



Dhampur Sugar Mills Limited

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Highlights – 9M FY2009

- Revenues at Rs. 6,551.87 million; up 46.66%, PBIT at Rs. 1,087.89 million
- Firm sugar prices and higher sale of low cost inventories support performance
- Further contracted for import of 96,000 tonnes of raw sugar - total contract 1,53,500 tonnes - reprocessed 18,000 tonnes
- Co-generation business gains traction and noticeably contributes to earnings; Revenues up by 37.52% at Rs. 1,537.05 million, PBIT at Rs. 437.27 million; up 19.39%

New Delhi, July 15, 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 third quarter and nine months ended 30 June 2009.

Q3 FY2009 performance overview (Compared with Q3 FY2008)

- Net revenues at Rs. 2,753.85 million from Rs. 1,208.18 million
- PBDIT at Rs. 468.48 million from Rs. 115.41 million
- PAT at Rs. 111.42 million compared to Rs. (235.36) million
- Cash Profit at Rs. 223.14 million against Rs. (77.14) million

9M FY2009 performance overview (Compared with 9M FY2008)

- Net revenues at Rs. 6,551.87 million from Rs. 4,467.37 million
- PBDIT at Rs. 1,607.95 million from Rs. 928.75 million
- PAT at Rs. 423.35 million compared to Rs. (39.88) million
- Cash Profit at Rs. 943.40 million against Rs. 368.09 million

Performance Review – Q3 FY2009 (All comparison with Q3 FY2008)

1. Net revenues increased by 127.93% at Rs. 2,753.85 million

- Revenues from the sugar business were higher at Rs. 2,733.54 million, up by 148.01% on account of higher volumes and better realizations
- Co-generation revenues at Rs. 148.52 million compared to Rs. 167.65 million
- Ethanol/Chemical revenues at Rs. 104.61 million

2. PBIT for the quarter at Rs. 356.77 million

- Higher sale of inventories aided by increased sugar prices on account of lower sugar production in SS 2008-09 led to an improvement in the earnings from the sugar division. This division contributed to 93.01 % of PBIT at Rs. 337.93 million
- Co-generation business contributed to 2.18 % of PBIT at Rs. 7.93 million
- Contribution from the Chemical/Ethanol segment stood at Rs. 17.46 million

3. PAT for the quarter improved to Rs. 111.42 million from loss of (235.36) million

Performance Review – 9M FY2009 (All comparison with 9M FY2008)

1. Net revenues increased by 46.66 % at Rs. 6,551.87 million

- Sugar business revenues were up by 79.97 % at Rs. 6700.05 million due to higher sales volume in Q1 & Q3 FY2009 and improved realizations in 9M FY2009
- Co-generation revenues at Rs. 1,537.05 million compared to Rs. 1,117.66 million on account of increased export capacity from 60MW to 80MW
- Ethanol/Chemical revenues stood at Rs. 258.99 million keeping in view soft pricing scenario for finished products

2. PBIT for the period stood at Rs. 1,087.89 million

- Largely due to favorable sugar pricing and an improved contribution from the co-generation business

3. PAT for 9 months up at Rs. 423.35 million from a loss of Rs. (39.88) million in the corresponding period last year

Outlook for 2008-09

Sector

- The Government of India, till March 31, 2010, sanctioned duty free import of raw sugar without export re-obligation – allowing for higher production in the off-season to meet the demand
- Reduction in cultivating area for sugarcane resulted in a decline in cane supply leading to sugar production and firmer sugar prices
- Sugar prices to remain firm led by:
 - Sugar production in India below 15 million tonnes (SS 2008-09)
 - Stable to higher consumption

Dhampur

- The Company contracted for import of 0.96 lac tonnes of raw sugar in Q3 FY2009 increasing its total import of raw sugar in FY2009 for reprocessing to 1.53 lac tonnes which is 1/3rd of Dhampur's total reprocessing capacity. The Company thus have a potential to import an additional 2 lac tonnes
 - Imports have been done at attractive cost thus offering good margins at current sugar prices
 - Up till now, Dhampur processed 0.18 lac tonnes of imported raw sugar while the balance is to be processed over the next few quarters
 - As on June 30, 2009, inventory of 1.41 lac tonnes of sugar (SS 2008-09) including reprocessed sugar 0.17 lac tonnes valued at Rs. 20,155 per tonne
- Expansion of co-gen export capacities from 60 MW to 80 MW in March 2008 continue to complement earnings and will partially offset the cyclicalities in the sugar business
- Distillery business continues to remain under pressure due to increase in prices of raw material without subsequent increase in realizations. The Company expects rectified spirit and ENA to remain profitable
- Interest reduction envisaged in 2008-09 due to:
 - a. Greater utilization of low cost SDF loans - out of the total sanction of Rs. 1,471.9 million (Rate of Interest – 4%) from the Govt. of India, Dhampur has received Rs. 1,001 million until the end of June 2009. The Company expects the balance amount to be disbursed before September 2009 and to be utilized mainly for repayment of short-term loans and working capital borrowings
 - b. Reduction in Working Capital interest due to lower sugar stocks

