Dhampur Sugar Mills Limited

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

HIGHLIGHTS:

- **Dhampur FY08 Gross Revenues up 14.31 % at Rs. 7,486.1 million**
- **Allied businesses contribute 62.24 % to PBIT in FY2008 at Rs. 600.62 million**
- **Sugar business turnaround to report profits compared to losses last year**
- **Co-generation and Chemical/Ethanol businesses provided a cushion to the cyclicality of the Sugar business demonstrating benefits of having an integrated model**

New Delhi, November 28, 2008: 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 2008.

FY2008 PERFORMANCE OVERVIEW (COMPARED WITH FY2007)

- Net revenues at Rs. 6,945.8 million from Rs. 6,062.7 million
- PBIDT at Rs.1,245.3 million from a loss of Rs. (8.2) million
- PAT at Rs. 36.1 million compared to a loss of Rs. (606.6) million
- Cash Profit at Rs. 569.8 million versus a loss of Rs. (274.2) million

Q4 FY2008 PERFORMANCE OVERVIEW (COMPARED WITH Q4 FY2007)

- Net revenues at Rs. 2,478.4 million from Rs. 1,446.2 million
- PBIDT at Rs. 316.5 million from a loss of Rs. (2.5) million
- PAT at Rs. 75.9 million compared to a loss of Rs. (259.4) million
- Cash Profit at Rs. 201.7 million against a loss of Rs. (143.9) million

PERFORMANCE REVIEW - FY2008 (ALL COMPARISON WITH FY2007)

1. Net revenues increased by 14.6 % to Rs. 6,945.8 million

- Sugar business witnessed an increase of 13.3 % in revenues at Rs. 5,939.9 million
- Co-generation segment contributed 15.4 % to total revenues at Rs. 1,287.4 million compared to NIL last year following the commencement of new projects
- Chemical/Ethanol business expanded its contribution to 1,139.1 million compared to Rs. 982.6 million in the corresponding period last year due to enhanced capacity

2. PBDIT for the year up at Rs. 1,245.3 million

- Sugar business witnessed higher volumes and improved realizations
- Co-generation business contributed 42.68 % to PBIT at Rs. 411.9 million
- Chemical/Ethanol segment contributed a 19.56 % to PBIT at Rs.188.74 million

3. Dhampur is eligible for Rs. 898.9 million as Capital Subsidy and Rs. 211.9 million as reimbursement of taxes and other charges under U.P. Sugar Incentive Policy, 2004. These incentives have not yet been reflected in the Company's accounts

4. Forex loss of Rs. (180.4) million, moderated the strong operating performance

PERFORMANCE REVIEW - Q4 FY2008 (ALL COMPARISON WITH Q4 FY2007)

1. Net revenues increased by 71.4 % at Rs. 2,478.4 million

- Sugar business revenues were up by 81.7 % due to higher sales volume and improved realizations
- Co-generation revenues at Rs. 169.7 million compared to NIL
- Ethanol/Chemical net revenues decreased by 18.3 % to Rs. 205.6 million

2. PBDIT for the quarter at Rs. 316.52 million

- Largely due to turnaround in the Sugar space, as well as contribution from the Co-generation business

OUTLOOK FOR 2008-09

1. Sugar prices to remain firm led by:
    a. Lower Cane production by 15% to 20% in UP
    b. Sugar production in India expected to be below 200 million tons
    c. Stable to higher consumption
2. 43 % of Sugar Season (2007-2008) production as inventory – well positioned to take advantage of higher sugar prices
3. Power export capacity enhanced from 60 MW to 80 MW in March 2008 at Dhampur facility
4. Chemical / Ethanol business shall be under stress, due to cheaper Imports of Alcohol & Chemicals, but rectified spirit and ENA to remain profitable and demand expected to be strong.
5. Interest reduction envisaged in 2008-09 due to:
    a. Swapping high cost Loans with SDF (Rate of Interest - 4%)
    b. SDF Loans of Rs. 953.2 million already sanctioned by Govt. of India - to be utilized for repayment of short-term loan of Rs. 417.8 million. The balance to be adjusted for prepayment of long-term loans and working capital
    c. Reduction in Working Capital interest due to lower Sugar Stocks
    d. Reduction in rate of interest

Commenting on the performance for Q4 & FY2008, Mr. Gaurav Goel and Mr. Gautam Goel, Managing Directors, Dhampur Sugar Mills Limited, said:

"We are satisfied with our operating performance enabled by the inherent strengths of our integrated business model in a tough macro environment. Our long established strategy to focus equally on revenue generation from Sugar manufacturing and its by-products has enabled us to increase our profits. This was also supported by the Sugar operations, which recovered its losses due to higher volumes and improved realizations.

