ltd. (DSML holding - 51%), for the quarter ended 31st December, 2008, are as follows :- Turnover - Rs. 28225.10 lacs, Net profit after tax- Rs. 1374.30 lacs and EPS (Basic / Diluted ) - Rs. 2.58 /Rs.2.52.
- There were no outstanding complaints from the shareholders at the end of the quarter and all the 21 complaints received during the quarter, alongwith 1 complaint pending at the beginning of the quarter, have been dealt with satisfactorily.
- Figures for the previous corresponding periods have been regrouped, wherever considered necessary.

QUARTERLY REPORTING OF SEGMENT WISE REVENUE, RESULTS AND CAPITAL EMPLOYED UNDER CLAUSE 41 OF LISTING AGREEMENT				
SL NO.	PARTICULARS	QUATRE ENDED		
		31st DEC. 08 (UNAUDITED)	31st DEC. 07 (UNAUDITED)	YEAR ENDED 30th SEP. 08 (AUDITED)
1	SEGMENT REVENUE (NET OF EXCISE & OTHER TAXES)			
	a) SUGAR - MANUFACTURING ACTIVITY - TRADING / EXPORT ACTIVITY	26923.21 0.00	10227.61 647.57	57226.69 1482.88
	b) CO-GENERATION	5727.41	2773.41	12873.83
	c) CHEMICALS / ETHANOL	1159.57	2911.40	11390.84
	d) OTHERS	225.27	319.45	690.40
	TOTAL	34035.46	16879.44	83664.64
	LESS : INTER SEGMENT REVENUE (NET OF EXCISE)	7253.44	3724.57	16876.95
	NET SALES / INCOME FROM OPERATION	26782.02	13154.87	66787.69
2	SEGMENT RESULTS ( NET PROFIT(+) / LOSS (-) BEFORE TAX & INTEREST FROM EACH SEGMENT)			
	a) SUGAR - MANUFACTURING ACTIVITY - TRADING / EXPORT ACTIVITY	2371.82 0.00	(373.88) (19.18)	3486.13 3.65
	b) CO-GENERATION	1621.71	1071.72	4118.76
	c) CHEMICALS / ETHANOL	100.44	1084.63	1887.42
	d) OTHERS	9.14	25.57	154.84
	TOTAL	4103.11	1788.86	9650.80
	LESS :INTEREST	1896.22	1429.71	7731.02
	ADD : OTHER UNALLOCABLE EXPENSES AND EXTRA ORDINARY ITEMS NET OF UNALLOCABLE INCOME	(695.29)	(93.53)	(2535.58)
	NET LOSS (-) BEFORE TAX	1511.60	265.62	(615.80)
3	CAPITAL EMPLOYED (SEGMENT ASSETS - SEGMENT LIABILITIES)			
	a) SUGAR	70489.01	57406.72	75372.95
	b) CO-GENERATION	46597.32	45128.80	45494.76
	c) CHEMICALS / ETHANOL	9613.66	9142.08	9720.53
	d) OTHERS	76.48	48.94	70.58
	TOTAL	126776.47	111726.54	130658.82
<b>FOR DHAMPUR SUGAR MILLS LTD.</b>				
PLACE : NEW DELHI DATE : 21 .01.2009		V.K.GOEL CHAIRMAN		