



accelerating
towards a green future

Dalmia Bharat Sugar and Industries Limited
Integrated Annual Report 2021-22

Contents

Who we are?	02
Vision, Mission, and Values	03
Operational and Strategic Highlights	04
Our Geographical footprint	06
Our Value Creation Business Model	07
Responding to Covid-19	09
MD Message	10
About our Integrated annual report	13
Creating Value	14
Value We Create for Society	14
Material Issues Impacting Value Creation	15
Risk Management	17
Financial Capital: Managing Finances Prudently	20
Our Business	24
Manufactured Capital: Focussing on Operational Excellence and Quality Leadership	25
Management Approach	25
Production Capacity	26
Enhancing Resource efficiency	27
Expanding Manufacturing Capital	29
Natural Capital: Sustainable Value Chain	30
Reducing emissions and conservation of resources	32
Safeguarding water	37
Minimizing Waste	39

Intellectual Capital: Building Competitive Edge with Innovation	40
Human Capital: Building a Diverse, Future-Ready Workforce	42
Management Approach	44
Performance Management	44
Safeguarding our Talents	45
Our Performance	46
Social and Relationship Capital: Contributing to a Thriving Society	46
Management Approach	47
Nurturing relationships with key stakeholders groups	48
Alignment of our CSR programs with UN Sustainable Development Goals	49
Securing Value through Corporate Governance	52
Governance structure	52
Management Discussion and Analysis	54
Statutory reports	64
Notice of Annual General Meeting	64
Directors report	71
Corporate governance report	90
Business responsibility and sustainability report (BRSR)	106
Financial statements	136
Standalone Financial statements	137
Consolidated Financial statements	206

Forward - looking statement
In this Integrated Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report contains forward-looking statements that set out anticipated results based on the DBSIL'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. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or

otherwise. Unless defined/provided otherwise elsewhere in this Integrated Report, the term 'DBSIL/Dalmia Sugar/ Company' mentioned in this Integrated Report refers to the Company- Dalmia Bharat Sugar and industries llimited.



Accelerating towards a Green Future

Forging new paths in an established traditional business entails envisioning, contemplating and implementing new structures and functions and, most importantly, walking the reinvented path with fortitude and steadfastness.

At Dalmia Bharat Sugar and Industries Limited (Dalmia Sugar / DBSIL/ Company), we take pride in accelerating towards the new path of a green future that we have set for ourselves over the past two years.

With a renewed focus on efficiency in our traditional business while doubling our efforts towards the growth of new businesses like Ethanol and consumer goods is a shining example of the mettle the Company has exhibited in rising to the occasion in the face of changes that are impacting the sugar business.

The Company formed an ESG roadmap in the financial year 2020-21, which forms the basis of the green growth paradigm that it is trying to accelerate towards. The roadmap was created with an emphasis on four focus

areas, each aligned with our commitment. We grouped material topics into the pillars of ESG focus areas. Our focus areas are - Empowering People, Responsible Consumption, Responsible Growth and Business Ethics and Sustainable Business Practices. The focus areas have their key performance indicators and targets. The respective KPIs in the focus areas can be checked from the Sustainability Report of the Company of financial year 2020-21.

In continuation, this First Integrated Annual Report of DBSIL comprises the presentation of the glimpses of the paths that we have walked over the past year(s) to realise this strategy and the lofty goals that we have set for ourselves in the next and subsequent years to come.



Who we are



Vision, Mission, and Values

DBSIL is one of the youngest major sugar companies in India and one of the fastest-growing cane-based multi-product companies in India. We have earned sustained profits and created value for all stakeholders even during the worst of the times and are now accelerating towards a green future, a paradigm encompassing the following: Empowering People, Responsible Consumption, Responsible Growth and Business Ethics and Sustainable Business Practices.



Vision

Vibrant growth under a strong value embedded environment with strong impetus on value creation for all the stakeholders.



