



DHAMPUR

Legacy for Tomorrow

Dhampur Sugar Mills Limited

Annual Report 2021-22

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 contains statements – written and oral – that we periodically, ‘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 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’ 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.

Contents

03	Corporate Snapshot	37	Cane development at Dhampur
06	Our multi-decade journey	38	Talent management at Dhampur
08	Our financial performance in the last two years	40	Dhampur: Our responsible HSE commitment
12	The demerger- and how this is expected to unlock value	41	Community engagement at Dhampur
14	The Managing Director’s statement	42	Sugar business
18	We are building one of the most liquid Balance Sheets in India’s sugar industry	43	Power business
22	The health of our business is derived from the health of our sector	44	Ethanol business
25	Our integrated value-creation report	45	Ethyl acetate and Potable spirits business
34	How Dhampur Sugar expects to enhance shareholder value	46	Management discussion & analysis
36	Manufacturing excellence at Dhampur	55	Board Report
		84	Report on Corporate Governance
		103	Standalone Financial Statements
		201	Consolidated Financial Statements



Legacy for Tomorrow

'Legacy for Tomorrow' is not just a fancy catch line at our Company.

It represents our DNA; it is who we are.

The line acknowledges our roots in innovation (product, technology and processes).

The line is a testimony to our commitment to lead India's sugar industry by extending the sectorial frontier.

The line is a reference to our enduring values, while addressing the challenges of the future.

The line is our willingness to embrace emerging realities and enhance stakeholder value.

This is what the earlier generations, who promoted and managed our company, believed in; this is what we intend to sustain – even accelerate – across the future.



A new beginning

This is the first annual report of Dhampur Sugar Mills Limited following its demerger.

The Company is placed at an attractive point in its existence.

The Company's five segments are competently positioned to deliver sustainable growth.

Besides, the Company is positioned to reorient its journey towards ethanol and chemicals.

We are optimistic that a deepening of the core business and diversification will enhance respectability, profitability and sustainability.

CORPORATE SNAPSHOT

Dhampur Sugar Mills Limited.

The Company has been in business for nearly 90 years. Over time, it has emerged as one of the most respected in India's sugar sector.

The time has come to make a new beginning.

- Through a demerger that empowers the Company to grow faster.
- Through a growth in the distillery business that will empower the Company to enhance revenues, margins and surpluses.
- Through a diversification into specialty chemicals that broadbases the Company's prospects.

These will reaffirm the Company's commitment to enhance value for its stakeholders in a sustainable way.



The cornerstone of our business

Our vision

Innovate and optimise for the benefit of all stakeholders

Our mission

Making a positive contribution to the environment we operate in

Professionalism

Integrity: Trusted partnership

Commitment: Be responsive

Accountability: Take ownership

Passion to excel

Determination: Lead change and walk the extra mile for value adding team

Work: Build strength through a shared vision

Learning & Innovation: Innovate through learning

Respect

Diversity & Inclusiveness: Provide equal opportunity

Value time: Punctuality in all areas

Humanity: Be sensitive and generate energy

Act responsibly

Business ethics: Apply ethical principles

Corporate citizenship: Fulfil social, economic & legal responsibilities

Corporate governance: Drive fairness, accountability, responsibility and transparency

Our legacy

Dhampur Sugar Mills Limited is among the leading sugar companies in the Country's organised sugar sector. The Company was established by Lala Ram Narain in 1933 with a cane crushing capacity of 300 Tonnes per day. The Company is now among India's oldest integrated sugar companies (manufacturing sugar, ethanol and chemicals at one end and power generation at the other).

Our revenue mix

Business segments	Revenue (₹ Crores)		PBIT (₹ Crores)	
	FY 2020-21	FY 2021-22	FY 2020-21	FY 2021-22
Sugar	1739.90	1451.79	52.73	54.19
Power	203.35	213.01	76.62	82.40
Distillery	399.90	426.96	126.23	131.91
Chemicals	166.24	277.65	27.51	19.62
Potable spirit	86.90	290.67	(3.18)	(0.79)
Others	22.32	101.57	0.95	1.16

Sugar	Power	Distillery	Chemicals	Potable Spirits
White sugar	Power generation	Ethanol	Ethyl acetate	Country liquor
Branded sugar		Other allied products		
Raw sugar				

