



DRIVING
SUSTAINABILITY
THROUGH
GREEN GROWTH.

**CORPORATE
RESPONSIBILITY
REPORT**

FY 2018-19 and FY 2019-20

#GreenGrowth

Driving Sustainability through Green Growth

**CORPORATE RESPONSIBILITY REPORT
FY 2018-19 and FY 2019 - 20**

CONTENTS

About the Report	04	Optimizing operations	33
From the Managing Director's Desk	05	Management Approach	33
From the Wholetime Director's Desk	06	Enhancing Resource efficiency	33
From the CEO's Desk	07	Reducing energy usage and emissions	34
		Safeguarding water	37
Achievements in FY 2019-20	08	Minimizing waste	39
Key performance Indicators	08		
Awards and Recognition	09	Employee Engagement And Empowerment	40
		Management Approach	40
About DBSIL	12	Talent Engagement	41
About the Company	12	Performance Management	49
Vision and Values	13	Safeguarding our Talents	49
Geographical Spread	14		
History of DBSIL	15	Community Empowerment Initiatives	51
Key Businesses	15	Management Approach	51
Product quality	16	Alignment of our CSR programs with UN Sustainable Development Goals	54
Business Landscape: Major Risks	17	Key Partners	55
		Performance across Key Focus Areas	55
What is material to us?	18	GRI Index	73
Engaging with stakeholders	17		
Materiality assessment	19		
Corporate Governance	20		
Organisation Structure	20		
Committees of the Board	22		
The Code, Policies and Standards	23		
Economic Performance	24		
Shareholding pattern	25		
Economic value Generated and Distributed	26		
Responsible Sourcing	26		
Engaging with Farmers	26		
Sustainable Agricultural Practices	30		

About The Report

Our theme: Driving Sustainability through Green Growth

'Sustainable growth' or 'Green Growth', as we call it, is a cornerstone of our business and mind set through which we wish to create enhanced and shared value for all our stakeholders. Through our second Sustainability Report for FY'19 and FY'20, we wish to communicate our commitment and responsibility towards the environment, people and society at large. We strive to grow sustainably by producing quality sugar and green energy. Sugar production process involves cane-crushing which generates molasses (a by-product) and bagasse (waste). We use molasses to produce ethanol, a green fuel, while bagasse is being utilised to generate clean power. Therefore, our product comes with a green footprint.

We have multiple co-generation plants located at our sugar mills which help us to reduce greenhouse emissions through production of renewable energy. We have adequate capacity of co-generation plants to cater our requirements and surplus is sold to distribution companies. At our distilleries, we use bagasse mixed with spent wash to generate green energy. In addition, we have invested in several energy efficiency measures to optimize steam and power consumption resulting into better plant performance.

Scope And Boundary

Our sustainability report has been developed in accordance with "core" criteria of the Global Reporting Initiative (GRI) standards. The GRI standards as well as Sustainability Accounting Standards Board (SASB) guidelines have been used to identify the most significant aspects or material issues of DBSIL for disclosure in the report. The scope of this report includes sugar, distillery and co-generation facilities located in Ramgarh (Uttar Pradesh), Jawaharpur (Uttar Pradesh), Nigohi (Uttar Pradesh), Kolhapur (Maharashtra), Sangli (Maharashtra) and the Corporate office in Delhi, unless stated otherwise. In addition, we have other businesses such as Magnesite division, Electronic division, Wind farm and Govan travels. However, these are not covered under the scope of this report.

Reporting Period

The report covers performance data for the period 1st April 2018 to 31st March 2020. In addition, for showing trends of our performance, we have used 3-4 years of historical data. Our first Sustainability Report was published in FY'15 and covered performance for 2 financial years.

Contact us

We welcome suggestions on the report to ensure that we remain consistent, responsive and inclusive. All comments or questions on the contents of this report or on our sustainability performance can be sent to

kumar.pankaj6@dalmiasugar.com



From the Managing Director's Desk



Dear Stakeholders,

Welcome to our Sustainability Report. We, as an organisation, are committed to conduct our business in a sustainable manner and this report reflects our philosophy, approach, commitments and performance with regards to the triple bottom line. This report is an attempt to ensure that our systems and practices are more transparent and to strengthen our relationships with our diverse set of stakeholders.

We have achieved the status of being the leading integrated sugar manufacturer by strengthening business through consistent investments in our 'Green Growth'. We have been embedding sustainability across the value chain, from sugarcane sourcing, efficient operations, minimizing waste generation, optimal energy consumption right up to supportive community initiatives. We strive to provide the most accurate and transparent account of these initiatives in this report.

We believe in shared value creation for all our stakeholders with special focus on the vulnerable and marginalised section. Our cane management initiatives have benefitted farmers immensely by increasing productivity and, as a result, their income. These activities includes improving farm productivity, encouraging organic practices, providing subsidised fertilisers and educating farmers about new agricultural practices. In addition, we provide bio-compost produced from our distilleries, undertake soil health testing and map arable area to improve farmer yields and incomes. We have also undertaken drip irrigation projects and cultivated drought-resistant cane varieties reinforcing resource security.

We focus heavily on waste management and waste reduction by following the principles of circular economy. Today, bagasse produced from sugar plants is utilized to generate electricity, which is consumed in-house and surplus is sold, and molasses is used in distilleries to produce ethanol. Further, we use press mud as organic manure to improve fertility of the soil. We have invested in best-in-class effluent treatment plants to achieve Zero Liquid Discharge status across all our plants.

Our partnership with the communities focuses on water conservation, providing clean energy, skill development, health camps, sanitation, social and cultural events. Our community engagement activities have created enormous goodwill for the Company over the past few decades. We conduct all Corporate Social Responsibility (CSR) activities through Dalmia Group's CSR arm – Dalmia Bharat Foundation (DBF).

Moving forward, we expect our initiatives to play a vital role in improving the lives of the different stakeholders in our value chain, while remaining profitable. The Company intends to leverage the growth in sales in downstream business, co-generation and distillery to improve its operating margin and profitability. We will continue investing in 'Green growth' through eco-friendly initiatives that make it possible to generate more from less, enhance inclusive growth and strengthen rural prosperity.

- Gautam Dalmia

From the Wholetime Director's desk



Dear Stakeholders,

It gives me immense pleasure to introduce you to our Sustainability Report for FY'19 and FY'20. We delivered a strong economic performance, despite incumbent challenges in the market. Our revenue grew at a Compound Annual Growth Rate (CAGR) of 21% to INR 2,105 Cr. while net profit grew at a CAGR of 47.5% to INR 187 Cr. over last four years leading to FY'19. The growth continued in FY'20 when revenues grew by 3% and profit increased by 6% to INR 198 Cr. This growth is a clear reflection of our commitments. We witnessed diversified business growth across our portfolio i.e. sugar production, distillery and co-generation. Best practices in value chain were implemented which provided much needed flexibility.