The challenges in this business continue in the form of uncertain and unclear cane pricing scenario, which is consequently causing stress on the cane availability in the coming season. On the other hand, we expect sugar prices and by-products prices to remain firm in view of lower production in the sugar season 2008-2009

In anticipation of better realizations from Sugar and a fair and just Supreme Court judgment regarding cane pricing, our outlook for the near future is positive given the strength and diversity of our business model."

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, 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, 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 Q4 FY2007 figures)

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

Revenues

Particulars	FY2008	FY2007	% Shift	Q4 FY2008	Q4 FY2007	% Shift
Net Income	6,945.81	6,062.72	14.57	2,478.44	1,446.21	71.38
PBIT	711.51	(340.60)	--	190.75	(113.06)	--

- Revenues in the Sugar segment were higher owing to an increase in Sugar sales volumes in Q4FY2008 and improved realizations in both, Q4 & FY2008. In quantitative terms, the sugar sale was higher by 59.92 % in this quarter
- Average free sale sugar realization for the quarter under review improved to Rs. 16.86 per Kg compared to Rs. 14.04 per Kg in the corresponding quarter last year. In FY2008, sugar realizations were higher at Rs. 15.47 per kg compared to Rs. 14.90 per kg in the corresponding period last year
- Revenues from Co-generation and Chemical/Ethanol, together, contributed to 29 % and 15 % for the year and quarter under review respectively

Sugar Segment	FY2008	FY2007	% Shift	Q4 FY2008	Q4 FY2007	% Shift
Net Revenue	5,939.99	5,242.90	13.30	2,114.41	1,130.19	87.08
Contribution to revenues (%)	71.00	84.22	(13.22)	84.92	81.72	3.20

- Revenues during Q4 & FY2007 were higher owing to the sale of inventories at higher realizations. It was higher at Rs. 16.86 per kg in Q4 FY2008 as compared to Rs. 14.04 per kg in the corresponding quarter last year
- Refined sugar, sold under the brand 'Dhampure', which has a premium, contributed to 42.54 % of the total Sugar sales

Co-generation Segment	FY2008	FY2007	% Shift	Q4 FY2008	Q4 FY2007	% Shift
Net Revenue	1,287.38	-	N.A.	169.72	-	N.A.
Contribution to revenues (%)	15.39	-	N.A.	6.82	-	N.A.

- Revenue growth was driven by commencement of surplus saleable power generation capacity in the end of Q1FY08
- Average realization for the quarter and year under review stood at Rs. 2.98 per unit & Rs. 2.93 per unit respectively
- Co-generation business commenced power sales during the year under review. Dhampur continues to focus on this division to offset the cyclicality of the sugar business and expects to post noticeable growth and deliver positive performance with an aggregate capacity of 145 MW with a 80 MW exportable surplus in FY2008 compared to NIL capacity in FY2007.

Chemical/ Ethanol	FY2008	FY2007	% Shift	Q4 FY2008	Q4 FY2007	% Shift
Net Revenue	1,139.08	982.56	15.93	205.64	252.82	-18.66
Contribution to revenues (%)	13.61	15.78	-13.75	8.26	18.28	-54.81

- There was a steady increase in revenues in FY2008 in the Ethanol/Chemical segment driven by healthy sales volume. This segment witnessed marginally higher revenues at Rs. 1,139 million in the year under review. However, net revenues in Q4 FY2008 decreased by 18.7 % to Rs. 205.6 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	FY2008	FY2007	% Shift	Q4 FY2008	Q4 FY2007	% Shift
PBIT	364.46	(655.60)	--	294.43	(236.15)	--
Contribution to PBIT (%)	37.76	--	--	95.82	--	--

- Earnings from this segment improved owing to higher sales in Q4FY2008 and better realizations in both Q4 & FY2008. Profits from the sugar division were at Rs. 364 million in FY2008 and at Rs. 294.4 million in Q4 FY2008 compared to a loss of Rs. (655.60) million in FY2007 and Rs. (236.15) million in Q4 FY2007
- The Company registered higher realizations of Rs. 16.86 per Kg. during the quarter, as compared to Rs. 14.04 per Kg. in the corresponding quarter last year.
- The Company's operating efficiencies resulted in higher recovery of 9.98 % in FY2008 compared to 9.62 % in FY2007

Co-generation Segment	FY2008	FY2007	% Shift	Q4 FY2008	Q4 FY2007	% Shift
PBIT	411.88	--	N.A.	45.63	--	N.A.
Contribution to PBIT (%)	42.68	--	N.A.	14.70	--	N.A.