Our manufacturing capacities

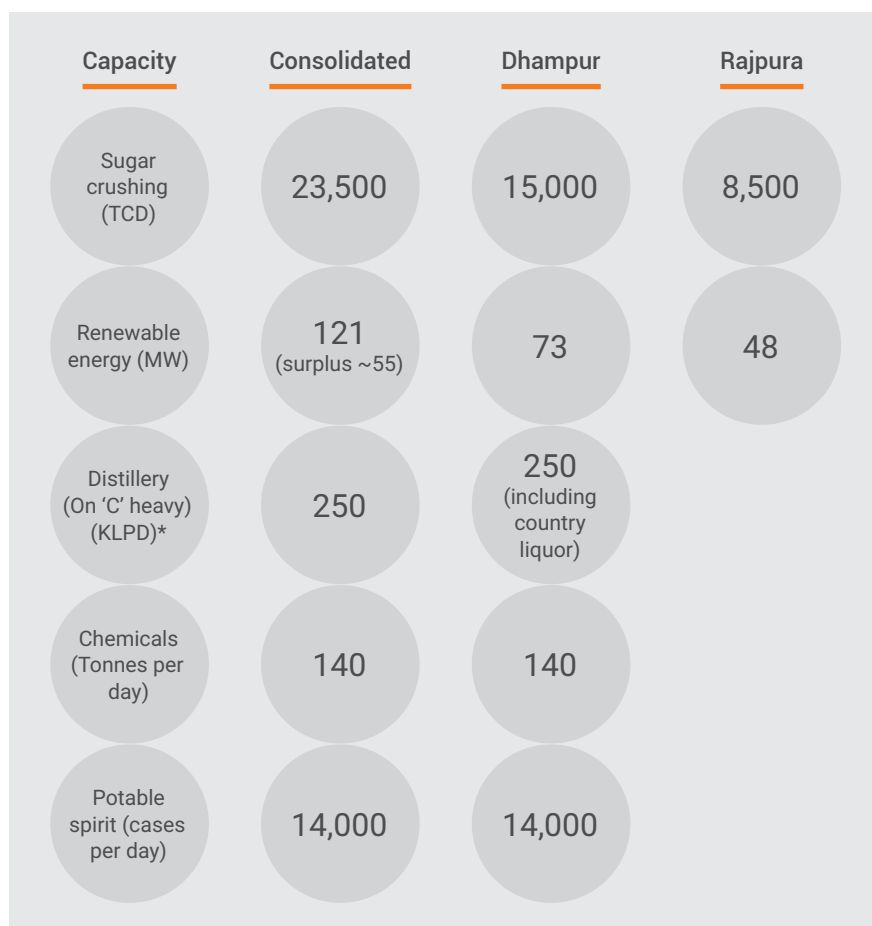
The Company possesses a cane crushing capacity of 23,500 Tonnes per day.

The Company's distillery possesses a capacity of 250 KLPD; an expansion of 130 KLPD (including 100 KLPD grain-based) through the 'C' heavy molasses route is under implementation, equivalent to a consolidated 500 KLPD (including 100 KLPD grain-based) through the 'B' heavy molasses route. The Company's power business possesses the capacity to generate 121 MW.

Our locations

The Company enjoys an extensive presence in the cane-rich belt in Uttar Pradesh. The Company's two manufacturing units are based in Dhampur and Rajpura with a consolidated manufacturing capacity of 23500 TCD.

Our manufacturing capacities



*130 KLPD under implementation

Our organisational goals

- To maintain our core competence in sugar manufacture with efficiency and production of allied products following the optimal utilisation of by-products
- Greater efficiency and effectiveness in resource utilisation
- Recruit and retain skilled and experienced human capital
- Establish the business around robust governance
- Foster the community proximate to our manufacturing locations

Our products portfolio

The Company is engaged in the manufacture of sugar and the prudent utilisation of byproducts (bagasse and molasses) used in its distillery and power generation businesses. The diverse product basket has broad-based the Company's portfolio, resulting in enhanced stability and sustainability.

Our people

The Company comprises a pool of skilled employees. More than 47% of the Company's employees were with the organisation for two decades at the close of FY 2021-22. The talent comprised capabilities across agriculture, manufacturing, IT, research, finance and other functions. The Company's employee strength stood at 1213 as on March 31, 2022.

Our vendors

Dhampur has developed longstanding relationships with cane farmers due to its multi-decade experience. The Company's farmer relationships comprised 139,300 individuals as on 31st March, 2022.

