



Dhampur Sugar Mills Limited

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www.dhampur.com

New Delhi, November 09, 2009: Dhampur Sugar Limited (Dhampur), one of the largest integrated sugar manufacturing companies in India, announced its results for the fourth quarter & year ended 30 September 2009.

Highlights – FY 2009

- **Gross Revenues up 36.5% at Rs. 9,480.4 million; PBIT higher by 101.1% at Rs. 1,430.9 million**
- **Profit After Tax increased multifold at Rs. 561.9 million compared to Rs. 36.1 million in last year**
- **Cash Profit enhanced to Rs. 1,177.6 million compared to Rs. 569.8 million**
 - **Firm sugar realizations supports performance**
 - **Positive contribution from allied businesses, but lower than last year due to lower capacity utilisation and higher raw material price**
- **Total import of raw sugar for the year stood at 250,000 tonnes**
 - **18,000 tonnes processed in FY 2009, balance to be processed in 2009-10**
- **Installed coal feeding and handling systems at boilers at Dhampur and Asmoli plants – the first sugar Company in Uttar Pradesh to adopt this model**
 - **Will reduce dependence on bagasse and help in processing of raw sugar even during off-season**
- **Board recommends a dividend of 15%**

FY2009 performance overview (Compared with FY2008)

- Net revenues at Rs. 9,480.4 million compared to Rs. 6,945.8 million
- PBIDT at Rs. 2,046.7 million from Rs. 1,245.3 million
- PAT at Rs. 561.9 million compared to Rs. 36.1 million
- Cash Profit at Rs. 1,177.6 million from Rs. 569.8 million

Q4 FY2009 performance overview (Compared with Q4 FY2008)

- Net revenues at Rs. 2,928.5 million from Rs. 2,478.4 million
- PBIDT at Rs. 438.8 million compared to Rs. 316.5 million
- PAT at Rs. 138.5 million compared to Rs. 75.9 million
- Cash Profit at Rs. 234.2 million from Rs. 201.7 million

Performance Review - FY2009 (All comparison with FY2008)

1. Net revenues increased by 36.5% to Rs. 9,480.4 million

- Sugar business revenues were up by 58.4% due to higher sales volume and improved realizations during the year and contributed 82.5% of total revenues
- Contribution from the power segment stood at 13.8% of total revenues at Rs. 1,555.2 million compared to 1,287.4 million last year
- Chemical/Ethanol business declined to Rs. 355.0 million compared to Rs. 1,139.1 million in the corresponding period last year

2. PBDIT for the year up at Rs. 2,046.7 million

- Sugar business witnessed higher volumes on the back of sale of inventories, improved realizations and contributed 71.2% of total PBDIT at Rs. 1,083.3 million

- Power business contributed 27.2% to PBIT at Rs. 413.4 million
- Contribution from Chemical/Ethanol segment to PBIT stood at 1.3% at Rs. 20.3 million

3. PAT for the year higher at Rs. 561.9 million compared to Rs. 36.1 million

Performance Review - Q4 FY2009 (All comparison with Q4 FY2008)

1. Net revenues increased by 18.2% at Rs. 2,928.5 million

- Sugar business witnessed an increase of 30.5% in revenues at Rs. 2,754.1 million led by higher sugar realizations
- Power revenues at Rs. 18.2 million compared to Rs. 169.7 million
- Ethanol/Chemical net revenues stands at Rs. 96.0 million

2. PBDIT for the quarter at Rs. 438.8 million

- Largely due to turnaround in the sugar space led by firm sugar prices, as well as positive contribution from allied business

3. PAT for the quarter up at Rs. 138.5 million compared to Rs. 75.9 million

Outlook for 2009-10

Sugar Sector

- Sugar crushing in India is estimated to be in line with crushing of SS 2008-09:
 - Lower cane acreage
 - Deficient monsoon
 - Poor quality of ratoon
 - Though, anticipated higher yields and recoveries to partially mitigate the situation
- Sugar prices likely to remain firm:
 - Deficit in cane production against consumption
 - Strong international sugar prices - domestic realizations mirror international trends
 - Sugar production in India expected to be range bound vis-à-vis previous sugar season
 - Stable to higher consumption
- Open access of power sale – Going forward, the Government is expected to permit sale of power outside the state of UP