- The Co-generation segment contributed 14.7 % and 42.7 % in the quarter and year under review compared to NIL in the corresponding period last year on back of expanded capacities to 145 MW with an exportable surplus of 80 MW. During the financial year, the Company sold power at an average realization of Rs. 2.93 per unit
- The focus continues to be on this segment and is a stable profit contributor in a cyclical Sugar business

Chemical/Ethanol Segment	FY2008	FY2007	% Shift	Q4 FY2008	Q4 FY2007	% Shift
PBIT	188.74	329.38	(42.70)	(32.64)	137.48	--
Contribution to PBIT (%)	19.56	--	--	--	--	--

- The Chemical/Ethanol segment of the Company delivered a subdued performance on account of higher raw material (molasses) price. For FY2008, PBIT was Rs. 188.7 million, a decline of 42.7 % over last year
- 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	FY2008	FY2007	% Shift	Q4 FY2008	Q4 FY2007	% Shift
PAT	36.05	(606.59)	--	75.93	(259.44)	--
Cash Profits (Post tax)	569.80	(274.22)	--	201.71	(143.90)	--

- Interest cost for the year were higher by 73.7 % at Rs. 773.1 million due to:
  a) Higher term loans for financing expansion projects of Co-generation, Sugar and Chemicals
  b) Increased borrowing of working capital on account of higher sugar stock
- Forex loss of Rs. (180.4) million, moderated the strong operating performance.
- The above two reasons led to subdued earnings in the year to Rs. 36.05 million
- The term debt as on September 30, 2008 stood at Rs. 6039.3 million ,which was Rs. 4669.2 as on September 30, 2007

Operational overview

Particulars	FY2008	FY2007	% Shift	Q4 FY2008	Q4 FY2007	% Shift
Sugar production (lac tonne)	3.61	3.89	(7.26)	-	-	
Sugar sales (lac tonne)	3.14	3.21	(2.23)	1.19	0.74	59.92
Free Sugar Realization (Rs./Kg)	15.47	14.90	3.83	16.86	14.04	20.08
Recovery (%)	9.98	9.62	3.74	-	-	-

- Sugar operations posted better performance and sustained healthy growth from sale of its inventories at higher realizations in the quarter under review
- The recovery for the Sugar Season 2007-08 was higher at 9.98 % compared to 9.62 % in the corresponding period last year

Co-generation operations (Lakh units)

Particulars	FY2008	FY2007	% Shift	Q4 FY2008	Q4 FY2007	% Shift
Power production	2,762.37	-	100.0	324.14	-	100.0
Power export to UPPCL	1,764.33	-	100.0	110.21	-	100.0
Realization (Rs. per unit)	2.93	-		2.98	-	

- The Company commenced sale of surplus power generation capacity in the Q1FY08
- Expanded capacities to 145 MW with an exportable surplus of 80 MW contributed to the earnings performance of the Company

Chemical/Ethanol operations

Particulars	FY2008	FY2007	% Shift	Q4 FY2008	Q4 FY2007	% Shift
Chemicals (Tons)	1,8365	1,4331	28.15	3,778	3,030	24.71
Rectified Spirit/Ethanol (KL)	19,271	19,466	(1.00)	5,791	9,139	(36.63)

- Volume of chemicals enhanced by 28% and 25% for the year and quarter under review compared to the corresponding period last year.
- Volumes of Rectified Spirits/Ethanol decreased by 1 % and 37 % for the year and quarter under review compared to the corresponding period last year.