Our listing details

The Company's shares are listed on the National Stock Exchange and Bombay Stock Exchange. The Company's market capitalisation was ₹3147 Crores on NSE as on March 31, 2022.

1933

Sugar mill established at Dhampur (300 TCD)

1995

Commissioned a distillery in Dhampur with 100 KLPD

2004

Enhanced Dhampur distillery capacity to 140 KLPD

2006

Raised US\$ 53.7 Million through a GDR issue



Our multi-decade journey

2007

Installed multi-fuel high pressure boiler at Dhampur. Commissioned a greenfield sugar unit in Rajpura (7,500 TCD). Installed co-generation plants at Dhampur (65 MW), and Rajpura (12 MW).

2008

Enhanced cane crushing capacity at Dhampur to 15,000 TCD. Enhanced Dhampur distillery capacity to 170 KLPD.

2012

Installed bagasse dryers at Dhampur

2013

Enhanced Dhampur distillery capacity to 200 KLPD

2014

Enhanced Rajpura cane crushing capacity to 8500 TCD. Enhanced co-generation plant at Rajpura to 48 MW.

2015

Commissioned spent wash fire boiler

2018

Commissioned an incinerator slop boiler with 11.5 MW turbine (zero liquid discharge compliant distillery)

2019

Enhanced distillery capacity to 250 KLPD at Dhampur

2020

Embarked on the production of country liquor

2021

Dhampur 2.0 (demerger) with effect from April 1, 2021..

2022

130 KLPD (including 100 KLPD grain-based) expansion is under implementation based on the 'C' Heavy molasses route at the Dhampur unit.

Our financial performance in the last two years



Definition

Revenue is the income generated by a business from its main operations before the deduction of costs and expenses.

Why is this measured?

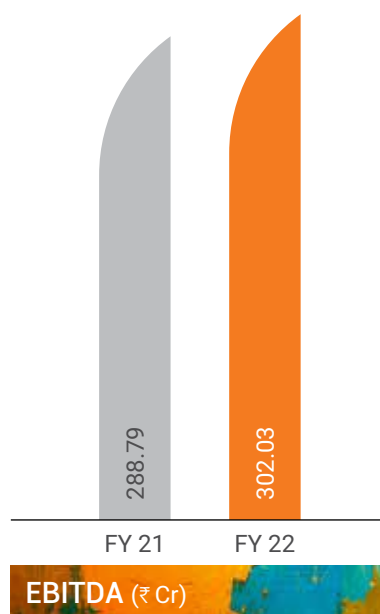
It is an index that showcases the Company's competitiveness in servicing customers with various cane-derived products - an effective indicator in comparing the company's size with competing firms.

What does it mean?

This indicates the capacity of the Company to carve out market presence cum share, a foundation on which to amortise fixed costs.

Value impact

Aggregate sales declined by 3.13% to ₹2162.97 Crores in FY 2021-22 due to lower sugar sales by 1.29 Lac Tonnes compared to FY 2020-21.



Definition

Earnings before the deduction of interest, depreciation, extraordinary items and tax.

Why is this measured?

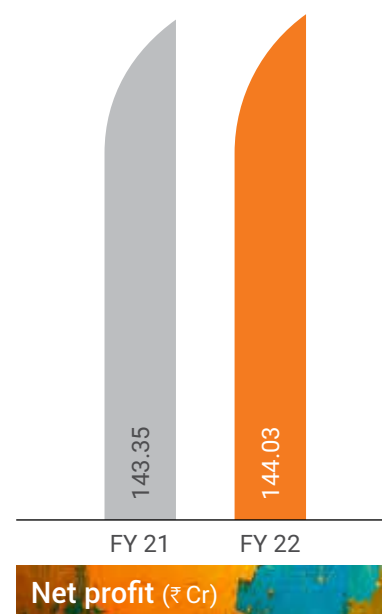
It is an index that showcases the Company's ability to generate a surplus following the expensing of operating costs.

What does it mean?

Provides a robust platform for the Company to build on.

Value impact

The Company reported a 4.58% increase in its EBITDA in FY 2021-22.



Definition

Profit earned during the year after deducting all expenses and provisions.

Why is this measured?

It highlights the strength of the business model in generating value for shareholders.

What does it mean?

Ensures that adequate cash is available for reinvestment and allows the Company's growth engine to sustain momentum.

Value impact

The Company reported a 0.47% increase in its net profit in FY 2021-22.