Our sugar production increased from 5 lakh tonnes in FY 2017-18 to 6.12 lakh tonnes in FY'19. It, however, dropped marginally to 5.6 lakh tonnes in FY'20 on the account of sugar diversion to ethanol through the B Heavy route. Superior cane variety and robust cane management system helped us to record sugar recovery of 12.18% in FY'19. Diversification of our business is the key to our sustained growth. The distillery production went up due to enhanced

capacity at Jawaharpur and installation of new 60 KLPD distillery at Nigohi. The overall distillery production increased to 68,000 KL in FY'20 providing a significant boost to our operations.

Our distillery business presents us with a long-term growth potential, as the country has announced a 20% target to blend ethanol with petrol by 2030 from the current 7% level. In FY'19, we invested around INR 80 Cr. to enhance our distillery capacity from 140 to 240 kilolitres per day (KLPD), stemming from our belief about attractive year-on-year growth prospects for ethanol.

Sustainability parameters, combined with economic growth, have always been a matter of importance to us. The pillars of economic, environment, social and governance have shaped what we have become and will continue to lead us to the future. We ventured into FY'20, determined to progress on each of these pillars and, as a result, achieved great results. We are committed towards our values and are in a constant search of ways to make our business more sustainable.

We endeavour to solve the challenges which 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 Nation's Sustainable Development Goals (UN SDGs). Dalmia Bharat Foundation (DBF) with population outreach of more than 10 lakhs, helps in effective execution of our CSR projects.

We dream big, we dream sustainable, and we are working every day to make our dream come true. I would like to thank entire team of DBSIL for believing in the Company and working tirelessly towards achieving our goals.

- Bharat Bhushan Mehta

From the CEO's Desk



Dear Stakeholders,

I am proud to present our Sustainability Report for the period FY'19 and FY'20. Since our first report, we have worked consistently to ensure that our disclosures are complete, transparent and meet the expectations of all our stakeholder groups. While we are committed to further improve our economic performance, it is equally important to diversify our commitments towards environment and the society. Our performance is no longer the reflection of numbers, but is a combination of economic, environmental and social value created by us. We are obligated to reduce our carbon footprint in an era of global warming thereby contributing to build a better world. Our commitments to the society are and shall remain in-line with our vision.

With the modern facilities at our plants located in Maharashtra and Uttar Pradesh, we are able to create immense value for all our stakeholders without negatively harming the environment. It is a continuous endeavour for us to improve operations so as to produce more with less while minimizing our footprint on the environment. We have also been accredited with best-in-class certifications related to occupational health and safety management, environmental management and food safety and quality.

We recognise the importance of farmers in our supply chain and undertake several initiatives to improve the fertility of soil, educate farmers about farming developments, provide utilities such as crushing machine, collaborate with Cane Development Institute, improve farming techniques, strengthen production processes 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 of our plants comprises of at least four Kisan Seva Kendras (Farmer Service Centres) to distribute fertilisers, agrochemicals and seeds. We aim to develop robust and high yielding cane varieties that generate sustainable incomes for farmers.

We are dependent on sugar cultivation for producing sugar and ethanol. Climate change is a concern for us, and we are conscious about the dire effects of global warming on agriculture 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 recognise the role of green power in reducing GHG emissions and utilise bagasse in our co-generation plants to produce green power. Our co-generation capacity stood at 107 MW in FY'20, of which 29% was consumed by the sugar business in-house before exporting the rest to electricity grid.

We produce ethanol, which is blended with petrol for eco-friendliness. This helped to utilise molasses generated from sugar production for ethanol manufacture. We set up our first distillery in Jawaharpur with a capacity of 80 KLPD in 2007. Over the years, Company has increased the distillery capacity. In FY'19, we added 100 KLPD, enhancing capacity to 240 KLPD. The distillery division accounts for 15% of our top line.

We have greatly enhanced the social work for the communities surrounding our plants and it is reflected by the fact that over last three years DBSIL's CSR expenditure has increase 5- fold. This shows our increasing commitment towards CSR initiatives. Our approach towards CSR activities is steered to solve society's greatest challenges, act as trustee and build partnerships.

- Pankaj Rastogi

Achievements in FY 2019-20

Key performance Indicators



Distillery production# increased by

51%



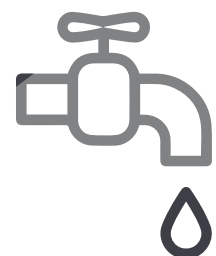
Net Profit# increased by

6%



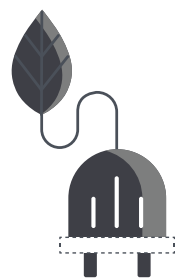
Return on Capital Employed# increased by

23%



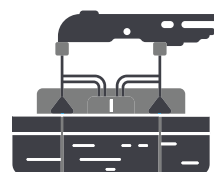
Water intensity* decreased by

28%



Energy intensity* decreased by

15%



Emissions intensity* decreased by

10%



Fatalities in FY'20

0



Attrition rate in FY'20

7%



Number of permanent employees# increased by

4%



Lost Time injuries reduced to

0



CSR Expenditure* increased by

767%

Compared to FY'19

* Over last 4 years

Awards and Recognition



- 21st National Energy Award for Excellence in Energy Management by CII (2020)
- CII-ITC Sustainability Awards (2019)
Commendation for Significant Achievement in Corporate Social Responsibility
- Life Time Achievement Award by the Sugar Technologist's Association of India (STAI) to Mr. Bharat Bhushan Mehta
- CII Sugartech Award (2019)
- Best Overall Performance Sugar Mill Award (Nigohi Unit)
- ICC SOCIAL IMPACT AWARDS (2019) under the theme 'Access to Clean Energy'
- ET2 GOOD 4 GOOD (2017) under CSR Category
- IICA - NGOBOX Good Practice Recognition Awards (2015) for 'Energy Conservation and Climate Change Mitigation'



Bonsucro is a global membership organisation that promotes sustainable sugarcane production, processing and trade around the world.

The Bonsucro Production Standard

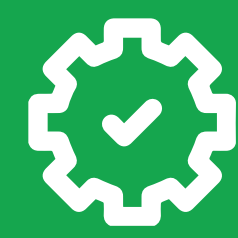
As a member, we follow 7 principles of Bonsucro Production Standard to achieve sustainable sugar production and promote use of green energy.