Dhampur

- The Company contracted for import of 250,000 tonnes of raw sugar in FY2009
 - Given the current sugar pricing scenario and attractive costs of imports, the Company expects to earn healthy margins in reprocessing
 - The Company has processed 18,000 tonnes of imported raw sugar in FY2009, while the balance is to be processed over the next few quarters
 - As on September 30, 2009, the Company holds 52,000 tonnes of sugar inventory (SS 2008-09) including reprocessed raw sugar of 6,000 tonnes
- Installed coal feeding and handling systems at boilers at Dhampur and Asmoli plants – the first sugar Company in Uttar Pradesh to adopt this model
- Chemical / Ethanol business continues to remain under stress due to increase in prices of raw material without conquest increase in realizations. The Company expects rectified spirit and ENA to remain profitable
- 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%) - Present SDF loan disbursement stood at Rs. 1,392.8 million
 - Reduction in working capital due to lower sugar stocks
 - Availing USD credit (@ 2.50% to 3.00%) on purchase of raw sugar

Commenting on the performance for Q4 & FY2009, Mr. Gaurav Goel and Mr. Gautam Goel, Managing Directors, Dhampur Sugar Mills Limited, said:

"I am glad to report an encouraging operating and financial performance enabled by our multifaceted operations. As you are aware, the production for the last season (SS 2008-09) was low and the government allowed duty-free import of raw sugar to meet demand. The Company, having one of the largest refineries in India, utilized this opportunity to import a total of 2.00 lac tonnes of raw sugar thus augmenting lower production while enabling healthy earnings contribution.

Sugar business continued to deliver healthy performance on the back of firm realizations despite lower volumes. Although, the situation on cane pricing and availability continues to remain uncertain, higher yields and recoveries are expected to partially offset these issues.

During the quarter, we Installed coal feeding and handling systems at boilers at Dhampur and Asmoli plants, enabling us to reduce our dependence on bagasse for generating power. This will

also facilitate the processing of raw sugar during the season as well as off-season. This is in line with our focus to maximize earnings not only from sugar production but also from our allied businesses.

Overall, we believe that firm sugar realizations and our multifaceted operations make us well poised to take advantage of the macro environment and enable us to ride the sugar cycles in a relatively better manner.”

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, power 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, 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 Q4 & FY2008 figures)

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

Revenues

| Particulars | FY2009 | FY2008 | % Shift | Q4 FY2009 | Q4 FY2008 | % Shift |
|-------------|----------|----------|---------|-----------|-----------|---------|
| Net Income | 9,480.37 | 6,945.81 | 36.49 | 2,928.49 | 2,478.44 | 18.16 |
| PBIT | 1,430.99 | 711.51 | 101.12 | 343.10 | 190.75 | 79.86 |

- Revenues were higher by 36.5 % at Rs. 9,480.4 million in FY2009 compared to Rs. 6,945.8 in the corresponding period last year. Revenues for the quarter under review increased to Rs. 2,928.5 million; up by 18.2% compared to Rs. 2,478.4 million in the same period last year. Higher revenues were resultant to:
 - Increase in revenue contribution from the sugar segment
 - Positive contribution from the power segment

| Sugar Segment | FY2009 | FY2008 | % Shift | Q4 FY2009 | Q4 FY2008 | % Shift |
|------------------------------|----------|----------|---------|-----------|-----------|---------|
| Net Revenue | 9,361.57 | 5,939.99 | 57.60 | 2,759.21 | 2,114.41 | 30.50 |
| Contribution to revenues (%) | 83.05 | 71.00 | 16.97 | 96.03 | 84.92 | 13.08 |

- Revenues during Q4 & FY2008 were higher owing to the increased sale of low cost sugar inventories (SS 2008-09) at higher realizations. It was higher at Rs. 27.14 per kg in Q4 FY2009 as compared to Rs. 16.86 per kg in the corresponding quarter last year
- Average free sale sugar realization for the quarter under review improved to Rs. 27.14 per kg compared to Rs. 16.86 per kg in the corresponding quarter last year. For the year, sugar realizations were higher at Rs. 22.23 per kg compared to Rs. 15.47 per kg in the corresponding period last year. The Company also sold raw sugar in Q4 at an average realization of Rs. 28.22 per kg

