



Dhampur Sugar Mills Limited

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www.dhampur.com

New Delhi, January 11, 2010: Dhampur Sugar Limited (Dhampur), one of the largest integrated sugar manufacturing companies in India, announced its results for the first quarter ended 31st December 2009

Highlights – Q1 FY2010

- **Revenues higher by 20.53% at Rs.3411.5 million**
 - **Firm sugar prices and sale of low cost inventories enable healthy performance**
- **PAT stood at Rs. 577.8 million compared to Rs. 136.7 million in Q1 FY2009**
- **Initial estimates indicate our cane crushing and recoveries in current sugar season to be similar as compared with previous season**
- **Total import of raw sugar up till now stands at 2.45 lac tonnes**
 - **.70 lac tonnes processed upto December 31, 2009 including .52 lac tonnes in Q1 FY2010**
 - **1.75 Lac tonnes being processed in 2009-10**
- **Better contribution from co-generation business further augments earnings**
 - **Revenues higher by 91.69% at Rs. 1097.9 million**
 - **PBIT higher at Rs. 258.1 million from 162.2 million in Q1 FY2010**

Q1 FY2010 performance overview (Compared with Q1 FY2009)

- Net revenues at Rs. 3443.5 million from Rs. 2,699.5 million
- PBDIT at Rs. 1123.1 million from Rs. 516.4 million
- PAT at Rs. 577.8 million compared to Rs. 136.7 million
- Cash Profit at Rs. 747.8 million against Rs. 312.3 million

Performance Review – Q1 FY2010 (All comparison with Q1 FY2009)

1. Net revenues increased by 28% at Rs. 3443.5 million

- Sugar business revenues higher by 17.1% resultant to improved realizations during the quarter. This business contributed to 70.9% of total revenues
- Contribution from co-generation segment higher by 91.7% at Rs. 1097.9 million compared to Rs. 572.7 million last year
- Chemical/Ethanol business contribution was steady at Rs. 205.8 million compared to Rs. 116.0 million in the corresponding period last year

2. PBDIT in Q1 FY2010 at Rs. 1123.1 million

- Contribution from the sugar division stood at Rs. 801.7 million compared to Rs. 247.1 million in Q1 FY2009 resultant to improved realizations
- Increased contribution from the co-generation business: up by 29.7% at Rs. 333.8 million given higher power sales at better realizations

3. PAT for the quarter was higher at Rs. 577.8 million compared to Rs. 136.7 million

Outlook for 2009-10

Sector

- Cane crushing in India is estimated to be in line with crushing of SS 2008-09:
 - Lower cane acreage
 - Deficient monsoon
- However, sugar production is estimated to be higher by approx 10-15% than last year
 - Anticipated higher yields and recoveries to partially mitigate moderate cane availability
- Sugar prices likely to remain firm:
 - Deficit in sugar production against consumption
 - Strong international sugar prices - domestic realizations influenced by international trends
- Per unit price of power sale to the state grid increased from Rs. 3 to Rs. 4 till from 1st Oct., 2009
 - Open access of power sale will further improve earnings from co-generation

Dhampur

The outlook for Dhampur continues to be strong on the back of:

Sugar business

- Firm sugar realizations
- Cane crushing volumes at 10.7 lac tonnes
 - Crushing anticipated to be in the range of approx. 24 to 27 lac tonnes
 - Recoveries expected to be at same level of 2008-09
- Average cane procurement cost at present ranges between Rs. 215 to Rs. 220 per quinta
- The Company contracted for import of 245,000 tonnes of raw sugar in upto till now
 - The Company expects to earn healthy margins in reprocessing given the current sugar pricing scenario and attractive costs of imports
 - Dhampur processed .52 lac tonnes of imported raw sugar in Q1 FY2010 taking the overall quantity of processed raw sugar to .70 lac tonnes. The balance is to be processed over the next few quarters

- As on December 31, 2009, the Company holds 1.09 lac tonnes of sugar inventory including reprocessed raw sugar of .31 lac tones.

