



Corporate Information

Board of Directors

J. S. Baijal – *Chairman*

Jai Hari Dalmia – *Vice Chairman*

Gautam Dalmia

Managing Director & Chief Executive Officer

M. Raghupathy

T. Venkatesan

B. B. Mehta

Kannan Panchapakesan

Himmi Gupta

Management Team

Gautam Dalmia

Managing Director & Chief Executive Officer

B. B. Mehta

Business CEO

Jayesh Doshi

Group Finance & Strategy

Pankaj Rastogi

Chief Operations Officer

Anil Kataria

Chief Finance Officer

Company Secretary

K. V. Mohan

Statutory Auditors

S. S. Kothari Mehta & Co.

Bankers

Allahabad Bank

Canara Bank

Punjab National Bank

RBL Bank Limited

Yes Bank

Debenture Trustee

IL&FS Trust Co. Ltd.

The IL&FS Financial Centre,

Plot C-22, G Block,

Bandra Kurla Complex, Bandra (E),

Mumbai - 400 051.

Registered Office

Dalmiapuram – 621651,

Dist. Tiruchirapalli, Tamil Nadu.

Corporate Office

Hansalaya Building,

11th & 12th Floor,

15, Barakhamba Road,

New Delhi – 110 001.

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Dalmia Bharat Sugar has established one of the most attractive growth records in the Indian sugar industry.

Among the fastest growing in the sector over last 10 years

Possessing a locational advantage through a growing presence in Uttar Pradesh and Maharashtra

Enhancing efficiency and profitability in a challenging business

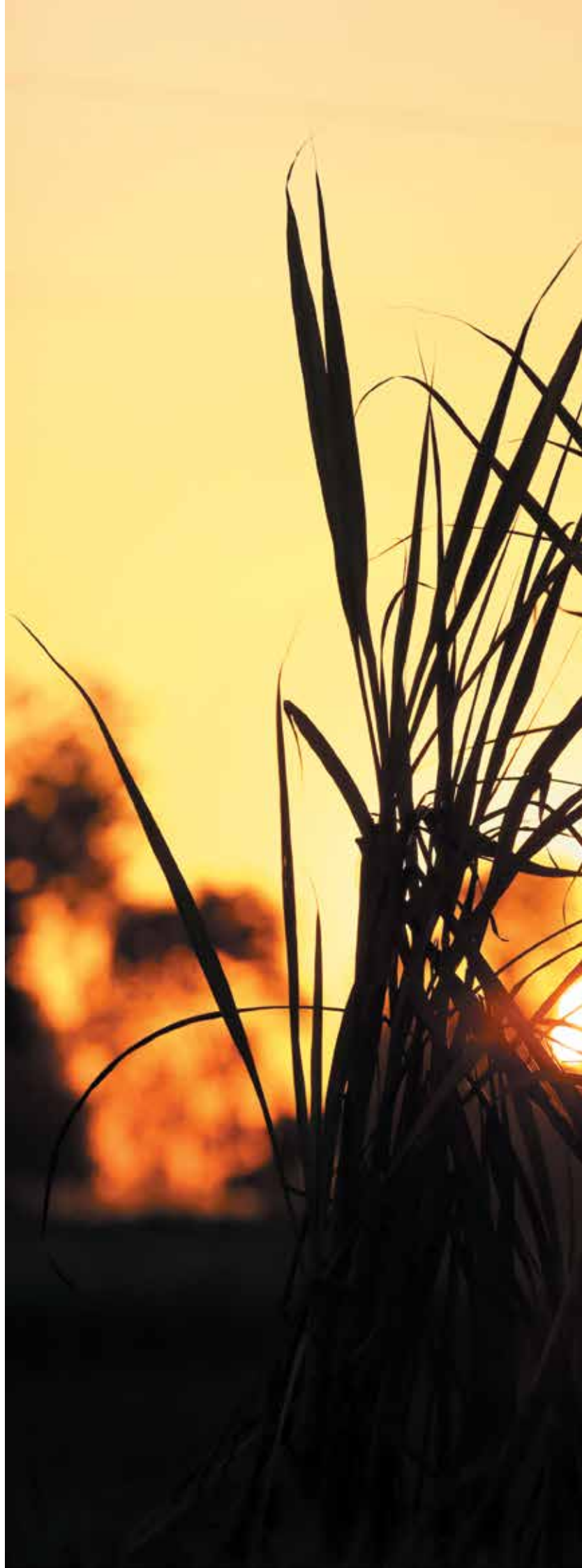
Now uniquely positioned to capitalise on the projected turnaround in the industry

