

DHAMPUR SUGAR MILLS LIMITED

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Press Release

New Delhi, January 17, 2011

Highlights – Q5 FY2011

- Net Sales up 45.2% at ₹ 4,867.3 million compared to ₹ 3351.1 million
- PBDIT at ₹ 410.5 million
 - Healthy contribution from Power & Chemical/Ethanol business - providing a cushion to the cyclicity of sugar business – testimony of having an integrated model
- Repaid ₹ 687.6 million long term debt as on December 31, 2010 stands at ₹ 4538.9 million

New Delhi, January 17, 2011: 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 fifth quarter and fifteen months ended December 31, 2010.

15M FY2011* performance overview

- Net revenues at ₹ 19,882.6 million
- PBDIT at ₹ 1,425.0 million
- Loss of ₹ (395.5) million
- Cash Profit at ₹ 423.7 million

*15M FY2011 = October 1, 2009 – December 31, 2010

Q5 FY2011 performance overview

- Net revenues at ₹ 4,867.3 million
- PBDIT at ₹ 410.5 million
- PAT at ₹ 77.6 million
- Cash Profit at ₹ 246.8 million

Change in accounting year to March 31 ending has resulted in the current financial year extending to March 31, 2011 for 18 months. Consequently, the financial year results shall be from October 1, 2009 – March 31, 2011. Accordingly, the current results are for a 15 month period – October 01, 2009 to December 31, 2010

Performance Review Q5 FY2011 - (October 1, 2010 - December 31, 2010)
(All comparison with Q1 FY2011 - (October 1, 2009 - December 31, 2009))

1. Net Sales increased by 45.2% at ₹ 4,867.3 million compared to ₹ 3351.1 million

- Power revenues stands at ₹ 899.1 million compared to ₹ 1,097.9 million; contributed to 15.1% to total revenues
- Sugar business revenues higher ₹ 4,813.3 million compared to ₹ 3,211.9 million primarily as a result of higher volumes compared to corresponding last quarter
- Chemical/Ethanol revenues stands at ₹ 219.4 million compared to ₹ 264.0 million

2. PBDIT at ₹ 410.5 million

- Healthy contribution from Power segment due to stable volume and realizations
- Improvement in margin in sugar segment in season 2010-11
- Chemical/Ethanol segment earnings higher on the back of improved sales realizations

3. PAT at ₹ 77.6 million

Performance Review – 15M FY2011 (October 1, 2009 – December 31, 2010)

1. Net Sales at ₹ 19,882.6 million

- Power revenues at ₹ 4,924.9 million; contributed 19.0% to total revenues
- Sugar business revenues at ₹ 19,656.4 million contributing to 75.7% to total revenues
- Chemical/Ethanol business contributed to 5.3% to total revenues at ₹ 1,374.3 million

2. PBDIT at ₹ 1,425.0 million

- Power contributes positively to overall PBIT at ₹ 1,158.0 million as a result of increased sales volume and stable realizations
- Sugar division contributed negatively to PBIT at ₹ (185.9) million
- Chemical/Ethanol segment PBIT at ₹ (144.8) million

3. Loss at ₹ (395.5) million

Outlook

Sector

- Initial estimates suggest that the sugar production in India in sugar season 2010-11 is estimated to be between 24 to 25 million tonnes.
- Higher consumption of about 23 million tonnes.
 - No excessive build up in stocks, resulting in stable prices.
- Export of ALS (Advance License Scheme) obligation totaling to about 1.2 million tonnes
- SAP at ₹ 205 – Mills not expected to pay higher than SAP given better cane availability and prevailing sugar realizations
- Co-gen and Ethanol policy will help in reduced volatility and improved earnings
- Ethanol at around ₹ 27 per liter to further boost earnings

Dhampur

Dhampur is well poised to deliver healthy performance going forward due to:

