Press Release dated 9th August,2010

Dwarikesh Sugar Industries announced its quarterly & nine months ended 30th June, 2010 in its Board meeting held on 9th August, 2010.

Highlights:

Quarterly Results ended 30th June,2010:

- Net sales at INR 144 crores is as compared to net sales of INR 154 crores clocked in the corresponding period, last year
- PAT during the quarter at INR 7 crores is as against PAT of INR 14 crores recorded during the same period, last year

Nine months ended 30th June, 2010:

- Net sales at INR 468 crores is as compared to net sales of INR 367 crores clocked in the corresponding period, last year
- PAT during the quarter at INR 18 crores is as against PAT of INR 26 crores recorded during the same period, last year
- Interest cost rationalized
- Higher price paid for procurement of sugarcane caused a drag on the profitability.

Profit for the quarter is attributable to retrospective increase in the price of levy sugar produced during the crushing season 2009-10 from Rs 1,331 per quintal to Rs 1,808 per quintal.

Board is circumspect about the outcome of the last quarter of the year. Price of free sale sugar will be main trigger which will decide the outcome.

During the meeting the Board has also approved demerger of Dwarikesh Dham(DD) unit to a separate subsidiary Company Viz: Faridpur Sugars Limited .

DD unit was set up in the year 2007 with a capital outlay of approximately INR 300 crores. Plant at DD is equipped with state of art machinery and most automated processes, perhaps the best in the industry. Plant at DD unit is equipped to crush 7,500 tons of sugarcane per day, cogenerate 36 megawatts of power, of which 24 megawatts is exported to the grid.

The rationale for demerger of Dwarikesh Dham (DD) unit:

DD being a new unit is based on latest technology and its revenue model is integrated and diversified at the same time. With the decontrol of sugar business on the anvil, interest of FII and FI in the sugar sector is likely to kindle. DD unit as a formidable standalone entity will offer enormous opportunity of sustained growth.

- DD unit has a capacity to crush 7,500 tons of sugarcane every day. It generates 36 megawatts of power, out of which 24 megawatts of power is sold to the state grid. Capacity to crush sugarcane and generate power is scalable.
- The cane command area of the unit is large and can easily sustain any increase in capacity. The immediate challenge though is to bring about varietal change in the cane grown and supplied.

- A refinery can be set up at DD to process raw sugar. Boilers at DD can be suitably modified so that power can be generated throughout the year by using coal as a medium of fuel during off-season.
- An ethanol making unit of capacity 60 KLPD can also be set up.
- DD unit as explained above offers huge canvas for scalability and growth.
- Once hived off, the resulting Company consisting of DD unit will offer a ready platform for induction of Joint venture partner. Induction of JV partner will result in infusion of funds. Consequently operation of DD can be scaled up in a finically judicious manner.

Mr. G R Morarka, Chairman & Managing Director of the Company stated "In the coming years the Global players would get interested in Sugar Sector as the sector is most likely to be deregulated. Humongous growth opportunities would then emerge in the International market. Cogeneration would offer opportunities of risk mitigation and value additions. Joint venture with Global players would also result in transfer and adoption of advanced technologies & best global practices in the area of plant operation and farming. This would be in addition to infusion of funds for sustained growth".

Demerger will result in focused growth of the new entity. Demerger of DD unit thus will result in increase in shareholders wealth and consequently unlocking of their value.

For further details, pl contact :
Mr Vijay S Banka,
Whole Time Director & CFO,
Dwarikesh Sugar Industries Ltd
022 22042945

