





Perspective is everything. Its framing and re-framing is essential. This visual can be seen as an amalgamation of troughs and crests, resonating

rising and falling business sentiments. Or it can be viewed as a representation of infinite potential, possibilities and power. We prefer the

*latter interpretation. The **Upside of Down** and how we fostered performance from a bleak business outlook.*

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Dalmia Bharat Sugar & Industries Limited (DBSIL) is listed on the BSE and MSE since more than five decades and on the NSE for more than a decade. It has business interests in Integrated Sugar (including Co-generation and Distillery), Windfarms, Magnesite and miscellaneous businesses.

Our Values



Learning

Fire represents our Value of Learning. The fire within is a source of curiosity. It promotes learning. Applied creatively, learning fosters innovation.



Teamwork

Water represents our Value of Team Work, Trust, Mutual Respect, Flow and Collaboration. Being the best solvent, it absorbs and mixes with all elements.



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Speed

Air represents our Value of Speed. Air empowers and evokes passion; and nurtures growth. Air denotes the fastest mode of travel.



Excellence

Earth represents our Value of Excellence. Focused around the Sun, Earth's ability to withstand extreme heat and pressure is essential for taking on big challenges.

Our Values are captured in the Acronym, 'Let's Excel': **LE:** Learning **T:** Teamwork **S:** Speed **Excel:** Excellence



The Upside of Down

The story of everything civilisation has achieved is centred around response to challenge. Consistent and creative responses take the story forward, while granting depth and competitive advantage. Business sentiments are sensitive; in the face of less than satisfactory environments, business tends to be adversely impacted. And when macro-economic and/or regulatory trends appear negative, it becomes even more difficult to perform.

The year in review was fraught with challenges for the sugar industry. Policy and executive decisions by the Government, the overall economic scenario, and industry dynamics contributed to a negative outlook. Your Company addressed this by looking inwards: improvising, re-arranging, innovating and re-positioning its value propositions.



After successfully negotiating one of the most difficult years in the life of our business, we are making progress on declared goals.



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Highest ever Cane
Crushing at 23.61
lakh MT during
FY12

Dalmia Sugar Recovery at
9.17% in SY12. Total industry
sugar recovery in U.P. at
9.10% in SY12

The Dalmia Bharat Sugar & Industries Limited



Since incorporation in the mid 1990s, DBSIL has emerged as a leading, fully-integrated sugar entity.

From a Company with a single manufacturing unit of 2,500 tonne cane crushed per day (TCD) in Ramgarh village, Sitapur, Uttar Pradesh, we have grown into three state-of-the-art units with a capacity of 7,500 TCD each.

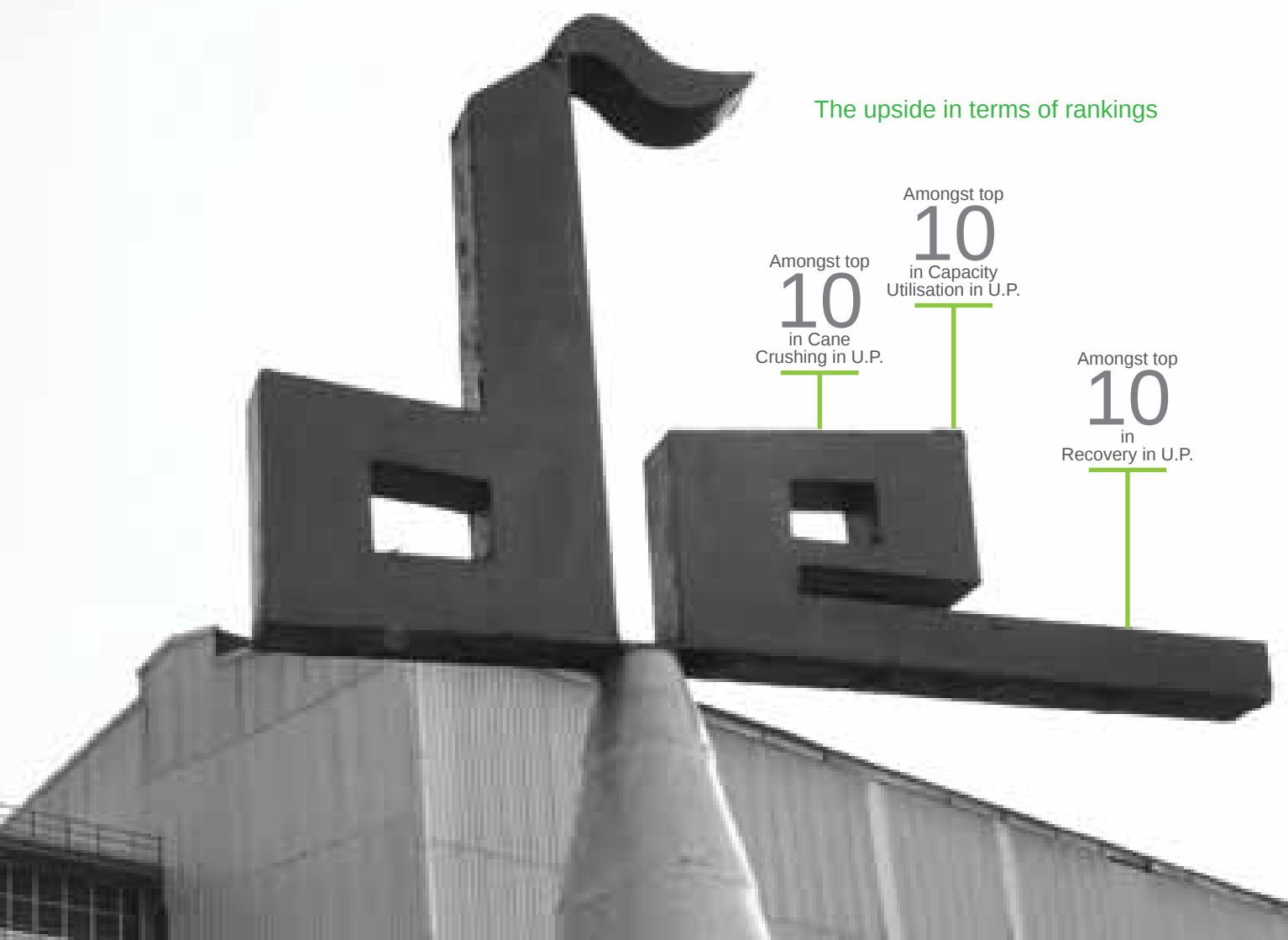
Regular initiatives for cane development ensure steady supply of good quality cane. With high levels of cane crushing and capacity utilisation, we have been able to keep our losses among the lowest in the industry.