Co-generation business

- The Company's exportable co-gen capacity is at 85 MW available for full year
 - Realizations expected to continue close to ₹ 4.0 per unit in sugar season
 - This is expected to partially offset the cyclicity in the sugar business
- 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, Asmoli and Mansurpur plants

Sugar business

- Cane crushing volumes at 10.42 lac tones in Q5 FY2011
 - Crushing anticipated to be higher by around 15 to 20%
 - Recoveries expected to be higher in season 2010-11
- Average cane procurement cost currently stands at ₹ 216 per quintal
- Inventories as on December 31, 2010 stands at 0.88 lac tonnes
 - Average cost of inventories as on December 31, 2010 is ₹ 25.42 per kg combined for free sale & levy sugar

Chemical/Ethanol business

- Chemical/Ethanol business expected to contribute positively largely led by improvement in realizations from Ethanol at around ₹ 27/liter (Interim Price)

Financial initiatives and Interest cost

- The Company repaid ₹ 687.6 million long term debt during the quarter
- Despite repayment, the total interest cost was higher due to rise in utilization of working capital
 - The working capital requirement is expected to be lower in the subsequent quarters given that excess inventory is out of the system
- Current SDF loan (Rate of Interest 4%) stands at ₹ 1,631.3 million

Commenting on the performance for Q5 & 15M FY2011, Mr. Gaurav Goel and Mr. Gautam Goel, Managing Directors, Dhampur Sugar Mills Limited, said:

“The sugar season 2010-11 has begun on a stable note given more economic sugar realizations and the performance of our ancillary businesses which continued to drive earnings this quarter. Further, we sold all our high cost sugar inventories at subdued margins, which have moderated profitability. With most high cost inventory out of the system, the performance going forward will reflect current realizations mapped to current production costs.

We anticipate cane availability to be on course and cane sugar production to be higher by approx. 15% to 20% this season. We are witnessing a positive movement in the sugar realizations and expect domestic prices to mirror international trends enabling reasonable margins. Besides, healthy realizations of Power and Ethanol will hold us in good stead to deliver sustained performance. Key issue for the industry going forward is uncertainty on actual production given the lower yields.

We understand that the sugar sector will continue to have its own set of dynamics; however, the Company remains one of the most efficient and largest integrated sugar mills in the country. 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 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. 1,700 MT of refinery capacity, Co-generation and distillery operations of 150 MW (85 MW Saleable) and 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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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

Q5 FY2011 comparisons with Q1 FY2011 (October 1, 2009 – December 31, 2009) figures

(All rupee figures in ₹ million unless stated otherwise)

Revenues

Particulars	Q5 FY2011	Q1 FY2011	% Shift	15M FY2011
Net Income	4,867.3	3,351.1	45.2	19,882.6
PBIT	241.3	939.2	(73.8)	605.9

- Growth in Q5 FY2011 resultant to:
 - Healthy contribution from Power segment due to stable volume and realizations
 - Sugar revenues were higher consequent to higher sales volume compared to corresponding last quarter
 - Healthy Revenues from Chemical/Ethanol on account of improved ethanol realizations

Power	Q5 FY2011	Q1 FY2011	% Shift	15M FY2011
Net Revenues	899.1	1,097.9	(18.1)	4,924.9
Contribution to revenues (%)	15.1	24.0	(37.1)	19.0

- Dhampur continues to focus on this division to offset the cyclicity of the sugar business and expect this division to provide an earnings cushion during a down-cycle

Sugar	Q5 FY2011	Q1 FY2011	% Shift	15M FY2011
Net Revenues	4,813.3	3,211.9	49.9	19,656.4
Contribution to revenues (%)	81.1	70.2	15.5	75.7

- Revenues in Q5 FY2011 were higher resultant to higher sales volumes as compared to last year
- Refined sugar, sold under the brand '*Dhampure*', which has a premium, contributed to 45% & 49% of the total Sugar sales in Q5 & 15M FY2011