Mission

To be among the Country's top five sugar companies in respect of total revenue coupled with a strong impetus on value creation to drive the highest Return on Capital Employed (ROCE) in the industry.



Values

- Integrity**
Be true to yourself and others.
- Commitment**
The will to transform a promise into a reality.
- Trust & Respect**
To earn respect and gain trust of the stakeholders.
- Humility**
Not servile, but humble. After all, humility is my ultimate strength.



Operational and Strategic Highlights



At DBSIL, FY22 proved to be a validation of our goals, strategy, and commitment to be able to create value in the lives of those who matter. Together with everyone, we were able to not just transcend the challenges of operating in a new business environment, but also accelerate our strides in the agile transformation and impact creation journey.

Achievements during the year

- Brownfield projects successfully and punctually commissioned including expansion of the sugar capacity at Jawaharpur and Nigohi units along with a refinery at Jawaharpur despite the COVID pandemic.
- Ramgarh distillery of 140 KLPD commissioned
- Jawaharpur and Kolhapur distilleries expanded to 220 KLPD and 120 KLPD, respectively.
- Diverted around 1.6 LMT (i.e. approximately 25% of total sugar) towards ethanol, highest in the industry.
- Highest ever ethanol production and sales.
- Highest ever sugar exports of 2.3 LMT.



Financial milestones: HIGHEST EVER

3080

Turnover, Rs. Crore



380

PBT, Rs. Crore



295

PAT, Rs. Crore



Operational milestones

Sugar sales at 6.08 LMT, including the highest ever export at 2.30 LMT.

Distillery production at 11.71 Crore Litres.

Distillery sales at 11.19 Crore Litres.

Highest ever crush of Maharashtra units at 15.77 LMT.

Normative sugar recovery blended for Uttar Pradesh and Maharashtra, at number one for pan-India.



Our Geographical footprint



Our licensed capacities

Manufacturing Units	Cane crushing capacity – TCD	Ethanol (KL/day)	Co-generation (MW)
Ramgarh	7500	140	28
Jawaharpur	9000	220	33
Nigohi	10000	120	30
Kohlapur	9000	120	28
Sangli	3500	0	4
Total	39000	600	123

Our value creation business model

We have a robust strategic framework that enables business transformation along the vectors of sustainability and good health. They help us respond effectively to the changes in the operating environment and the needs and expectations of our stakeholders to ensure sustained value creation for all.



The resources we use

Financial Capital

We ensure prudent financial management practices and leverage our business model to strengthen the Balance Sheet and sustain growth.

Manufactured Capital

We invest in new capacities and maintaining existing ones to manufacture quality products and in building inbound/ outbound logistics to ensure an efficient supply chain. These investments also help manage our environmental footprint.

Intellectual Capital

We are strengthening our competitive edge by making sustained R&D investments at our innovation centers for cane development, collaborating with scientific institutes, and investing in digital technologies to enhance operational efficiency.

Human Capital

We provide training and skills to create a pool of result-oriented, innovative people with diverse skillsets to operate a business efficiently. We also undertake initiatives around inclusivity, safety and leadership development.