- Refined sugar, sold under the brand 'Dhampure', which has a premium, contributed to 44.6% of the total quantitative sugar sales during the year

| Power Segment | FY2009 | FY2008 | % Shift | Q4 FY2009 | Q4 FY2008 | % Shift |
|------------------------------|----------|----------|---------|-----------|-----------|---------|
| Net Revenue | 1,555.23 | 1,287.38 | 20.80 | 18.19 | 169.72 | (93.30) |
| Contribution to revenues (%) | 13.80 | 15.39 | (10.33) | 0.63 | 6.82 | (90.76) |

- For the year, revenue from this business increased by 20.8% at Rs. 1,555.2 million compared to Rs. 1,287.4 million in the corresponding period last year driven by healthy sales volume resultant to capacity expansion from 60MW to 80MW in 2008. For the quarter, revenues from this segment stood at Rs. 18.2 million
- Average realization for the quarter stood at Rs. 4.20 per unit for the quarter under review. For the year, average realization stood at Rs. 3.25 per unit
 - Installed coal feeding and handling systems at boilers in Dhampur and Asmoli plants – the first sugar Company in Uttar Pradesh to adopt this model. This will reduce the Company's dependence on bagasse and will enable processing raw sugar and surplus power supply during the off-season
- 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 | FY2009 | FY2008 | % Shift | Q4 FY2009 | Q4 FY2008 | % Shift |
|------------------------------|--------|----------|---------|-----------|-----------|---------|
| Net Revenue | 355.00 | 1,139.08 | (68.83) | 96.01 | 205.64 | (53.31) |
| Contribution to revenues (%) | 3.15 | 13.61 | (76.86) | 3.34 | 8.26 | (59.56) |

- Revenues from this segment for FY2009 & Q4 FY2009 stood Rs. 355.0 million & 96.0 million respectively
- This business faced input cost pressures led by increase in price of raw material without corresponding increase in realizations

PBIT

| Sugar Segment | FY2009 | FY2008 | % Shift | Q4 FY2009 | Q4 FY2008 | % Shift |
|--------------------------|----------|--------|---------|-----------|-----------|---------|
| PBIT | 1,087.72 | 364.46 | 198.45 | 430.70 | 297.50 | 44.77 |
| Contribution to PBIT (%) | 71.49 | 37.76 | 89.33 | 112.03 | 95.82 | 16.92 |

- Earnings from this segment improved owing to higher sugar realizations in both Q4 & FY2009. PBIT from the sugar division increased to Rs. 1,087.7 million during the year and to Rs. 430.7 million during the quarter under review
- The Company registered higher realizations of Rs. 27.14 per kg. of free sugar during the quarter compared to Rs. 16.86 kg. in the corresponding quarter last year. Raw sugar realization stood at Rs. 28.22 per kg during Q4 FY2009

| Power Segment | FY2009 | FY2008 | % Shift | Q4 FY2009 | Q4 FY2008 | % Shift |
|--------------------------|--------|--------|---------|-----------|-----------|---------|
| PBIT | 413.44 | 411.88 | 0.38 | (23.83) | 45.63 | --- |
| Contribution to PBIT (%) | 27.17 | 42.68 | (36.34) | (6.20) | 14.70 | --- |

- The power segment contributed 27.17% to total PBIT in the year under review
- During the financial year, the Company sold power at an average realization of Rs. 3.25 per unit
- The focus continues to be on this segment and is a stable profit contributor in a cyclical sugar business

| Chemical/Ethanol Segment | FY2009 | FY2008 | % Shift | Q4 FY2009 | Q4 FY2008 | % Shift |
|--------------------------|--------|--------|---------|-----------|-----------|---------|
| PBIT | 20.32 | 188.74 | (89.23) | (22.43) | (32.64) | --- |
| Contribution to PBIT (%) | 1.34 | 19.56 | (93.15) | --- | --- | --- |