Obey the law



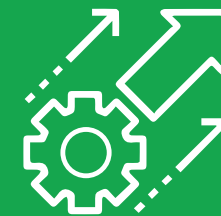
Respect human rights and labour standards



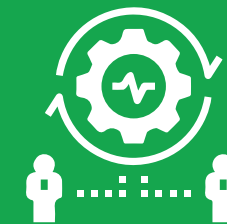
Manage efficiency to improve sustainability



Manage biodiversity and ecosystem



Continuously improve



Adhere to European Union directives



Organization of farmers



Bonsucro is a voluntary global sustainability standard for sugarcane. DBSIL has been a member of Bonsucro since 2018 and has one mill certified against our Production Standard - ensuring sugarcane is produced against social and environmental criteria.

DBSIL was one of the first mills in India to achieve certification and we consider it a leader of sustainability in the Indian sugarcane industry. We are looking forward to working with the team more closely in the coming years and watching sustainability initiatives develop.

-Ms Danielle Morley, CEO, Bonsucro



About the Company

Dalmia Bharat Sugar and Industries Limited (DBSIL) is part of Dalmia Bharat Group, a 2,035 Cr. turnover company and ranks among the top sugar producers in India. DBSIL is one of the fastest growing Company in the sugar industry. We have successfully created a strong presence in B2B markets through our sugar mills and refining units. We have presence in two non-contiguous states – Uttar Pradesh (Ramgarh, Jawaharpur and Nigohi) and Maharashtra (Kolhapur and Sangli). Our state-of-the-art facilities are awe-inspiring and have achieved excellence in plant operational metrics. DBSIL's Jawaharpur, Nigohi and Kolhapur units are fully integrated (sugar mill, distillery and co-generation) and focuses on maximising the utilisation of by-products (molasses and bagasse), reducing transportation costs and enhancing efficiency. We extended from manufacturing sugar to ethanol production and co-generation in FY 2006-07. The result of our best in class practices and strategic commitments strengthen our belief to continue investing in eco-friendly initiatives that make it possible to generate more from less, enhance inclusive growth and ensure rural prosperity. Our registered office is located at Dalmiapuram, Tamil Nadu and corporate office is at New Delhi.

DBSIL is committed to 'Green Growth' across initiatives, plants, management functions and market cycles. Our Green Growth positioning is primarily attributed to our competitive advantages:


Low Cost	Our average cost of manufacturing is very competitive in the sector.
Diversified Business	Presence across the value chain from manufacturing of sugar, distilleries, ethanol production and co-generation plants.
Integrated Plants	Fully Integrated plants ensures maximum utilisation of by-products, reducing transportation costs and improving efficiency.
Strategic Location	Presence of our mills in cane - rich states: Maharashtra and Uttar Pradesh
Quality - Conscious	Sulphur - less refinery in Nigohi produces refined sugar of the highest quality. Robust quality systems - 5S initiatives across all units
Relationships	Strong equity among the cane farming community.
Sustainability	Expanded ethanol production capacity.
Green Power	Use bagasse based co - generation to generate green power.
Water Intensity	28% reduction in water intensity over last 4 years.



Vision And Values

The sugar industry is going to evolve in coming years and DBSIL will continue to make necessary efforts to leverage sustained competitive advantage. We are committed to increase the value that DBSIL creates for each of its stakeholders. We foresee tremendous potential in sugar industry and strive to be among the top five sugar producers. We are committed to work with our stakeholders in tandem with our vision and mission without compromising on inherent values thereby building a better society.

Vision



To unleash the potential of everyone we touch

Values



- Integrity : *Be true to yourself and to others.*
- Humility : *Be open to accept and willing to learn.*
- Trust & Respect : *Believe in one another and hold each other in high esteem.*
- Commitment : *Always deliver against a promise.*