Social and Relationship Capital

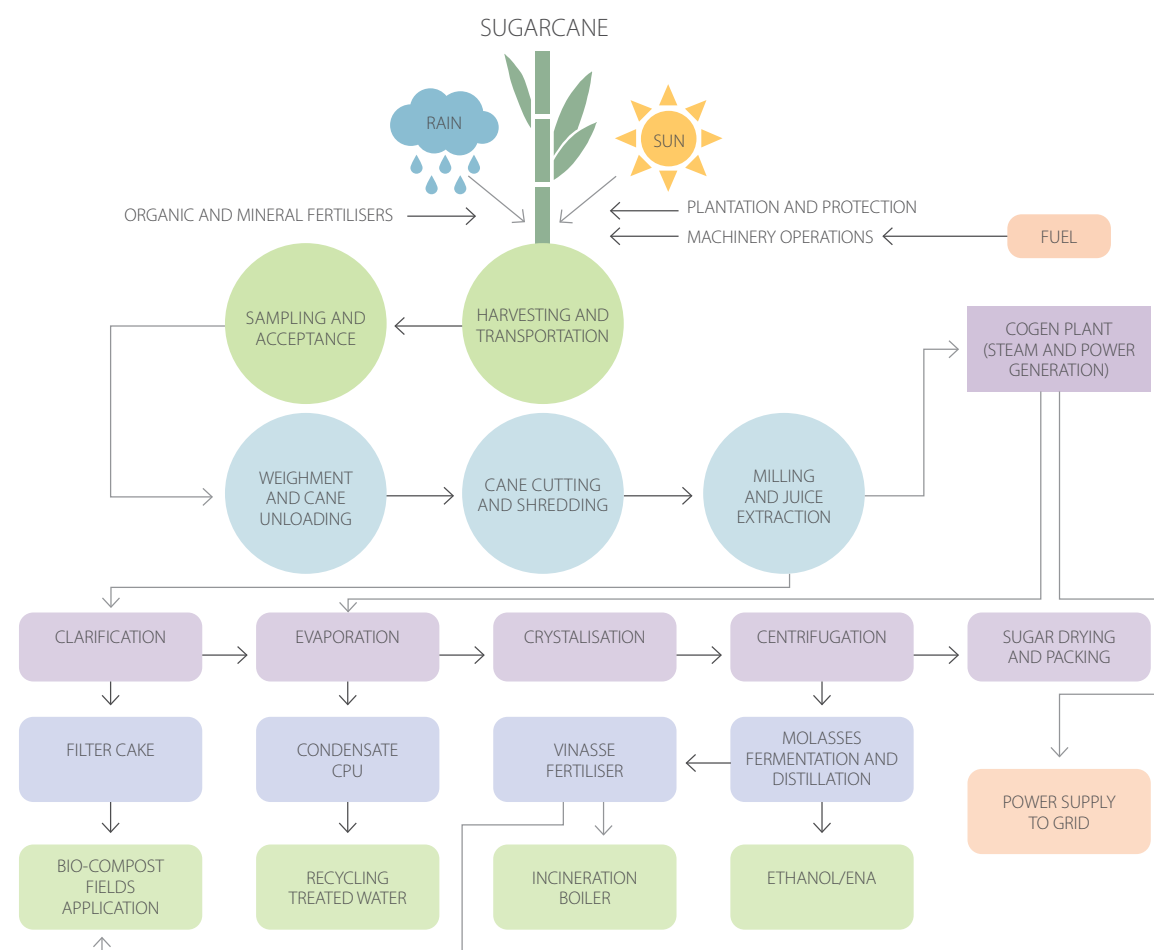
We integrate the needs of our stakeholders (customers, suppliers, community, government) and invest in various welfare initiatives, processes, and technologies to strengthen relations and build trust.

Natural Capital

We sustainably use resources and actively invest in sustainable technologies to promote a circular economy and reduce our environmental footprint.



Value creation



Outputs

Financial Capital

Responsible financial growth and shared profitability

Intellectual Capital

Differentiating solutions through responsible innovation

Human Capital

Recruiting, developing and caring for diverse and inclusive workforce

Natural Capital

Preserving biodiversity and renewable resources, reducing water and energy consumption, emissions and waste

Manufactured Capital

New site openings, acquisitions, sustainable products produced and sold

Social and relationship Capital

Livelihood (regenerative and sustainable sugarcane farming & skilling), climate action (water harvesting & energy) and social Infrastructure

Responding to Covid-19



At DBSIL, we take pride in how we responded to the unprecedented challenges of COVID-19. In a year that was extremely demanding, we responded with discipline, agility and resilience—all characteristic traits of our Company.