Commenting on the performance for Q3 & 9M FY2009, Mr. Gaurav Goel and Mr. Gautam Goel, Managing Directors, Dhampur Sugar Mills Limited, said:

“We are satisfied with the progress this quarter enabled by our multifaceted operations which has allowed us to deliver healthy performance. Having one of the highest refining capacities, both in season and off-season, we further capitalized on the opportunity to import additional 0.96 lac tonnes of raw sugar thus augmenting lower sugar production.

Sugar business delivered healthy sales volumes on the back of higher inventories of sugar season 2008-09 liquidated at better realizations. Though, there is uncertainty about cane availability and pricing for the next season, firm sugar prices and our ability to process imported raw sugar will provide relief in this regard. Further supplementing our earnings performance is our co-gen division, which continues to do well. As our strategy focuses on maximizing earnings not only from sugar production but also from our allied businesses, we are better placed to perform well over the longer term.

Overall, we are confident of our ability to deliver ahead of regional players given the integrated nature of our operations, our refineries that facilitate raw sugar processing, farmer relations, and strong multifaceted operations.”

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, 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.

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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 Q3 & 9M FY2008 figures)

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

Revenues

Particulars	Q3 FY2009	Q3 FY2008	% Shift	9M FY2009	9M FY2008	% Shift
Net Revenue	2,753.85	1,208.18	127.93	6,551.87	4,467.37	46.66
PBIT	356.77	(42.82)	--	1,087.90	520.77	108.90

Revenues increased to Rs. 2,753.85 million in Q3 FY2009 from Rs. 1,208.18 million in the corresponding quarter last year. Revenues for the 9 months under review were higher at Rs. 6,551.87 million from Rs. 4,467.37 million compared to the same period last year. Higher revenues were resultant to:

- Increase in revenue from the sugar segment
- Healthy contribution from the co-generation power segment

Sugar Segment	Q3 FY2009	Q3 FY2008	% Shift	9M FY2009	9M FY2008	% Shift
Net Revenue	2,733.54	1,102.18	148.01	6,700.05	3,936.49	70.20
Contribution to revenues (%)	91.52	69.03	32.58	78.86	65.74	19.96

- Revenues during Q3 FY2009 and 9 months were higher by 148.01% and 70.20% respectively due to increased sales volumes supported by firm sugar prices in Q3 & 9M FY2009
 - Average free sale sugar realization for the quarter under review improved to Rs. 24.50 per Kg compared to Rs. 14.38 per Kg in the corresponding quarter last year. For 9M FY2009, sugar realizations were higher at Rs. 20.87 per kg compared to Rs. 14.55 per kg in the corresponding period last year

- Refined free sugar sold under the brand 'Dhampure', commands a market premium, contributed to 46.10% of the total free sugar sales during 9M FY2009

Co-generation Segment	Q3 FY2009	Q3 FY2008	% Shift	9M FY2009	9M FY2008	% Shift
Net Revenue	148.52	167.65	(11.41)	1,537.05	1,117.66	37.52
Contribution to revenues (%)	5.04	10.81	(53.38)	18.23	19.02	(4.15)

- In 9 month FY2009, the revenue from this business grew by 37.52% at Rs. 1,537.05 million compared to Rs. 1117.66 million in the corresponding period last year driven by healthy sales volume resultant to capacity expansion from 60MW to 80MW in Q2 FY2009
- Average realization for the quarter stood at Rs. 3.86 per unit for the quarter under review. For the 9 month period average realization stood at Rs. 3.20 per unit
- The Company is currently modifying the multi fuel boilers at its Asmoli and Dhampur plants with coal feeding and handling systems which is expected to be completed in September 2009

Chemical /Ethanol	Q3 FY2009	Q3 FY2008	% Shift	9M FY2009	9M FY2008	% Shift
Net Revenue	104.61	326.92	(68.00)	258.99	933.45	(72.25)
Contribution to revenues (%)	3.55	21.08	(83.16)	3.07	15.88	(80.67)

- Revenues for 9 months from this segment stood at Rs. 258.99 million
- This business faced input cost pressures led by increase in price of raw material without corresponding increase in realizations

PBIT

Sugar Segment	Q3 FY2009	Q3 FY2008	9M FY2009	9M FY2008
PBIT	337.93	6.66	607.87	(66.86)
Contribution to PBIT (%)	93.01	--	28.06	--

