



REPORT



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POWERED BY INTEGRATION

2008-09 ANNUAL REPORT



Dhampur Sugar Mills Limited

241, Okhla Industrial Estate Phase – III, New Delhi – 110 020, India

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Forward-looking statement

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expect', 'project', 'intend', 'plan', 'believe' and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Corporate information

Board of Directors

Mr. V.K. Goel, *Chairman*
Mr. A.K. Goel, *Vice Chairman*
Mr. Gaurav Goel, *Managing Director*
Mr. Gautam Goel, *Managing Director*
Mr. A.K. Gupta
Mr. M.P. Mehrotra
Mr. Harish Saluja
Mr. Rahul Bedi
Mr. J.P. Sharma
Mr. Priya Brat
Mr. B.B.Tandon
Ms. Romi Chakravorty,
Nominee – IDBI Bank Limited
Mr. S.P.Arora,
Nominee – IFCI Limited
Mr. Amit Dhawan,
Nominee – ICICI Bank Limited

Bankers

Punjab National Bank
Bank of Baroda
State Bank of India
Axis Bank
J&K Bank
State Bank of Travencore
ICICI Bank Limited
IDBI Bank Limited
IFCI Limited

Registrar and Share Transfer Agent

M/s Alankit Assignments Limited
'Alankit House'
2E/21 Jhandewalan Extension
New Delhi – 110055

Registered office

Dhampur Sugar Mills Limited
Dhampur (N.R.)
District Bijnore – 246761 (UP)

Corporate office

241, Okhla Industrial Estate
Phase-III, New Delhi – 110020

Works

Dhampur, District Bijnore (UP)
Mansurpur, District Muzaffarnagar (UP)
Asmoli, District Moradabad (UP)
Rajpura, District Budaun (UP)

Executive President (Finance) and Secretary

Mr. Arhant Jain

Auditors

S. Vaish & Company
Chartered Accountants, Kanpur

Mittal Gupta & Company
Chartered Accountants, Kanpur

Internal Auditors

T.R.Chadha & Company
Chartered Accountants, New Delhi

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Powered by integration

1 Company

3 Revenue streams
Businesses

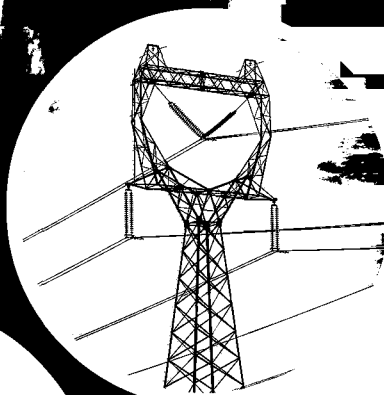


Dhampur Sugar Mills Limited

POWER OF THREE

SUGAR POWER CHEMICALS

(including ethanol)



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Our financial numbers, 2008-09

- Income from operations increased 31.99% to Rs. 990.82 cr
- Operating profit surged 44% to Rs. 204.68 cr
- Operating profit margin strengthened 597 basis points to 24%
- Cash profit grew 107% to Rs. 117.76 cr
- Post-tax profit enhanced 1,461% to Rs. 56.19 cr
- Book value per share enlarged 12% to Rs 93
- Declared a dividend of 15% (Rs. 1.50 per equity share of face value of Rs. 10)

2.3 KW per ton

Downstream surplus power capacity with respect to cane crushed, one of India's largest

6.8 litres per ton

Downstream chemical processing capacity with respect to cane crushed, one of India's largest

15,000 TCD; 65 MW; 170 KLPD

Installed sugarcane crushing, cogeneration and distillery capacity at the Dhampur unit (Central UP)

9,000 TCD; 40 MW; 100 KLPD

Installed sugarcane, cogeneration and distillery capacity in subsidiary at the Asmoli unit (Central UP)

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8,000 TCD; 28 MW

Installed sugarcane, cogeneration and distillery capacity at the Mansurpur unit (West UP)

7,500 TCD; 12 MW

Installed sugarcane and cogeneration capacity at the Company's Rajpura unit (Central UP)

150,000 farmers

Number of farmer-suppliers to Dhampur's enhanced sugarcane crop management and procurement

Our sugar business



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- Accounted for 83.51% of revenues (70.91% in 2007-08) and 64.51% of EBIDTA (43% in 2007-08)

- Reported 255 lac quintals of cane crushing – a 30% decline over 2007-08 – in the face of a 44% decline in cane crushing across India and Uttar Pradesh

- Witnessed average recovery decline from 9.98% in 2007-08 to 9.26% in 2008-09, still one of the highest in Uttar Pradesh

- Derived 56% of sugar revenue from white sugar and 44% of sugar revenue from value-added refined sugar (capacities 22,500 TCD and 17,000 TCD respectively)