Going the extra mile during a pandemic

An unpredictable event whose impact lasted for more than two years, it to severe global financial market turmoil and increased volatility. In India, the markets have shown some resilience and are recovering sharply. At DBSIL, we responded to the emergency with agility. The Company continued production across all its sugar, power and distillery plants, while ensuring the health and well-being of plant workers and employees by

implementing social distancing, hygiene practices, deep cleansing, and work-from-home as per Government guidelines.

Initiatives to support our stakeholders

- Employee engagement, digital training to employees, and social participation.
- Safety and well-being protocols for medical infrastructure
- All units operating with social distancing and safe practices with optimal strength required.
- Donation(s) to Centre and State funds and other organizations
- Donation of two oxygen plants to hospitals in Uttar Pradesh

- Distribution of sanitizers to hospitals, farmers and various organizations

- Spreading awareness among farmers and villages around plant locations

- Enabling work-from-home and strict adherence to COVID-appropriate behaviour

- Establishment of isolation & treatment (for mild cases) facilities at manufacturing locations

- Vaccination of executives

In keeping with the attribute of DBSIL, we are continuing to deepen and broaden our efforts in timely response to the evolving nature of the pandemic.



Managing Director's Message

Accelerating towards a green future



Dear shareholders,

It is our privilege to write to you and present this Integrated Annual Report for FY 2021-22. I hope this letter finds you safe and in good health. Amid the extraordinary conditions in which we had to operate, FY 2021-22 was undoubtedly transformative. The excellent results we achieved are a testament to the growth potential of our markets, our focus on customer experience, and, most importantly, the dedication and commitment of our people.

We advanced materially in our operation resilience strategy

We have been embedding sustainability across the value chain, from sugarcane sourcing, efficient operations, minimizing waste generation and optimal energy consumption right up to supporting community initiatives. We strive to provide the most accurate and transparent account of these initiatives in this report.

The Company reported a record performance in FY 2021-22, marked by its highest-ever revenue, profit before tax, profit after tax and exports. The Company strengthened revenues complemented by a 9% increase in profit after tax. This improvement was the result of the Company's commitment to increase exports, strengthen operating efficiency, moderate working capital outlay, reduce debt, sustain distillery operations and strengthen value for all stakeholders.

Our Company has been successfully sustainable in profit-making and enhancing stakeholders' value in the last financial year. DBSIL could withstand volatility because of its inherent strengths developed in the course of time with a tremendous focus on cane development activities, manufacturing processes and optimum integration. The Company's diversification to the other largest belt, i.e., Maharashtra, developed an inbuilt hedging in operations and created value for all stakeholders.

In line with Government of India's Policy on Ethanol Blending Programme, our Company almost doubled its distillery capacity from 8 Crore Ltr. to 16 Crore Ltr. per annum while diverting 25% of our sugar production capacity during the year. We expect our distillery segment to be our main pillar of growth with sustainable medium-to-long term value accretion.

Community development

We endeavour to solve challenges that communities are facing. Over the past three years, we have significantly increased the scope of our CSR projects. Currently, our CSR projects focus on soil and water conservation, access to clean energy, livelihood skill training and social development. These projects are based on stakeholder expectations and feedback is taken regularly. Our CSR activities are aligned with United Nations' Sustainable Development Goals (UN SDGs). Dalmia Bharat Foundation (DBF), with a population outreach of more than 10 lakhs, helps in the effective execution of our CSR projects.

We recognize the importance of farmers in our supply chain and undertake several initiatives to improve the fertility of the soil, educate farmers about farming developments, provide utilities such as crushing machines, collaborate with Cane Development Institute, improve farming techniques, strengthen production processes

The Company reported a record performance in FY 2021-22, marked by its highest-ever revenue, profit before tax, profit after tax and exports. The Company strengthened revenues complemented by a 9% increase in profit after tax.