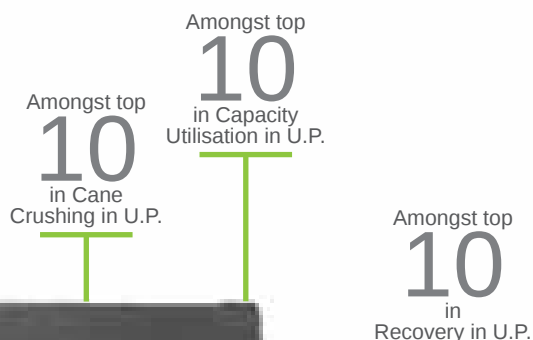
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The upside in terms of rankings



We have robust quality systems and have embarked upon 5S and TPM initiatives to raise the thresholds further. All our units have received certification on EMS and OHSAS, with the Food Safety and Quality certification. This will strengthen our position as preferred suppliers to global institutional buyers.

Our de-risked, forward integrated business model consists of 79 MW of co-gen capacity and a distillery of 80 kilo litres per day (KLPD). In co-gen, our power generation and exports have been the highest ever at 320 million units and 225 million units respectively. Our load factor is amongst the most competitive in the industry, the business shows good recovery in terms of auxiliary consumption. There has been significant year-on-

year (y-o-y) growth in sugar co-gen due to higher availability of bagasse driven by a longer crushing season in Sugar Year (SY)¹¹.

Production and dispatches of the distillery stood at an impressive 10,486 kilo litres (KL) and 6,744 KL respectively during FY¹².

In an endorsement of its energy conservation, our Nigohi unit received the Certificate of Merit (sugar sector) under the National Energy Conservation Award 2011 from the Union Ministry of Power, Government of India.

Jai Hari Dalmia
Vice Chairman

Yadu Hari Dalmia
Vice Chairman



Letter from the Vice Chairmen

Dear Shareholder,

Over a year ago, when we restructured our businesses, we prepared the ground for Dalmia Bharat's exponential growth. The purpose of bifurcating our play into two distinct, separate thrust areas for Cement and Sugar was to create a more focused and integrated entity which would optimise shareholder value.

Despite a turbulent ride, the year in review has been a fairly satisfactory one for your Company. The business demonstrated exceptional focus, innovation and execution excellence to post an overall satisfactory performance in the face of strong global and domestic pressures.

Industry

The year saw significant improvement in the cane production, thereby leading to increase in yearly production of Sugar by 13% on all India basis, of which Uttar Pradesh saw an increase of 18%.

The regulatory environment was unfavourable and skewed towards populist measures which fixed unreasonable and unsustainable cane prices. This was exacerbated by the ceiling on sugar exports. Sugarcane price (SAP) was higher than expected in Uttar Pradesh. The SAP, at ₹240/quintal, was unsustainable and, with no commensurate increase in sugar prices, led to serious contractions in margins.

Sugar

By affecting significant improvement in operational efficiencies, your Company was able to secure results according to expectations. We reported the highest ever cane crush for the season, recorded by us so far. Losses and wastage were well under control and within the budgeted levels. We achieved the lowest ever steam consumption on cane, with zero discharge at our plant, this was one of the best in the industry. This happened especially after we successfully commissioned our initiative of steam saving at Ramgarh.

We benchmarked sugar quality, food safety and plant conditions to international standards. This led to market penetration in the institutional segment, resulting in better and more stable price realisation. We have also been able to establish ourselves as preferred suppliers in the traditional market.

Though recovery was impacted and fell short of target, a prudent approach ensured that profitability remained on track as we leveraged our strengths to optimise the opportunities available.

Sugarcane prices were increased to abnormal levels during the last season. The surplus sugar situation in the country created stress on prices. This caused EBITDA levels to be adversely impacted.