Co-generation business

- The Company's exportable co-gen capacity is at 80 MW in sugar season and off season also
 - Realizations expected to be more than Rs. 4 per unit
- In addition, Dhampur is the first sugar Company in Uttar Pradesh to adopt the model of installing coal feeding and handling systems at boilers in Dhampur and Asmoli plants
 - Reduce dependence on bagasse for off-season refining of raw sugar and have capacity to continue with power sales even during the off-season
 - Likely open access of power sales to augment earnings

Chemical/Ethanol business

- Chemical/Ethanol business continues to remain under stress due to increase in prices of raw material without consequent increase in realizations
- However, the Company expects Ethanol prices to improve to Rs. 27.00/Ltr. from Rs. 21.50/Ltr.

Financial initiatives and Interest cost

- Interest cost reduction envisaged in 2009-10 due to:
 - Strong cash flows from operations to be utilized for pre-payment of loans
 - Swapping high cost loans with SDF (Rate of Interest - 4%) – Current SDF loan stood at Rs. 1,578.8 million
 - Reduction in working capital utilization
 - Availing USD credit (below 2%) on purchase of raw sugar
- The board has adopted an enabling resolution to raise funds to the extent of Rs. 2,500 million within the next 12 months. However capital raising plans have not been firmed-up as yet

Commenting on the performance for Q1 FY2010, Mr. Gaurav Goel and Mr. Gautam Goel, Managing Directors, Dhampur Sugar Mills Limited, said:

“The year 2010 has begun on a strong note primarily driven by the sugar division on the back of enhanced realizations along with steady support from our allied businesses.

We anticipate our cane sugar production to be at same level of 2008-09. In addition, our ability to process imported raw sugar, procured at remunerative costs, will hold us in good stead. We are the first sugar company in U.P. to install multifuel boilers at two of our plants and this will enable us to refine raw sugar even during the off-season.

The key issue for the industry going forward is uncertainty about cane availability. However, our enduring relationship with the farming community places us in a better position to face this challenge.

We continue to remain one of the most efficient and largest integrated sugar mills in the country and given the strong business outlook for the sugar sector, we believe that Dhampur is comfortably placed to ride this varied sugar cycle while enhancing performance and maximizing value for all its stakeholders.”

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 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, co-generation power operations 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, refined sugar of 1,700 TPD, power capacity of 145 MW (80 MW Saleable) and distillery operations of 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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Details to the announcement

Discussions and Financial Overview

(All comparisons with Q1 FY2009 figures)

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

Revenues

All Segments	Q1 FY2010	Q1 FY2009	% Shift
Revenue	3411.5	2830.4	20.5
PBIT	953.1	340.8	179.7

- Strong revenue growth resultant to:
 - Higher contribution from the sugar segment
 - Increase in contribution from co-generation segment

Sugar Segment	Q1 FY2010	Q1 FY2009	% Shift
Net Revenue	3180.2	2,714.8	17.1
Contribution to revenues (%)	70.92	79.8	

- Healthy revenue performance from sugar operations on the back of higher realizations
- Revenues during Q1 FY2010 were higher at Rs. 3180.2 million. This segment contributed 70.92% to total revenues
- Average free sale sugar realization (including Raw Sugar sale) for the quarter under review improved to Rs. 32.00 per kg compared to Rs. 17.9 per kg in the corresponding quarter last year.
- Refined sugar, sold under the brand 'Dhampure', which has a premium, contributed to 57% of the total quantitative sugar sales during the year

Co-generation Segment	Q1 FY2010	Q1 FY2009	% Shift
Net Revenue	1097.9	572.7	91.7
Contribution to revenues (%)	24.48	16.8	45.5