- For FY2009, PBIT stood at Rs. 20.3 million. The chemical/ethanol segment of the Company delivered a subdued performance on account 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

Earnings Overview

| Particulars | FY2009 | FY2008 | % Shift | Q4 FY2009 | Q4 FY2008 | % Shift |
|-------------------------|----------|--------|----------|-----------|-----------|---------|
| PAT | 561.90 | 36.05 | 1,458.67 | 138.51 | 75.93 | 82.40 |
| Cash Profits (Post tax) | 1,177.76 | 569.80 | 106.70 | 234.20 | 201.71 | 16.11 |

- Interest cost for the quarter was lower by 18.9% at Rs. 176.8 million due to decreased borrowings of working capital and repayment of high cost loans
- PAT for the quarter under review increased to Rs. 138.5 million compared to Rs. 75.9 million in the corresponding period last year. For the year under review, PAT stood at Rs. 561.9 million against 36.0 million of last year
- The term debt as on September 30, 2009 was at Rs. 5,919.5 million

Operational overview

| Particulars | FY2009 | FY2008 | % Shift | Q4 FY2009 | Q4 FY2008 | % Shift |
|-----------------------------------|--------|--------|---------|-----------|-----------|-------------|
| Cane crushing(lac tonne) | 25.47 | 36.17 | (29.56) | --- | --- | - - - |
| Sugar sales (lac tonne) | 3.73 | 3.14 | 18.67 | 1.10 | 1.19 | (7.56) |
| Free Sugar Realization (Rs./Kg) | 22.56 | 15.47 | 43.67 | 26.43 | 16.86 | 56.76 |
| Raw Sugar Realization (Rs./Kg) | 28.22 | --- | --- | 28.22 | --- | - - - |
| Recovery (%) | 9.30 | 9.98 | (6.81) | --- | --- | - - - |
| Cane Sugar Production (lac tonne) | 2.37 | 3.61 | (34.35) | --- | --- | --- |

- Cane crushing lower by 30% (against industry average of 40%) on account of reduced production of sugarcane due to a fall in acreage
- Sugar production lower by 34.4% on account of decline in cane availability
- Recovery for the sugar season 2008-09 stood at 9.3%
- Reprocessed 18,000 tonnes of raw sugar
- Sugar inventories stood at 52,000 tones including reprocessed raw sugar 6,000 tonnes as on September 30, 2009
- Average sugar realizations of for the year and quarter under review stood at Rs. 22.56 & Rs. 27.14 respectively, thereby partially offsetting lower sales volumes

Power operations (Lakh units)

| Particulars | FY2009 | FY2008 | % Shift | Q4 FY2009 | Q4 FY2008 | % Shift |
|----------------------------|----------|----------|---------|-----------|-----------|---------|
| Power production | 2,772.53 | 2,762.37 | 0.37 | 40.84 | 324.14 | (87.40) |
| Power export to UPPCL | 1,655.80 | 1,777.20 | (6.80) | 33.19 | 110.21 | (69.88) |
| Realization (Rs. per unit) | 3.25 | 2.80 | 16.07 | 4.20 | 2.98 | 40.94 |

- The Company commenced sale of surplus power generation capacity in the Q1FY08
- During the year, the Company exported 1,655.8 lac MW to the state grid for an average realization of Rs. 3.25 per unit. For the quarter, the Company realized an average of Rs. 4.20 per unit of power

Chemical/Ethanol operations (Sales)

| Particulars | FY2009 | FY2008 | % Shift | Q4 FY2009 | Q4 FY2008 | % Shift |
|-------------------------------|--------|--------|---------|-----------|-----------|---------|
| Chemicals (Tons) | 4,035 | 19,918 | (79.74) | 567 | 3,581 | (84.16) |
| Rectified Spirit/Ethanol (KL) | 7,024 | 19,067 | (63.16) | 2,486 | 2,120 | 17.26 |

- Volume of chemicals stood at 4,035 tons and 567 tons during the year and quarter under review respectively
- Volumes of rectified spirits/ethanol were lower at 7,024 KL for the year under review. However for the quarter, volumes were higher by 17.26% at 2,486 KL

- ENDS -