

Sustainability from Cyclicalality



Dalmia Bharat Sugar and Industries Limited | Annual Report 2016-17

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 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', 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 our 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. Readers should bear this in mind.

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



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Turnover
₹1697
crore

EBITDA
₹375
crore

PAT
₹182
crore

Sustainability from Cyclical

India's sugar sector has been traditionally cyclical.

However, during the last five years, the unprecedented cyclical down-trend was marked by the extended sugar industry slowdown on the one hand coupled with intensive decline in operating performance on the other.

Dalmia Bharat Sugar and Industries Limited responded to this challenging sectoral reality with proactive preparedness.

Enhanced capacities. Widened product portfolio. Moderated costs. Diversified geographical presence.

The result is that even as the sector passed through its most challenging trough, Dalmia Bharat Sugar emerged as India's fastest growing sugar company.

And all because we narrowed our focus down to four words.

Extracting sustainability from cyclical.



Dalmia Bharat Sugar
and Industries Limited.

How we emerged
as one of India's
fastest growing sugar
companies in the
last decade

We commissioned new plants even as the industry froze investments

3	5	1	2
Number of sugar plants, 2011-12	Number of sugar plants, 2016-17	Number of state of operations 2011-12	Number of states of operations 2016-17

We grew capacities proactively for the long-term since FY 12

22,500	32,500
Installed crushing capacity, 2011-12 (TCD)	Installed crushing capacity, 2016-17 (TCD)
80	140
Distillery capacity, 2011-12 (KLPD)	Distillery capacity, 2016-17 (KLPD)
79	102
Co-generation capacity, 2011-12 (MW)	Co-generation capacity, 2016-17 (MW)



The payoff

742	1,697
Revenues, 2011-12 (₹ crore)	Revenues, 2016-17 (₹ crore)
118	340
Revenues from downstream products, 2011-12 (₹ crore)	Revenues from downstream products, 2016-17 (₹ crore)

Sugar recovery improvement

9.1%	11.6%
Consolidated recovery 2011-12	Consolidated recovery 2016-17



The results of our long-term
sectoral commitment were
most visible in 2016-17

45%

Increase in turnover
when compared to
the previous year

66%

Increase in EBITDA
when compared to
the previous year



3.2x

Improvement in our
gearing

We strengthened our gearing (Total Debt to EBITDA) from 4.6x in FY 2015-16 to 3.2x in FY 2016-17

3.5x

Improvement in
interest coverage ratio

We strengthened our interest coverage ratio from 1.5x in FY 2015-16 to 3.5x in FY 2016-17

21%

Contribution to revenue
from non-sugar operations

We enjoyed 21% of revenues from non-sugar operations in FY 2016-17

We grew our way through the slowdown because we consistently followed the principles of contrarian investing



Most sugar companies selected to work in the State of their origin
DBSIL extended from Uttar Pradesh to Maharashtra



Most companies would have commissioned greenfield manufacturing assets in the usual industry tenure
DBSIL commissioned two new sugar plants in the shortest commissioning tenures, followed by back-to-back capacity expansions



Most sugar companies froze asset and business investments

DBSIL proceeded to invest more than ₹1,200 crore in its business in the ten years ending 2016-17



Many players in the Uttar Pradesh sugar industry were affected by large cane arrears

DBSIL cleared all farmer payments before they became due



Many players in India's sugar industry nursed large long-term debt

DBSIL repaid a substantial amount of long-term debt and strengthened its gearing in 2016-17

Dalmia Bharat Sugar and Industries Limited.

One of the few instances of an Indian company with multi-state sugar manufacturing operations.

One of the few Indian sugar companies to have reported significant growth trajectory in the last few years.

One of select Uttar Pradesh sugar companies to have achieved a high proportion of early maturing cane coverage across its command areas.

One of few Uttar Pradesh sugar companies with no cane arrears and declining debt on its books.



OPERATIONS

The Company has a total cane crushing capacity of 32,500 TCD and is among the top ten largest sugar manufacturers in the nation. The Company's operations are also diversified with a distillery capacity of 140 KLPD and renewable energy capacity of 119 MW including wind power plant of 16.5 MW.



CUSTOMERS

The Company is engaged in making wholesale and institutional sales, marked by long-standing relationships with institutional buyers comprising globally-respected brands and wholesale trade channel partners. The Company has also been supplying sugar to the nation's defence sector for the last three years. It won tenders to supply sugar to the Public Distribution System across various States.



PRODUCTS

The Company's core manufacture comprises sugar; the Company processes by-products like bagasse, molasses to generate power and manufacture ethanol and organic manure from distillery.



PRESENCE

The Company is headquartered in New Delhi with a presence in two States:

- **Uttar Pradesh:** Ramgarh, Jawaharpur and Nigohi
- **Maharashtra:** Kolhapur and Ninaidevi



SYSTEMS

The Company invested in Occupational Health and Safety Management (OHSAS), Environment Management System (EMS) and Food, Safety and Quality (FSQ) certifications.