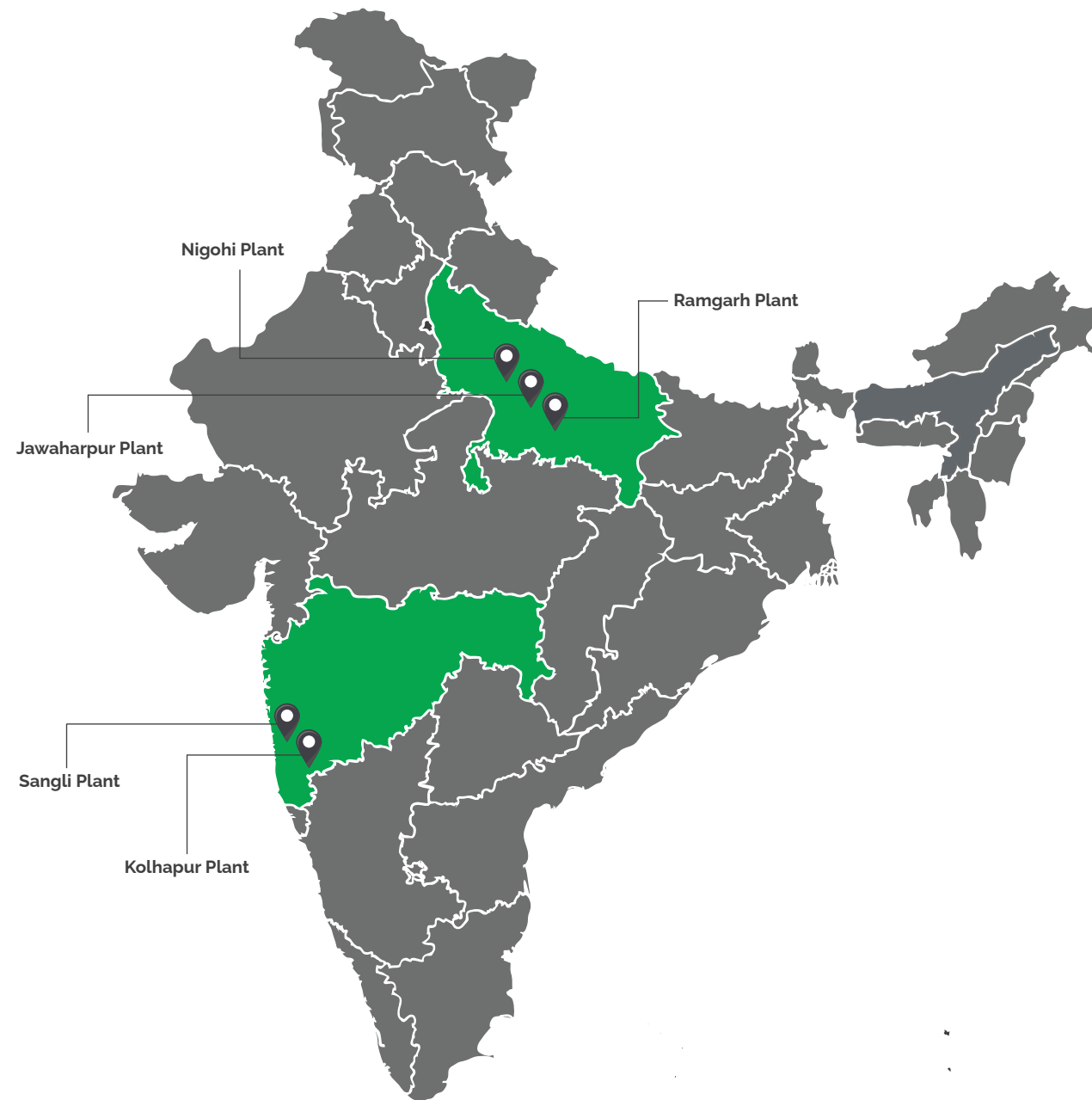
Mission



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

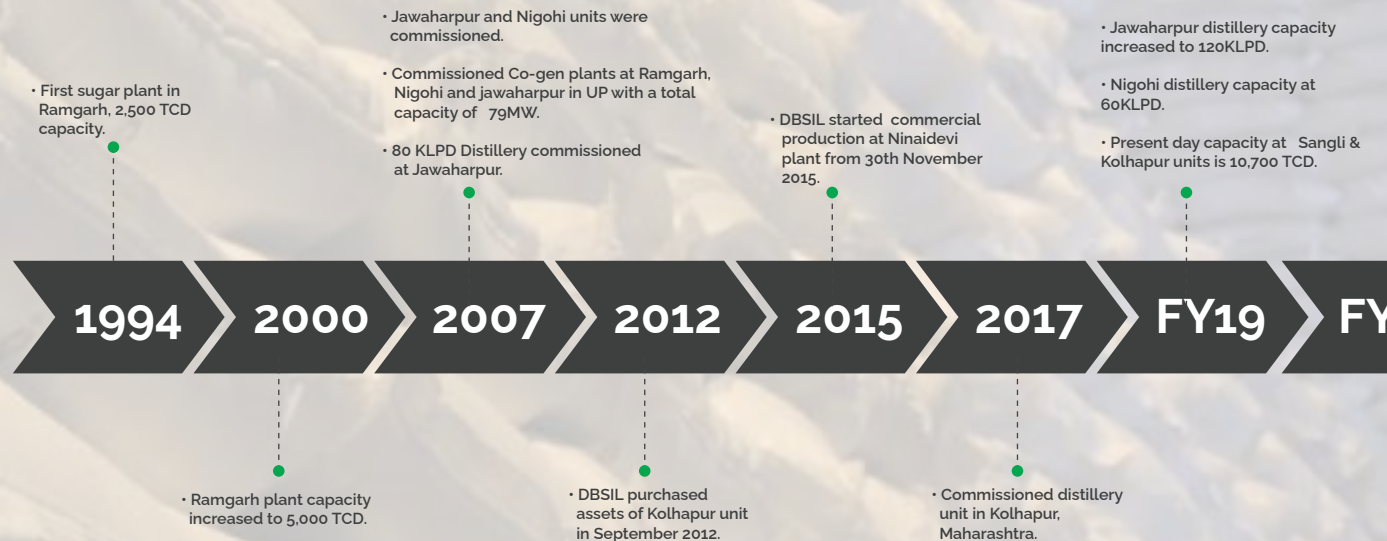
Geographical Spread

As of 31st March 2020, we have 5 sugar plants, of which 3 are located in Uttar Pradesh and 2 are located in Maharashtra. We have total 4 units of co-generation plants with a combined capacity of 107 MW. In addition, we have distilleries at Jawaharpur, Nigohi and Kolhapur with a licensed capacity of 240 KLPD. We also have facilities for processing raw sugar. In FY'20, we exported sugar to many countries in Far East, Middle East, Africa and SAARC countries.



Production Capacity			
Units	Sugar (tonnes of cane per day)	Ethanol (kilolitres per day)	Co-generation (MW)
Ramgarh	7,500	0	25
Jawaharpur	7,500	120	27
Nigohi	9,000	60	27
Kolhapur	9,000	60	26
Sangli	2,500	0	2
Total	35,500	240	107

History of DBSIL



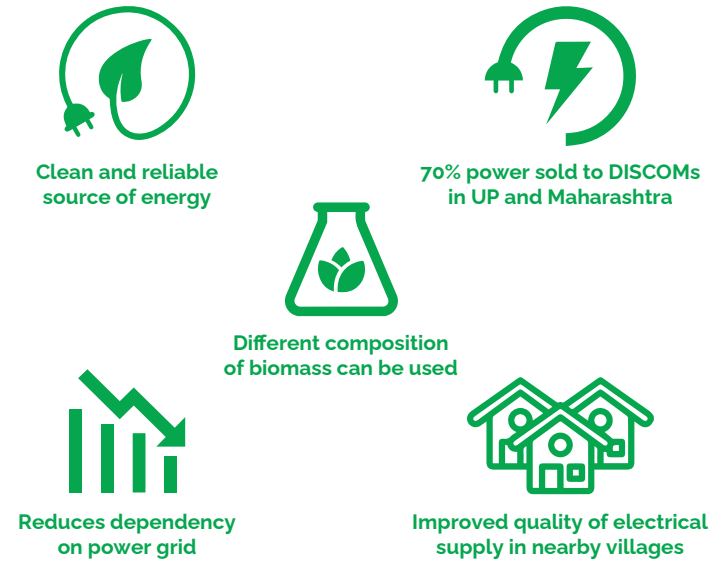
Key Businesses

Sugar Business

Our sugar production increased to 6.12 lakh tonnes in FY'19, an increase of 23% as compared to 5 lakh tonnes in the previous year. We reported a record sugar recovery of 12.16% in Uttar Pradesh because of superior cane variety and robust cane management system. In FY'20, however, the sugar production decreased marginally by 9% from previous period on the account of sugar diversion to ethanol through the B Heavy route. DBSIL's proactive decision to broaden its business, coupled with high cane recovery and moderated production costs has helped to make payments to cane farmers on schedule.

Co Gen Business

Co-generation is the on-site generation of electricity from waste heat which can significantly increase the fuel utilization efficiency in process industries. We commissioned co-generation plants to make efficient use of bagasse which is generated in sugar production. These co-generation plants are the source of green power. Our co-generation capacity now stands at 107 MW, spanning four units. Nearly 29% of the total power generated was consumed in-house in FY'20 and the rest exported to the electricity grid. The company possesses adequate capacity to cater to 100% of its power requirement. Our power generation increased by 14% from 52.80 Cr. units in FY'18 to 60.22 Cr. units in FY'19 and the revenues earned from surplus power exports was INR 214 Cr. In FY'20, the generation dropped to 54.9 Cr. units due to no off-season co-gen operation in Uttar Pradesh on the account of reduced power tariff.