Digital innovation is central to everything we do at DBSIL, including our commercial outreach, operations and administrative management. On the commercial side, DBSIL continues to be instrumental in enabling our customers to safely and reliably acquire our products and ensure the loyalty of a growing number of customers.



and invest in modern equipment for achieving greater growth. Our cane management footprint has benefited many sugarcane farmers. We endure relationships with them through fair and timely payments. Each plant comprises at least four Kisan Seva Kendras (Farmer Service Centres) to distribute fertilizers, agrochemicals and seeds. We aim to develop robust and high-yielding cane varieties that generate sustainable incomes for farmers.

Our aggressive climate action goal and detailed plant-by-plant roadmap are currently our industry's most ambitious carbon reduction pathway

Climate change is a concern for us and we are conscious of the dire effects of global warming on agricultural produce. To continuously improve our resource efficiency, we have implemented several energy and water-saving initiatives at our plants. DBSIL has achieved Zero Liquid Discharge (ZLD) across its plants. We recognize the role of green power in reducing GHG emissions and utilize bagasse in our cogeneration plants to produce green power. Our co-generation capacity stood at 123 MW in FY2022, of which around 35% was consumed by the sugar business in-house before exporting the rest to the electricity grid.

Our growth strategy is firmly rooted in our digital efforts

Digital innovation is central to everything we do at DBSIL, including our commercial outreach, operations and administrative management. On the commercial side, DBSIL continues to be instrumental in enabling our customers to safely and reliably acquire our products and ensure the loyalty of a growing number of customers. 'Working Smarter' is the most comprehensive adoption of digital technologies ever to transform how business services are provided at DBSIL, ranging from finance and accounting back office, information technology and human resources to commercial back- and middle-office services.

We are proud of our workforce

We could not have attained this success without our outstanding people. We are firmly committed

to prioritizing their health and safety, providing a superior workforce experience and maintaining high levels of employee satisfaction. We do not define strict policies; we indicate guidelines that reflect a belief in our value system and expect the same integrity from all talents – the 'Dalmia Way of Life'.

We are grateful to our employees who ensured our products, safe operations and delivery during this third year of the pandemic. Thanks to their determination, our health and safety protocols, and the efforts of our medical workers, we registered a lower COVID-19 contagion rate in our operations compared to the average rate in each locality.

Building a Better Future

A year of many 'records' and 'firsts,' 2021-22 was in many ways a milestone year for DBSIL. Our results, which were transformational, bolster our commitment to continue to live our purpose of building a better future. Sustainability parameters, combined with economic growth, have always been a matter of importance to us. The pillars of economic, environmental, social and governance have shaped what we have become and will continue to lead us to the future. We ventured into FY2022, determined to progress on each of these pillars, and, as a result, achieved great results. We are committed to our values and are in a constant search of ways to make our business more sustainable.

As we look forward, we are excited about the new opportunities created by our robust capital structure, growth investments, digital transformation, and commitment to continue leading our industry in the global transition to a low carbon, green and circular economy. On behalf of DBSIL's Board of Directors, our management team and our employees, we thank you for your continued confidence in DBSIL.

Gautam Dalmia
Managing Director

About our Integrated Annual Report

Dalmia Sugar wanted to replace the traditional annual financial and sustainability reports with one Integrated Report, which provides a more unified view of how we create and sustain value in the short, medium and long term. We will be one of the first few sugar companies in India to publish an integrated annual report.

As positive feedbacks were received from stakeholders, the organization pushed forward towards these efforts. The KPIs were fine-tuned, increased transparency and the content was sharpened. The goal was to make the report even more integrated, inclusive and widely accessible. We want it to be comprehensive and a pleasure to read, a translation of what DBSIL is all about today and in the future.

Frameworks

This year is an integrated data pack that covers all publicly available ESG metrics in one single document and spans the year. We adopted the IIRC

framework to establish integrated reporting within the mainstream business. By the IIRC Framework (www.integratedreporting.org), the Company included an Integrated Report as a part of this Annual Report. The Company seeks to provide a brief and integrated account of how the Company's Strategy, Governance, Performance and Prospects are delivering on its core purpose. This report encompasses all key non-financial performance indicators, which are material to the Company as per GRI .