- PBIT from the sugar division was higher at Rs. 337.93 million in the quarter and Rs. 607.87 million in the 9 months under review
- This division contributed to 93.01% & 28.06% respectively to the total PBIT
- Operating profits in the sugar segment were higher during the quarter and 9M FY2009 due to:
 - Higher sale of inventories of sugar season 2007-08
 - 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 sale sugar stood at Rs. 24.50 per kg in Q3 FY2009 compared to Rs. 14.38 per kg in Q3 FY2008

Co-generation Segment	Q3 FY2009	Q3 FY2008	9M FY2009	9M FY2008
PBIT	7.93	(9.98)	437.27	366.25
Contribution to PBIT (%)	2.18	--	38.46	55.95

- The co-generation segment contributed 2.18% of total PBIT during the quarter and 38.46% in 9 months FY2009 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. 3.86 per unit
- The focus continues to be on this segment and is a stable profit contributor in a cyclical sugar business

Chemical /Ethanol Segment	Q3 FY2009	Q3 FY2008	9M FY2009	9M FY2008
PBIT	17.46	27.05	42.76	221.38
Contribution to PBIT (%)	4.81	--	3.76	--

- PBIT from the Chemical/Ethanol segment were moderated because of higher raw material (molasses) price. For Q3 FY2009, PBIT stood at Rs. 17.46 million contributing to 4.81% of total PBIT, while for 9 months PBIT contribution from this segment stood at 3.76%
- 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

Particulars	Q3 FY2009	Q3 FY2008	% Shift	9M FY2009	9M FY2008	% Shift
PAT	111.42	(235.36)	--	423.35	(39.88)	--
Cash Profits (Post tax)	223.14	(77.14)	--	943.40	368.09	156.29

Earnings Overview

- Interest cost for the quarter was higher by 5.05% at Rs. 229.74 million due to increased borrowings of working capital on account of higher sugar price
- PAT for the quarter under review increased to Rs. 111.42 million compared to Rs. (235.36) million in the corresponding period last year. For the 9 months under review, PAT stood at Rs. 423.35 million
- The term debt as on June 30, 2009 was lower at Rs. 5,947.11 million compared to Rs. 6,151.03 million as on March 31, 2009

Operational overview

Sugar operations

Particulars	Q3 FY2009	Q3 FY2008	% Shift	9M FY2009	9M FY2008	% Shift
Cane crushing (lac tonne)	0.13	0.83	(84.34)	25.47	36.17	(29.58)
Sugar production (lac tonne)	0.01	0.08	(87.5)	2.37	3.61	(34.35)
Sugar sales (lac tonne)	1.05	0.48	118.75	2.68	1.95	37.44
Free Sugar Realization (Rs./Kg)	24.50	14.38	70.39	20.87	14.55	43.44
Recovery (%)	9.10	9.90	(8.08)	9.25	9.98	(7.31)

- Lower cane crushed by 30% (against industry average of 40%) on account of lower production of sugarcane due to a fall in acreage
- Sugar production lower by 34.35% on account of decline in cane availability
- However, the recovery for the sugar season 2008-09 stood at 9.25%
- Reprocessed 0.18 lac tonnes of raw sugar
- Sugar inventories stood at 1.41 lac tonnes as on June 30, 2009
- Average sugar realizations for the quarter and 9 months under review stood at Rs. 24.50 & Rs. 20.87 respectively, thereby partially offsetting lower sales volumes

Co-generation operations (Lakh MW)

Particulars	Q3 FY2009	Q3 FY2008	% Shift	9M FY2009	9M FY2008	% Shift
Power production	0.34	0.35	(2.85)	2.77	2.44	13.58
Power export to UPPCL	0.25	0.24	6.72	1.65	1.67	(1.26)
Realization (Rs. per unit)	3.86	3.10	24.52	3.20	2.94	8.84

- Expanded capacities to 145 MW with an exportable surplus of 80 MW, significantly contributed to the growth in power generation by 13.58% to 2.77 Lac MW
- The Company exported 1.65 lac MW to the state grid for Rs. 3.20 per unit

Chemical/Ethanol operations (Sales)

Particulars	Q3 FY2009	Q3 FY2008	% Shift	9M FY2009	9M FY2008	% Shift
Chemicals (Tons)	869	6,107	(85.77)	3,467	16,337	(78.78)
Rectified Spirit/Ethanol (KL)	2,704	4,809	(43.77)	4,538	16,947	(73.22)

- The Company sold 2,704 KL of Rectified Spirit / Ethanol and 869 MT of Chemicals during the quarter under review

– ENDS –