– ***ENDS*** –

DHAMPUR SUGAR MILLS LIMITED

AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 30.09.2008

Rs. in Lacs

SL. No.		PARTICULARS	QUARTER ENDED SEP.,08 (AUDITED)	QUARTER ENDED SEP.,07 (AUDITED)	YEAR ENDED SEP.,08 (AUDITED)	YEAR ENDED SEP.,07 (AUDITED)
1.	(a)	**SALES / INCOME FROM OPERATIONS**	24,792.71	14,832.25	72,190.52	64,354.87
	(b)	LESS : EXCISE DUTY & OTHER TAXES	1,569.63	1,191.48	5,402.83	4,864.73
	(c)	**NET SALES / INCOME FROM OPERATIONS {1(a)-1(b)}**	23,223.08	13,640.77	66,787.69	59,490.14
	(d)	OTHER OPERATING INCOME	1,561.28	821.29	2,670.38	1,137.05
		TOTAL REVENUE {1(c)+1(d)}	24,784.36	14,462.06	69,458.07	60,627.19
2.		**TOTAL EXPENDITURE**				
	(a)	(INCREASE) /DECREASE IN STOCKS	15,080.14	9,824.37	(9,026.54)	(10,196.81)
	(b)	CONSUMPTION OF RAW MATERIALS	1,773.90	580.97	47,739.57	56,378.72
	(c)	PURCHASES OF GOODS	519.56	701.88	2,107.52	1,492.00
	(d)	EMPLOYEES COST	989.69	789.73	4,344.41	4,043.23
	(e)	DEPRECIATION	1,257.74	1,155.43	5,337.49	3,323.67
	(f)	OTHER EXPENDITURE	2,007.23	2,742.67	10,244.49	9,859.48
	(g)	TOTAL {2(a) to 2(g)}	21,628.26	15,795.05	60,746.94	64,900.29
3.		**NET PROFIT (+) / LOSS (-) BEFORE OTHER INCOME,INTEREST, EXTRA ORDINARY ITEMS AND TAXES (1-2)**	**3,156.10**	(1,332.99)	**8,711.13**	(4,273.10)
4.		OTHER INCOME	21.22	32.69	208.37	50.81
5.		**NET PROFIT (+) / LOSS (-) BEFORE INTEREST, EXTRA ORDINARY ITEMS AND TAXES (3+4)**	**3,177.32**	(1,300.30)	**8,919.50**	(4,222.29)
6.		INTEREST	2,182.52	1,549.29	7,731.02	4,451.75
7.		**NET PROFIT(+) / LOSS (-) AFTER INTEREST BUT BEFORE EXTRA ORDINARY ITEMS AND TAXES (5-6)**	**994.80**	(2,849.59)	**1,188.48**	(8,674.04)
8.		EXTRA ORDINARY INCOME (+)/ EXPENSES (-) (NET)				
		FOREIGN EXCHANGE FLUCTUATIONS (NET)	(1,269.82)	-	(1,804.28)	646.56
		OTHERS	-	169.73	-	169.73
9.		PROFIT(+) / LOSS (-) BEFORE TAX (7-8)	(275.02)	(2,679.86)	(615.80)	(7,857.75)
10.		PROVISION FOR TAXATION				
		CURRENT & FRINGE BENEFIT TAX NET OF MAT CREDIT	94.40	13.10	152.44	49.60
		DEFERRED TAX	(1,128.73)	(98.57)	(1,128.73)	(1,841.45)
11.		**NET PROFIT (+) / LOSS (-) (9-10)**	**759.31**	(2,594.39)	**360.49**	(6,065.90)
12.		PAID UP EQUITY SHARE CAPITAL (FACE VALUE PER SHARE RS.10/-EACH)	5,270.60	4,762.91	5,270.60	4,762.91
13.		RESERVES EXCLUDING REVALUATION RESERVES (AFTER ADJUSTING DEFFERED TAX ASSET)	38,485.41	35,189.06	38,485.41	35,189.06
14.		EARNING PER SHARE BEFORE EXTRA ORDINARY ITEMS:				
		BASIC	3.83	(5.08)	4.17	(11.20)
		DILUTED	3.75	(5.06)	4.15	(11.17)
15.		EARNING PER SHARE AFTER EXTRA ORDINARY ITEMS:				
		BASIC	1.42	(5.43)	0.64	(12.94)
		DILUTED	1.39	(5.42)	0.63	(12.90)
16		PUBLIC SHAREHOLDING				
		NO. OF SHARES	30,259,661	30,121,794	30,259,661	30,121,794
		PERCENTAGE OF SHAREHOLDING	57.41%	63.33%	57.41%	63.33%

NOTES:

1 The results were reviewed by the Audit Committee and approved by the Board in their meeting held on 28.11.2008.

2 The results for the accounting year considered the cane price at Rs.110/- per quintal for the season 2007-08, which was paid based on the interim order of the Hon'ble Supreme Court, pending final decision in the matter.