As a forward-looking-business, we have also voluntarily attempted to publish the newly introduced reporting system by SEBI – Business Responsibility and Sustainability Report (BRSR). It plays a crucial role in establishing the linkages between environmental and social sustainability as well as the financial growth of the organization.



Creating value



Value We create for society

As a Company, we are aware that our financial statements only partly reflect how our activities affect society; there are positive and negative impacts not valued in the capital markets and, therefore, do not appear in our traditional profit and loss calculation.

By quantifying the net value created, we enhance our understanding of the materiality, relevance and interdependence of our Company's positive and negative impacts. We believe that it is an essential step for informed management and decision-making to

improve the value that DBSIL contributes to our country, society and planet. Furthermore, it allows us to manage risks, be more transparent and achieve our sustainability ambition.

Economic Impact

Salaries and benefits

Value that our Company Creates for our employees.

Taxes

Value through our contribution to government exchequer in the form of direct and indirect taxes.

Interest and dividends

Value for lenders and shareholders.

Social Impact

Talent development

Value through our training programs and other educational initiatives. This only includes the value created outside our Company.

Social initiatives

Value for our stakeholders through our social initiatives and inclusive businesses.

Health and safety

The main goal of safety and health programs is to prevent workplace injuries, illnesses, as well as the suffering and financial hardship these events can cause for workers and their families.

Environmental Impact

GHG emissions

Reducing emission of greenhouse gases.

Air emissions

Reducing emission of other potentially noxious substances.

Water consumption

Reducing the use of a scarce resource by treatment of effluents and recycling.

Net waste balance

Reducing the impact of waste generated in our operations and creating wealth.

Material issues impacting value creation

We analyse various environmental, social and governance issues impacting our businesses, value creation and stakeholders. These help us define strategic priorities, mitigate actions and better understand our effect on the environment and the stakeholders' impact on our value-creation.

We conduct a thorough analysis of the external and internal environment

through a quadrennial materiality exercise involving all internal and external stakeholders to identify and subsequently validate the material issues of DBSIL. Last year we first created a bucket list of potential material aspects by analysing the material issues of peer companies, the Sustainability Accounting Standards Board (SASB), and Global Reporting Initiative (GRI).

As a part of the materiality process, the senior management of DBSIL has shortlisted the material elements, prioritized and grouped them under four pillars: Empowering People, Responsible Consumption, Responsible Growth, Business Ethics and Sustainable Business Practices. This year, the materiality issues have been reviewed and the initiatives have been analysed to manage them.