Chemical / Ethanol	Q5 FY2011	Q1 FY2011	% Shift	15M FY2011
Net Revenues	219.4	264.0	(16.9)	1,374.3
Contribution to revenues (%)	3.7	5.8	(36.2)	5.3

- Stable volumes and improved sales realizations are expected on supply of ethanol at enhanced rate of around ₹ 27 per litre, fixed as interim price by OMC's

PBIT

Co-generation	Q5 FY2011	Q1 FY2011	% Shift	15M FY2011
PBIT	243.1	258.1	(5.8)	1,158.0

- Dhampur expects to enhance power sales in the coming quarters on the back of successful commencement of additional 7 MW of power from their Mansurpur facility
- The segment continues to be a healthy profit contributor in a cyclical sugar business

Sugar	Q5 FY2011	Q1 FY2011	% Shift	15M FY2011
PBIT	27.1	760.4	(96.4)	(185.9)

- Positive PBIT contribution from the Sugar division during the quarter due to lower cost of inventories as a result of lower cane procurement cost compared to last year and improved recovery rate

Chemical / Ethanol	Q5 FY2011	Q1 FY2011	% Shift	15M FY2011
PBIT	19.4	(35.3)	--	(144.8)

- The Chemical/Ethanol segment registered an improved earnings performance as a result of supply of ethanol and reduction in raw material cost vis-à-vis last year and improved Ethanol realizations
- 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 remunerative price

Earnings Overview

Particulars	Q5 FY2011	Q1 FY2011	% Shift	15M FY2011
PAT	77.6	565.8	(86.3)	(395.5)
Cash Profits (Post tax)	246.8	745.9	(66.9)	423.7

- Profits on account of improved performance from ancillary businesses
- The term debt as on December 31, 2010 was at ₹ 4,538.9 million which was ₹ 5,226.5 million as on September 30, 2010 and ₹ 5,922.2 million as on December 31, 2009

Operational overview

Co-generation operations (Crore Units)

Particulars	Q5 FY2011	Q1 FY2011	% Shift	15M FY2011
Power generation	12.51	14.08	(11.2)	67.36
Power export to UPPCL	8.39	9.71	(13.6)	46.86
Realizations (` per unit)	3.91	4.60	(15.0)	4.46

- The company in Q5 FY2011 exported 12.51 crore units at an average rate of ₹ 3.91 per unit

Sugar operations

* Lac tonnes

Particulars	Q5 FY2011	Q1 FY2011	% Shift
Cane crushing	10.4	10.6	(1.9)
Total Sugar Production	1.08	1.39	(32.4)
- Cane Sugar	0.94	0.94	
- Raw Sugar	0.14	0.50	
Sugar Sales	1.54	0.80	92.5
Free Sugar Realization (₹/Kg)	28.29	31.97	(11.6)
Recoveries (%)	9.06	8.81	(2.8)

- Sugar inventories stood at 0.88 lac tonnes on December 31, 2010
- The sugar industry in U.P. is currently paying ₹ 205 per quintal for sugarcane procurement
- Average cost of inventories as on December 31, 2010 is ₹ 25.42 per kg combined for free sale & levy sugar

Chemical/Ethanol operations

Particulars	Q5 FY2011	Q1 FY2011	% Shift	15M FY2011
Chemicals Sales (Tonnes)	2,422.7	2120.2	14.3	15,716.5
Rectified Spirit / Ethanol (KL) Sales	4332.8	6553.0	(33.9)	29735.9

- For the quarter under review
 - Sales volume of chemicals stood at ₹ 2,422.7
 - Average realizations stood at ₹ 41.22 & ₹ 38.50 per ton for Q5 & 15M FY2011 respectively
 - Rectified Spirits/Ethanol volumes were at ₹ 4332.8
 - Average realizations for this segment stood at ₹ 26.62 & ₹ 24.97 per KL for Q5 & 15M FY2011

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