- For the quarter, revenues from this segment were higher by 91.7% at Rs. 1097.9 million compared to Rs. 572.7 million. Higher revenues were primarily driven by healthy sales volume (including under open access policy) at increased power rate under open access policy and also by U. P. Government
- Average realization for the quarter stood at Rs. 4.60 per unit
- Dhampur continues to focus on this division to offset the cyclicity of the sugar business and expects this division to provide a cushion during a down-cycle

Chemical/Ethanol Segment	Q1 FY2010	Q1 FY2009	% Shift
Net Revenue	205.8	116.0	77.5
Contribution to revenues (%)	4.59	3.4	34.7

- This business faced input cost pressures led by increase in price of raw material without corresponding increase in realizations

PBIT

Sugar Segment	Q1 FY2010	Q1 FY2009	% Shift
PBIT	718.9	168.6	326.5
Contribution to PBIT (%)	75.43	49.5	52.4

- Sugar division delivered strong operating profits during the quarter on the back of higher sugar realizations
- PBIT contribution from the sugar division increased by 326.5% to Rs. 718.9 million during the quarter under review

Co-generation Segment	Q1 FY2010	Q1 FY2009	% Shift
PBIT	258.1	162.2	59.2
Contribution to PBIT (%)	27.08	47.6	

- During the quarter, the Company sold power at an average realization of Rs. 4.6 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 FY2010	Q1 FY2009	% Shift
PBIT	-24.0	10.0	-
Contribution to PBIT (%)	-2.51	2.9	-

- The Chemical/Ethanol segment delivered a subdued performance because of higher raw material (molasses) price

- 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 at remuneration price

Earnings Overview

Particulars	Q1 FY2010	Q1 FY2009	% Shift
PAT	577.8	136.7	322.7
Cash Profits (Post tax)	747.8	312.3	139.4

- Interest cost for the quarter was lower by 32.7% at Rs. 127.7 million due to decreased borrowings of working capital (due to lower stock) and repayment of high cost loans
- PAT for the quarter under review was higher at Rs. 577.8 million compared to Rs. 136.7 million in the corresponding period last year
- The term debt as on December 31, 2009 was at Rs. 5922.2 million which was Rs. 6,111.1 million as on December 31, 2008 and Rs. 5,919.4 million as on September 30, 2009

Operational overview

Particulars	Q1 FY2010	Q1 FY2009	% Shift
Cane crushing (lac tonne)	10.7	11.7	-
Sugar production –Cane Sugar (lac tonne) Raw Sugar Total	0.89 0.50 1.39	1.00 0.00 1.00	39
Sugar sales (lac tonne)	0.80	1.3	-
Free Sugar Realization (Rs./Kg)	32.0	17.9	78.8
Recovery (%)	8.81	9.1	

- Reprocessed .70 lac tonnes of raw sugar till December 31, 2009
- Sugar inventories stood at 1.09 tonnes including reprocessed raw sugar of 0.31 tonnes as on December 31, 2009
- The sugar industry in U.P. is currently paying between Rs. 215 to Rs. 220 per quintal for sugarcane procurement
- Average free sale sugar realizations (including Raw Sugar) for the quarter under review stood at Rs. 32.00 per kg compared to Rs. 17.9 per kg

Co-generation operations (Lakh units)

Particulars	Q1 FY2010	Q1 FY2009	% Shift
Power production	1408.3	1,024.5	37.5
Power export	971.8	613.3	58.5
Realization (Rs. per unit)	4.6	3/-	53.3

- During the quarter, the Company exported 971.8 lac units at an average realization of Rs. 4.60 per unit of power

Chemical/Ethanol operations

Particulars	Q1 FY2010	Q1 FY2009	% Shift
Chemicals Sales(Tons)	2507.6	1,606.8	56.1
Rectified Spirit/Ethanol Sales (KL)	4293.0	1,404.0	205.8

- Sales volume of chemicals stood at 2508 tonnes for the quarter under review
- However, Rectified Spirits/Ethanol volumes were higher by 206% at 4293 KL for the quarter under review