Identifying Material Issues

- Study of internal and external factors
- Product value chain and SWOT analysis

Evaluating Current Status

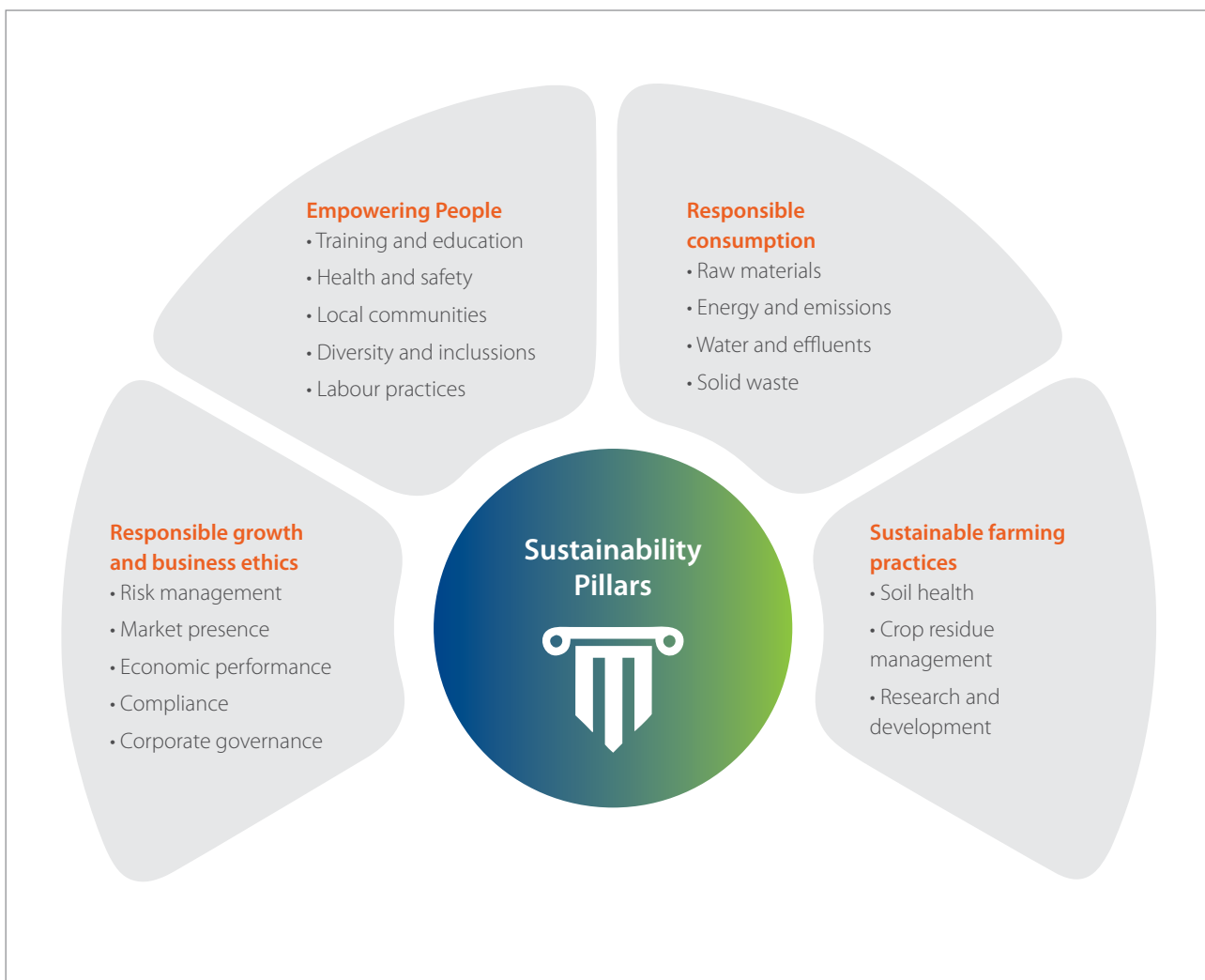
- Engaging with internal cross function team

Mapping Ambitions

- Revamping the strategy to align with all teams

Identifying Key Action Areas

- Prioritising the key areas into short, medium and long-term needs as per internal and external stakeholders' relevance



Risk Management



DBSIL operates in a constantly evolving business landscape, which exposes us to several types of risks that could impact the achievement of our strategic and operational objectives. The risk management process, deployed throughout our operations, helps identify, assess, mitigate, and monitor DBSIL's

key risks. This process emphasizes risk discussions by decision-makers and risk oversight by the Risk Management Committee / Board of Directors.

Risk agendas include all types of risks, trends, emerging concerns that could impact DBSIL in the short (zero to two

years), medium (two to five years), and long term (five to ten years). Other risk management areas and processes within our Company complements the surveillance and risk management function: process assessment, internal control, legal, financial risk management, compliance and sustainability.

Risk management structure

For the successful implementation of the risk management framework, it is essential to nominate senior management individuals to lead the risk management teams. Periodic workshops are conducted to ensure awareness of the policy and the benefits of following them. This ensures that risk management is fully embedded in management processes and consistently applied.