3 The Accounts have been prepared without accounting for any incentive entitlements under U.P. Sugar Incentive Promotion Policy, 2004 as the scheme has been subsequently cancelled by the State Government. The company has filed writ petition before Hon'ble Allahabad High Court (Lucknow Bench) for enforcement of Scheme and settlement of incentive claims. As per the erstwhile Incentive policy , the company is eligible for Capital Subsidy of Rs. 89.89 crore (Rs. 50.80 crores already vetted by authorities and balance yet to be vetted) i.e. 10% of the investment made and for reimbursement of taxes and other charges amounting to Rs. 21.19 crore upto 30th September, 2008 (including Rs. 8.34 crore for the year).

4 Sugar being a seasonal industry, the performance of any quarter may not be representative of the annual performance of the Company.

5 During the quarter ended 30th September, 2008, 51 compalints were received which were promptly attended by the company except 1 complaint, which remains to be dealt with.

6 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	FOURTH QUARTER ENDED SEP.,08 (AUDITED)	FOURTH QUARTER ENDED SEP.,07 (AUDITED)	YEAR ENDED SEP.,08 (AUDITED)	YEAR ENDED SEP.,07 (AUDITED)
1	SEGMENT REVENUE (NET OF EXCISE & OTHER TAXES)				
	a) SUGAR - MANUFACTURING ACTIVITY	20,671.94	10,651.53	57,226.69	50,804.09
	- TRADING / EXPORT ACTIVITY	425.83	597.92	1,482.88	706.68
	b) CO-GENERATION	1,697.21	-	12,873.83	-
	c) CHEMICALS / ETHANOL	2,056.39	2,528.16	11,390.84	9,825.60
	d) OTHERS	46.37	52.46	690.40	918.28
	TOTAL	24,897.74	13,830.07	83,664.64	62,254.65
	LESS : INTER SEGMENT REVENUE (NET OF EXCISE)	1,674.66	189.30	16,876.95	2,764.51
	NET SALES / INCOME FROM OPERATION	23,223.08	13,640.77	66,787.69	59,490.14
2	SEGMENT RESULTS (NET PROFIT(+) / LOSS (-) BEFORE TAX & INTEREST FROM EACH SEGMENT)				
	a) SUGAR - MANUFACTURING ACTIVITY	2,967.10	(2,405.97)	3,486.13	(6,668.19)
	- TRADING / EXPORT ACTIVITY	(22.43)	25.27	3.65	38.10
	b) CO-GENERATION	456.28	-	4,118.76	-
	c) CHEMICALS / ETHANOL	(326.38)	1,374.83	1,887.42	3,293.82
	d) OTHERS	29.67	19.16	154.84	74.13
	TOTAL	3,104.24	(986.71)	9,650.80	(3,262.14)
	LESS :INTEREST	2,182.52	1,549.29	7,731.02	4,451.75
	ADD : OTHER UNALLOCABLE EXPENSES AND EXTRA ORDINARY ITEMS NET OF UNALLOCABLE INCOME	(1,196.74)	(143.86)	(2,535.58)	(143.86)
	NET LOSS (-) BEFORE TAX	(275.02)	(2,679.86)	(615.80)	(7,857.75)
3	CAPITAL EMPLOYED (SEGMENT ASSETS - SEGMENT LIABILITIES)				
	a) SUGAR	75,372.95	57,986.00	75,372.95	57,986.00
	b) CO-GENERATION	45,494.76	35,012.00	45,494.76	35,012.00
	c) CHEMICALS / ETHANOL	9,720.53	8,915.00	9,720.53	8,915.00
	d) OTHERS	70.58	53.00	70.58	53.00
	TOTAL	130,658.82	101,966.00	130,658.82	101,966.00

FOR DHAMPUR SUGAR MILLS LTD.

PLACE : NEW DELHI
DATE : 28 .11.2008

V.K.GOEL
CHAIRMAN