The last decade was one of the most **challenging** for the Indian sugar industry.

Realisations **dropped**, viability declined, cash flows weakened, investments were deferred.

Dalmia Bharat Sugar demonstrated a contrarian approach: The Company invested in **capacities**, extended its **reach** and strengthened its **profitability**.

In doing so, Dalmia Bharat Sugar has emerged as the **fastest** growing Indian sugar company.





15%

Dalmia Bharat Sugar's
capacity growth
(10 year CAGR), 2005-06 to 2015-16

1

Number
of units,
2005-06

5

Number
of units,
2015-16

Nil

Revenues derived
from downstream
(cogen and
distillery)
businesses,
2005-06

22%

Revenues derived
from downstream
(cogen and
distillery)
businesses,
2015-16

9.5%

Overall sugar
recovery,
2005-06

12.1%

Overall sugar
recovery,
2015-16

Letter to **shareholders**



Dear Shareholders

"Your Company is optimistic
of outperforming the broad
sectoral growth average"

Capitalising on the recovery

In recent years, Dalmia Bharat Sugar reinforced its operating culture around thrift and efficiency. The result is that as soon as sugar realisations revived, the improvement in the Company's bottomline was immediate and substantial – from ₹1.5 Crore in 2014-15 to ₹58.4 Crore in 2015-16.

The principal internal driver was a substantial improvement in our recovery. This improved across each of our operating units – our consolidated Uttar Pradesh recovery strengthened by 114 bps to 11.73%, which was indisputably the highest across all sugar manufacturing groups in Uttar Pradesh. Our Maharashtra recovery of 13.04% was amongst the best mills.

The substantial increase transpired for three reasons – an improvement in the varietal mix of cane, an improvement in the climatic environment and our initiatives to sweat resources better. The result was that improved recovery alone accounted for an increase in output by approximately 37,000 tonnes during the year under review, which represents a faithful index of how our superior performance translated into enhanced productivity capitalising on excellent climatic conditions.

It would be relevant to indicate that this peak productivity was the result of an exceptional convergence. This convergence may not recur, even as the benefits of improved varietal mix and corporate focus may sustain.

Some of our other achievements during the year under review comprised extensive benefits of our Kolhapur expansion, which became visible: increase in sugar manufacturing capacity from 3,500 TCD to 5,000 TCD, the commissioning of our 23 MW cogeneration plant, which was

commissioned last year with full benefits accruing this year and 60 KLPD distillery which was commissioned at the end of this year, the full benefit of which will accrue next year. This timely commissioning, stabilisation, integration and monetisation represented the principal achievement of this unit during the year under review.

Countering the challenges

Consider the challenges: cane yields were affected in drought-hit Maharashtra affecting plant operations; Dalmia Bharat Sugar ran its plant 178 days during this season.

Maharashtra reported a 19% decline in crushing during the season; Dalmia Bharat Sugar delivered a 38% increase in the quantum of cane crushed (to 9.5 lakh tonnes in the 2015-16).

The plant reported a 13.3% recovery in 2014-15 following which analysts predicted a decline; I am pleased to report that even as output increased in the 2015-16, we successfully protected our overall recovery in this unit, which translated into an attractive volume-value proposition.

Most observers forecasted that it would be difficult to enthruse farmers to deliver more cane given our relative inexperience in the geography; we generated a sizable increase in cane drawal at a time when most command areas reported lower output; virtually all our cane was drawn from within 60 kms, moderating logistic costs.