Distillery Business

Our cumulative distillery capacity is 240KLPD. Increasing government focus on ethanol blending and in-house raw material availability has helped company to capitalise this opportunity. The company possesses the capacity to produce different grades of alcohol (ethanol, rectified spirit and extra neutral alcohol), addressing different user segments.

External initiatives and memberships of associations:

- Bonsucro
- Indian Sugar Mills Association (ISMA)
- Uttar Pradesh Sugar Mills Association (UPSMA)
- West Indian Sugar Mills Association (WISMA)
- U.P. Co-gen Association
- The Sugar Technologists' Association of India (STAI)
- All India Distillers' Association (AIDA)
- Co-generation Association of India

Product Quality

We are focused to improve product safety through in-house scientific research and collaboration with institutes. Our priority is not just to become one of the largest but also to be most trusted and respected sugar producers in the country. Our refinery at Nigohi produces sugar of the highest quality which is exported to other countries. We have implemented quality management systems at every facility to ensure products are safe and meet desired quality standards. Quality at DBSIL is maintained 'from farm to food' i.e., from high-quality cane varieties, through procurement, production and transportation till final delivery to customers. The company has been accredited with best-in-class certifications. Our Kolhapur unit has received BONSUCRO certification implying collective efforts to implement sustainable sugarcane practices.

Business Landscape: Major Risks

At DBSIL, we follow the mechanism of risk identification, risk mapping, assessment and control of risks, review and alignment and ultimately mitigation of the identified risks. Such a structured mechanism allows for a better vision of risks and the controls and enables us to better evaluate and be prepared for the situation. The identified risks and the corresponding mitigation methodologies have been provided in the table below.

	Exposed Risk	Risk Mitigation
Industry Risk	The cyclic nature of sugar business, risk of fluctuations in price and availability of sugarcane, raw sugar and energy prices can impact revenues and profitability adversely.	Our integrated business model helps to reduce the risks across our businesses. We use combinations of forward contracts, hedging on exchanges, etc. to minimize the price fluctuation in sugar.
Policy Risk	Frequent changes in government policies can affect the sugar industry and thereby impact our performance.	We focus on de-risking our business by producing quality products, having a strong marketing network, improving process efficiencies, better cane management system and increasing distillery production.
Raw Material Resource Risk	Inadequate availability of raw materials can have tremendous impact on sugar production and our profitability.	DBSIL works with farmers to improve their financial liquidity, provides them training to enhance yield by focussing on soil enhancement, inter-cropping for nitrogen fixation, green manuring and vermi-composting. Project Unnati was launched to address the inefficiencies of conventional farming practices and to achieve a recovery of more than 10%.
	Monsoon vagaries can impact cane growth and related profitability as farmers have high dependence on water.	DBSIL is planning to undertake the development of new cane varieties which consume less water and can be cultivated within nine months. In addition, trench planting and other methods are used for water conservation.

Banking On Opportunities

DBSIL has witnessed profitable growth in FY'19 derived from sustainable business operations and broad revenue streams. Our Green Growth commitment has led to strengthening of our balance sheets over the past years. Despite the overriding structural shift in sugar cane availability in India, we have been able to capitalize by focusing more towards the production of ethanol through B-heavy molasses route (that substitutes sugar output). With our integrated plants, we intend to gain a strong position across markets to meet the growing demand for high-quality sugar and biofuels. We see huge potential in our distillery and co-generation businesses which add to our business sustainability and contribute in our pre-tax profits. The company also expects to grow significantly on the back of enhanced capacities and improved efficiencies.

What is material to us?

Engaging with stakeholders

At DBSIL, we are familiar with the needs of our stakeholders because we listen to them. We engage with the stakeholders on a periodic basis through various channels to know their expectations and to maintain good relations with them. It helps us in better understanding of triple bottom line issues that are important to them. We endeavour to support the development of stakeholders who are working with us at different stages of the supply chain. Today, DBSIL creates wealth for investors, contractors, farmers, distributors, suppliers and service providers.

Our prime objective is to develop sustained performance in environmental, social and economic verticals. DBSIL's current strategy is a result of refinements that addresses material topics for the betterment of our stakeholders. The key stakeholder groups were selected based on their influence and relevance to the operations. DBSIL regularly communicates relevant information with them through various channels such as meetings, annual report, CSR report, sustainability report, press releases, etc. This helps us to build a transparent and fair environment for our stakeholders.

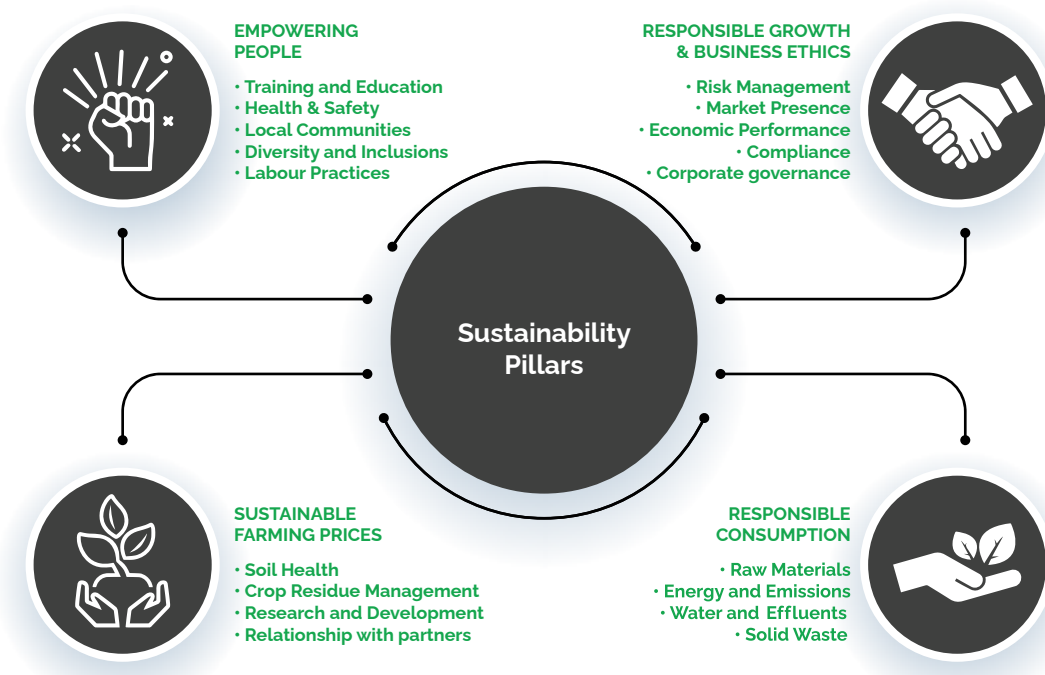
We consider the feedback of our stakeholders while taking any operational decision. The following table mentions different modes through which we engage with our stakeholders, along with their key concerns.