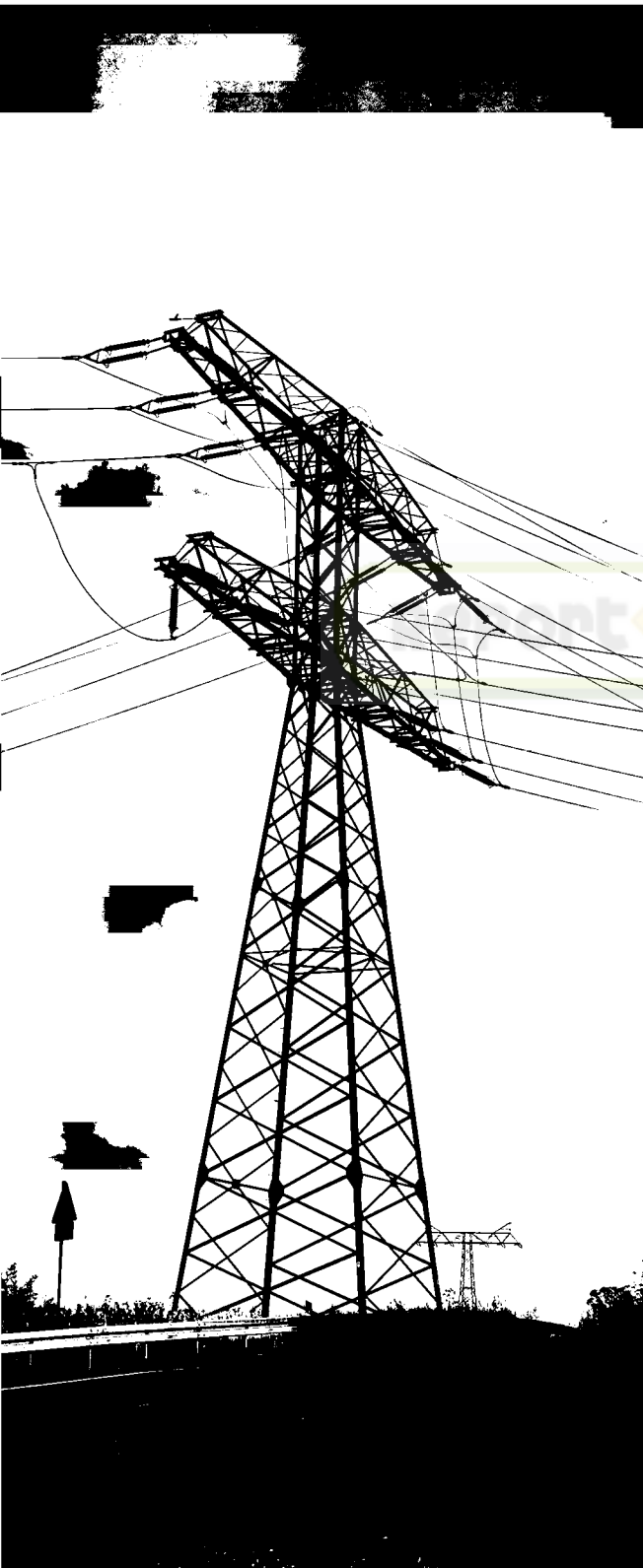
- Manufactured 2.54 lakh tons of sugar including raw sugar; sold 3.73 lakh tons including raw sugar

- Achieved average sugar realisation of Rs. 21,582 per ton (41% higher than the average realisation for 2007-08)

- Held substantial inventory of raw sugar for conversion into refined sugar as on 1st October, 2009



Our power business



- Accounted for 13.31% of revenues (14.45% in 2007-08) and 32.29% of EBIDTA (40.71% in 2007-08)

- Reinforced integration through our 145-MW capacity (80 MW for sale round the year), one of the highest cogeneration capacities in India
- Sold of 1,655.80 lac units of power at an average Rs. 3.25 per unit
- Incorporated 105 kg/sq.cm pressure boilers-first in the Indian sugar industry- to maximise energy generation at a lower fuel consumption
- Consumed bagasse, biomass and coal in our multi-fuel boilers, making it possible to generate thermal power from the most economically available fuel

Our chemicals business



- Accounted for 3.18% of revenues (14.64% in 2007-08) and 3.20% of EBIDTA (16.29% in 2007-08)

- Featured among the few Indian sugar companies to maximise the output of value-added chemicals (ethyl acetate and acetic anhydride consumed in the paint / pharmaceutical industry)

- Leveraged its 270-KLPD distillery capacity, to emerge as one of the largest Indian manufacturers of ethanol and sugarcane derivatives

- Entered into a joint venture (under Dhampur Sugar Distillery Private Limited) for distillery assets of 100 KLPD at our Asmoli plant