More upsides

The other highlight during the year under review was clearly the successful turnaround of our Sangli unit. At a time when most experts advised caution with our Maharashtra operations considering that we were still engaged in expanding and

widening our Kolhapur plant, we embarked on the stabilisation of the Sangli unit. Most indicated that getting farmers interested to grow cane would be time-consuming; we crushed 120,000 tonnes and reported an attractive 12.33% recovery. Most said that such a small plant would never be viable; we ran the plant for 100 days.

Outlook

Going ahead, we foresee a decline in Indian sugar production – from an estimated 255 lac tonnes in the sugar season 2015-16 to around 230 lac tonnes in 2016-17 due to drought in Maharashtra. On the other hand, we expect India's sugar consumption to sustain at the current level of 260 lac tonnes in 2016-17. This transformation is likely to draw down the country's sugar inventory from an estimated 3.5 months of consumption to around 2.3 months. We feel that this drawdown would create a positive sentiment for sugar realisations over the coming months. This in turn is expected to benefit sugar manufacturers, increase their capacity to remunerate farmers on time, eliminate the incidence of cane arrears and strengthen the country's rural fabric – a win-win for all.

Dalmia Bharat Sugar is attractively placed; we possess integrated and adequately-balanced capacities that could perform better than standalone or disproportionately sized integrated companies.

Yours sincerely,



Gautam Dalmia
Director

About the Company



Background

Dalmia Bharat Sugar entered the sugar industry in 1994 with its first 2,500 TCD sugar unit at Ramgarh village (Sitapur district, Uttar Pradesh). The Company belongs to the Dalmia Bharat Group.



Operations

The Company is among India's 10 largest sugar manufacturers on the basis of its cane crushing capacity (29,250 TCD). The Company's operations are fully integrated with a distillery (140 KLPD) and renewable energy capacity (119 MW).



Presence

The Company is headquartered in New Delhi with sugar plants in Uttar Pradesh (Ramgarh, Jawaharpur and Nigohi) and Maharashtra (Kolhapur and Sangli).



Systems

The Company invested in OHSAS, EMS and FSQ certifications.



Customers

The Company's longstanding institutional buyers comprise globally-respected brands. The Company has also been supplying sugar to the country's Defence sector for the last two years. It has also won a tender to supply PDS sugar to various states.

	Uttar Pradesh	Maharashtra	Total
Crushing capacity (TCD)	22,500	6,750	29,250
Cane crushed (2015-16) (MT)	2,175,749	922,388	3,098,137
Recovery %	11.73%	13.04%	12.1%

2

STATES

5

LOCATIONS

29,250

CANE CRUSHING
CAPACITY (TCD)

119

RENEWABLE ENERGY
CAPACITY (MW)

140

DISTILLERY CAPACITY (KLPD)

Our consolidated financials

Particulars	Unit	FY2016	FY2015	FY2014	FY2013	FY2012
Total operating income	₹ Crore	1,166	1,150	1,192	998	713
Operating profit (EBITDA)	₹ Crore	227	113	108	150	63
Cash profit	₹ Crore	172	52	52	91	43
Profit before tax (PBT)	₹ Crore	47.4	0.3	2.6	19.0	0.6
Profit after tax (PAT)	₹ Crore	58.4	1.5	3.1	18.4	0.9
Share capital	₹ Crore	16.19	16.19	16.19	16.19	16.19
Reserve and surplus	₹ Crore	496	444	446	443	425
Loan funds	₹ Crore	747	577	589	374	384
Net block	₹ Crore	759	774	781	652	579
Net current assets#	₹ Crore	453	231	227	123	213
Operating profit margin	%	19	10	9	15	9
EPS (fully diluted)	₹	7.22	0.18	0.38	2.27	0.11
Cash EPS (fully diluted)	₹	21.22	6.43	6.47	11.26	5.28

Excluding current maturities of long-term debt