Stakeholder	Engagement Type	Key Concerns
Employees	<ul style="list-style-type: none"> • Training and skill upgradation programs • Workshops to boost cultural philosophy • Celebration of festivals • Awards ceremony 	<ul style="list-style-type: none"> • Work life balance • Career growth • Skill development
Government & regulatory bodies	<ul style="list-style-type: none"> • Periodic compliance report • Statutory Audits • Disclosures as required by norms 	<ul style="list-style-type: none"> • Pollution control and prevention. • Compliance to laws & regulations.
Competitors	<ul style="list-style-type: none"> • Analysis of best practices adopted by peers 	<ul style="list-style-type: none"> • Sector performance of peers • Healthy competition
Suppliers	<ul style="list-style-type: none"> • Regular supplier meet • Vendor assessment and review 	<ul style="list-style-type: none"> • Timely payment for suppliers • Transparency in payment process
Customers	<ul style="list-style-type: none"> • Regular feedback from customers • Customer satisfaction survey 	<ul style="list-style-type: none"> • Pricing Strategy • Quality of Product • Product Certification
Media	<ul style="list-style-type: none"> • Senior Management Interview • Press conference 	<ul style="list-style-type: none"> • Transparency in company communication • Regular Interactions

Stakeholder	Engagement Type	Key Concerns
Investors	<ul style="list-style-type: none"> • Quarterly financial reports • Press releases • Annual general meeting • Periodic conferences 	<ul style="list-style-type: none"> • Dividends given by company • Performance improvement • Increase in market share
Industrial Associations	<ul style="list-style-type: none"> • Tie ups with industrial association 	<ul style="list-style-type: none"> • Regular Communications
Community	<ul style="list-style-type: none"> • CSR Reports • Skill Development program • Blood donations program • Health initiatives • Water and soil conservation awareness program 	<ul style="list-style-type: none"> • Employment to local youth • Community infrastructure development • Livelihood and skill development program

Materiality Assessment

Material issues are the aspects that are most vital or significant for an organisation. To identify and subsequently validate the material issues of DBSIL, we first created a bucket list of potential material aspects by analysing the material issues of peer companies and the issues identified by Sustainability Accounting Standards Board (SASB), BonSucro and Global Reporting Initiative (GRI). Further, we engaged with different stakeholder groups to understand their views and concerns on the identified material issues. We also engaged with the senior management of DBSIL to understand the effect of these material aspects on the ability of DBSIL to create long term value. Through this exercise, the material aspects were shortlisted, prioritised and grouped under four pillars: Empowering people, Sustainable farming practices, Responsible growth & Business ethics and Responsible consumption.



Corporate Governance

Engaging with stakeholders

We, at DBSIL, understand that robust corporate governance is the bedrock of our sustained performance and we strive to work with transparency, responsibility and credibility. DBSIL is a professionally run enterprise and has effective board oversight with sound corporate governance practices to deliver long-term value to the stakeholders.

Our corporate governance framework and philosophy originates from our responsibility towards maximizing stakeholders' value. It is a systematic continuous process which ensures enhancement in wealth-generating capacity and long-term success. We believe in a system driven performance and accord highest priority to it. We believe that growth and efficiency are blended with governance and ethics. The Board of Directors, guided by the mission statement, formulates strategies and policies having focus on optimising value for various stakeholders including consumers, shareholders and society at large. This section gives insights into the systems and practices followed to achieve the highest standards of governance.

Organisation Structure

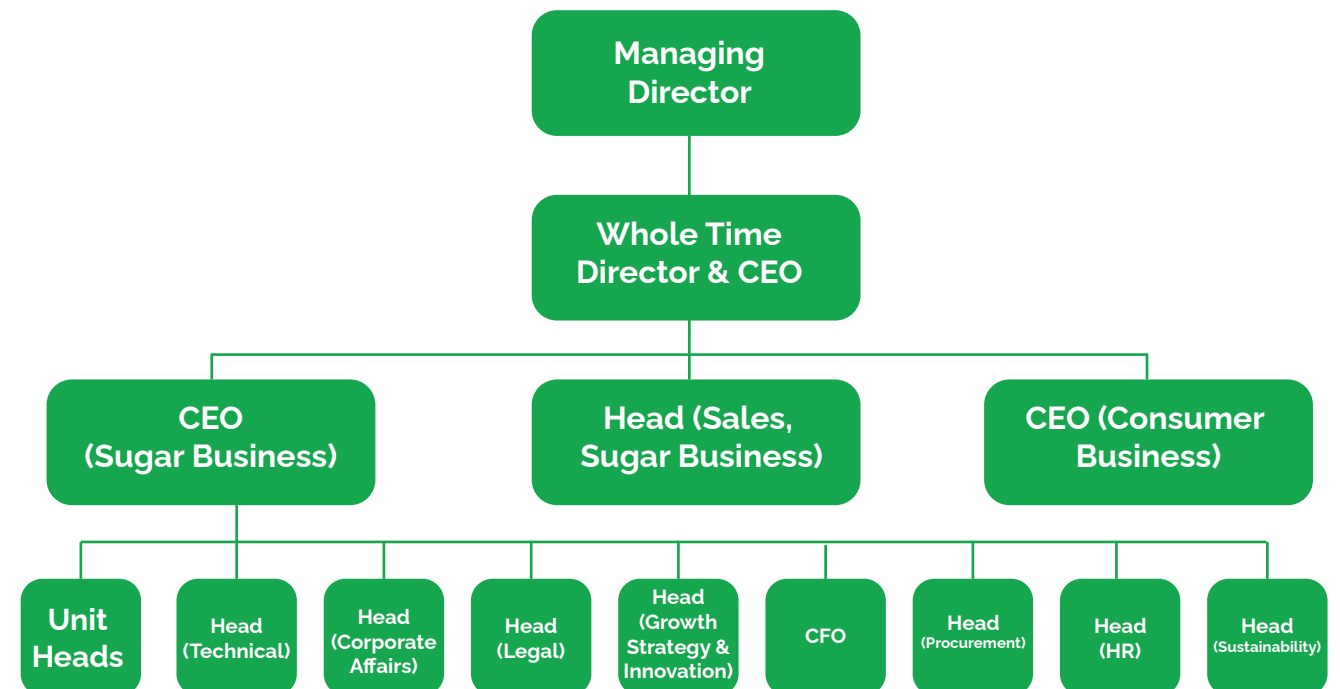
Our company follows healthy corporate governance practices which ensures a strong and balanced growth in a fair and responsible manner. We have an active, well-informed and independent Board which is responsible and committed to the sound principles of corporate governance.

Composition of the Board of Directors (as on March 31, 2020)		
S.No.	Name	Category
1.	Shri. Jai Hari Dalmia (Vice Chairman)	Executive Directors
2.	Shri. Gautam Dalmia (Managing Director)	Executive Directors
3.	Shri Bharat Bhushan Mehta	Wholetime Director
4.	Shri P. Kannan (Chairman)	Non-Executive Independent Director
5.	Smt. Amita Mishra	Non-Executive Independent Director
6.	Shri T. Venkatesan	Non-Executive Directors

The Board of Directors is presently constituted of professionals from the industry, finance, bureaucracy and administrative functions which are the core competencies required to enable any company to function effectively. The Board members have strong expertise and capability of effectively contributing to business and policy decisions. They oversee the management and protect the long-term and short-term interests of the stakeholders. They have been vested with the requisite powers and authority to fulfil their duties and responsibilities, operating within the framework of a responsibility matrix.

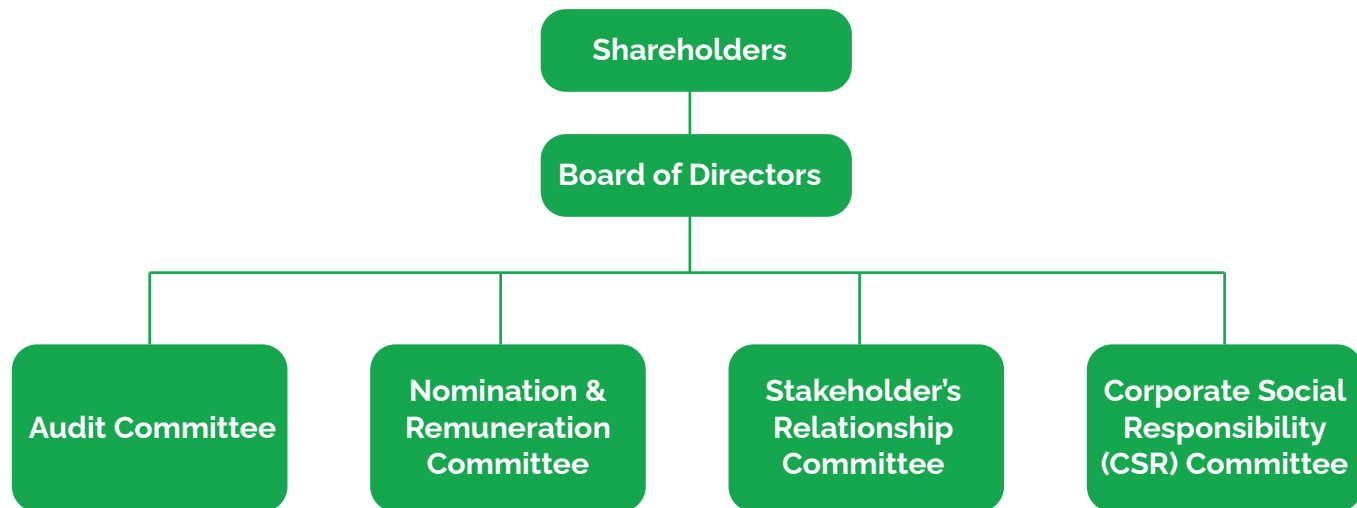


Functional structure at DBSIL



Committees of the Board

The Board is committed to follow the best practices of corporate governance. Committees, with clearly defined roles, are constituted under the formal approval and supervision of the Board. The committees meet at regular intervals and take necessary steps to perform their duties. There is seamless flow of information as the committees report their recommendations and opinions to the Board, which in turn supervises the execution of the respective responsibilities of each committee.



Audit Committee

The audit committee is mainly entrusted with supervising and monitoring the Company's internal controls and financial reporting process. Its role is to recommend for appointment, remuneration and terms of appointment of auditors of DBSIL and payment for any other services rendered by them, review and monitor their independence and performance, effectiveness of audit process, oversee Company's financial reporting process, review quarterly and annual financial statements. The auditor's report is sent to the Board for approval to ensure financial statements are correct, sufficient and credible.

Nomination & Remuneration Committee

This committee is mainly responsible to plan and develop Board diversity policy, formulate criteria for performance evaluation of Directors, identify and recommend person to the Board of Directors' appointment, review human resource policies and succession planning.

Stakeholder Relationships Committee

The prime responsibility of this committee is to resolve grievances of security holders, review measures taken for effective exercise of voting rights by shareholders, review adherence to service standards adopted in respect of services being rendered by the registrar and share transfer agent, review measures for reducing quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by shareholders.

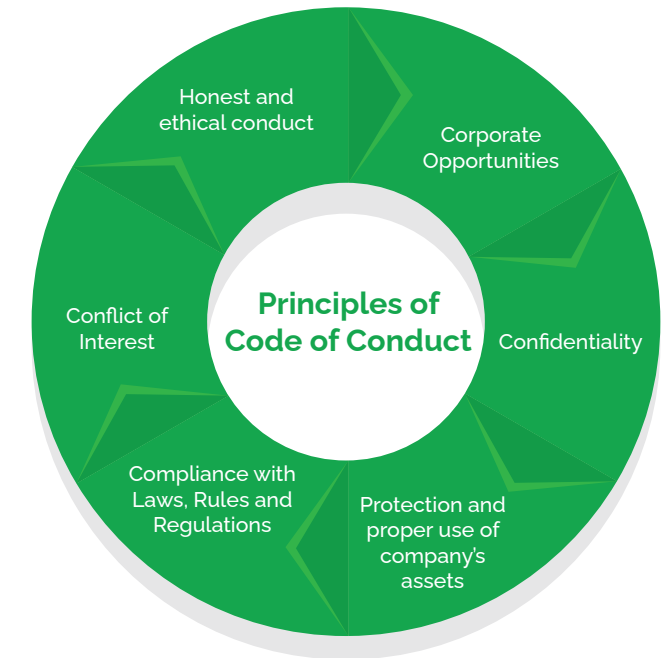
Corporate Social Responsibility Committee

Pursuant to the provisions of Section 135 of the Companies Act, 2013, Corporate Social Responsibility committee was constituted for formulating and recommending Corporate Social Responsibility Policy to the Board and monitoring it from time to time.

The Code, Policies and Standards

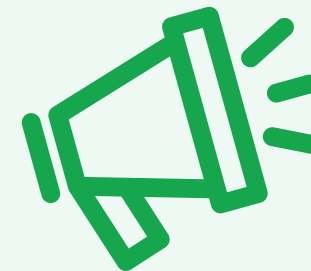
The Board and relevant stakeholders have helped us in conducting operations ethically. We have put several policies and frameworks in place that ensure ethical conduct of our business, both amongst employees and business associates.

We follow Code of Conduct as laid down for the whole group. All board members and designated senior management of the company strictly adhere to it.



Whistle Blower Policy and Vigil Mechanism

In order to provide a platform for employees and stakeholders to raise their voice about any breach of Code of Conduct, financial irregularities, health, safety, environmental issues and provide direct access to the chairperson of the audit committee in appropriate cases, DBSIL has a Whistle Blower Policy and Vigil Mechanism in place. There were no cases of corruption in FY'19. In FY'20, there were 7 incidents where employees were disciplined for corruption.



Whistle Blower Policy

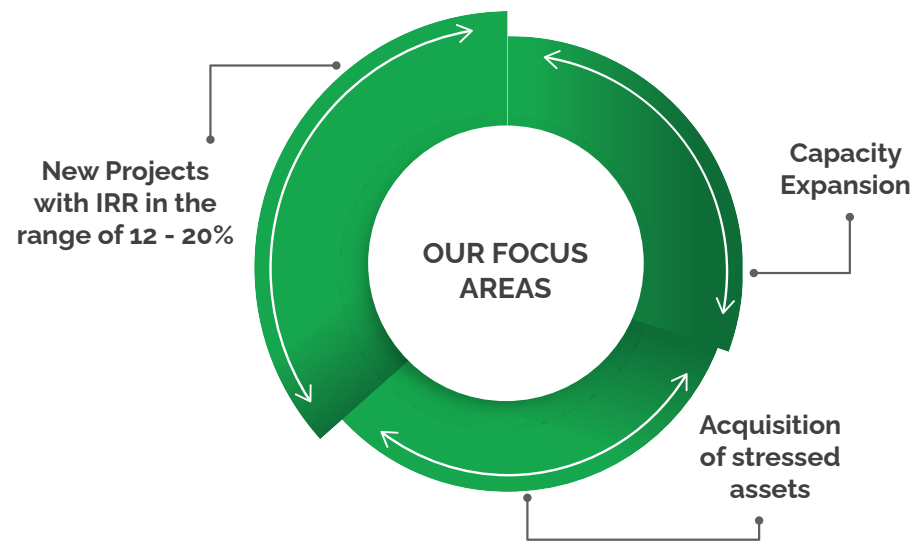
All the protected disclosures reported under this policy shall be reviewed by the Audit Committee and will be investigated by the Group HR Head/Chairperson of the Audit Committee of the company or persons or agencies authorised by them if there is a prima facie case. The investigators, so authorised by them if there is a prima facie case. The Investigators, so authorised shall maintain confidentiality and follow principles of natural justice in conduct of the investigations. Upon conclusion of the investigation and based on the review of relevant findings, Group HR Head / Chairperson of Audit Committee shall submit their recommendations for suggested action.

Complete Whistle Blower Policy & Vigil Mechanism can be accessed at: <https://www.dalmiasugar.com/upload/policies/DBSIL-Whistleblower-Policy-Board.pdf>

For further information on corporate governance, refer to our annual report: <https://www.dalmiasugar.com/wp-content/themes/Sugar/assets/annual-reports/DBSILAR2019-20.pdf>

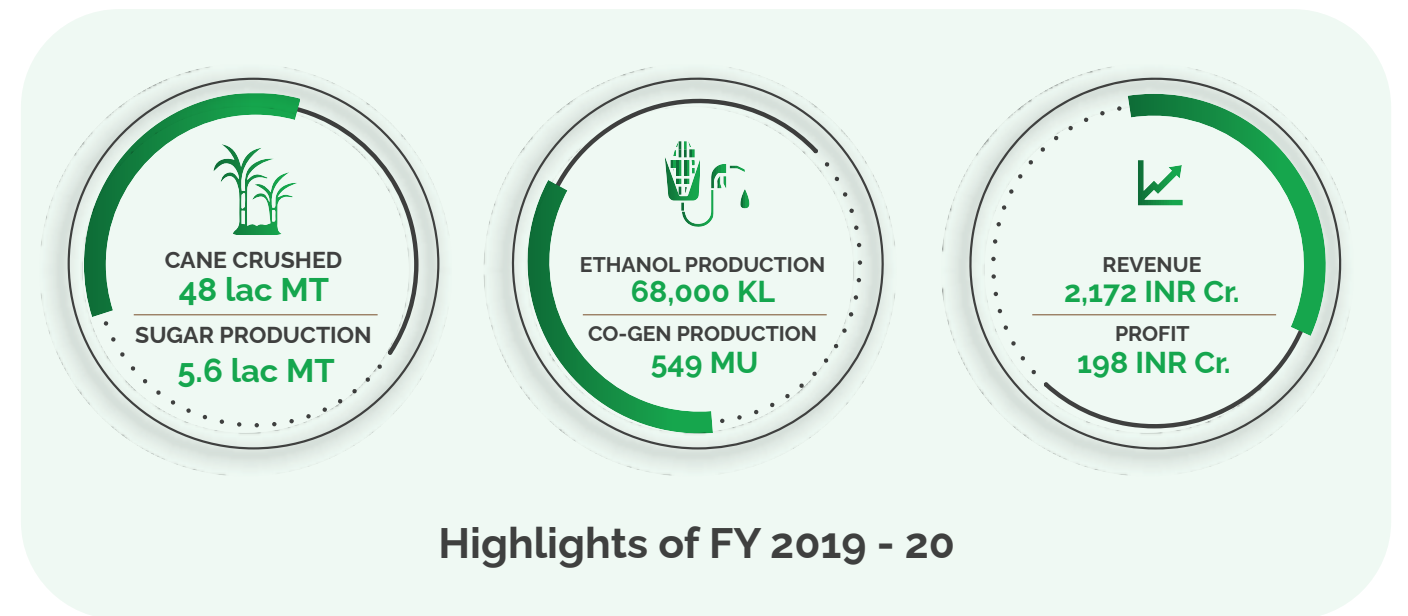
Economic Performance

At DBSIL, we have a commitment to make a strong balance sheet that will serve as the foundation of our long-term sustainability. We strive to stay ahead of our peers and successfully leverage a fully integrated business involving sugar production, distilleries for ethanol production and co-generation of power. Our units are strategically located in sugarcane-rich states: Maharashtra and Uttar Pradesh. The Company seeks to retain its position as a respected industry player among the leading integrated sugar manufacturers, reflected in the ability to generate the highest return on capital employed.



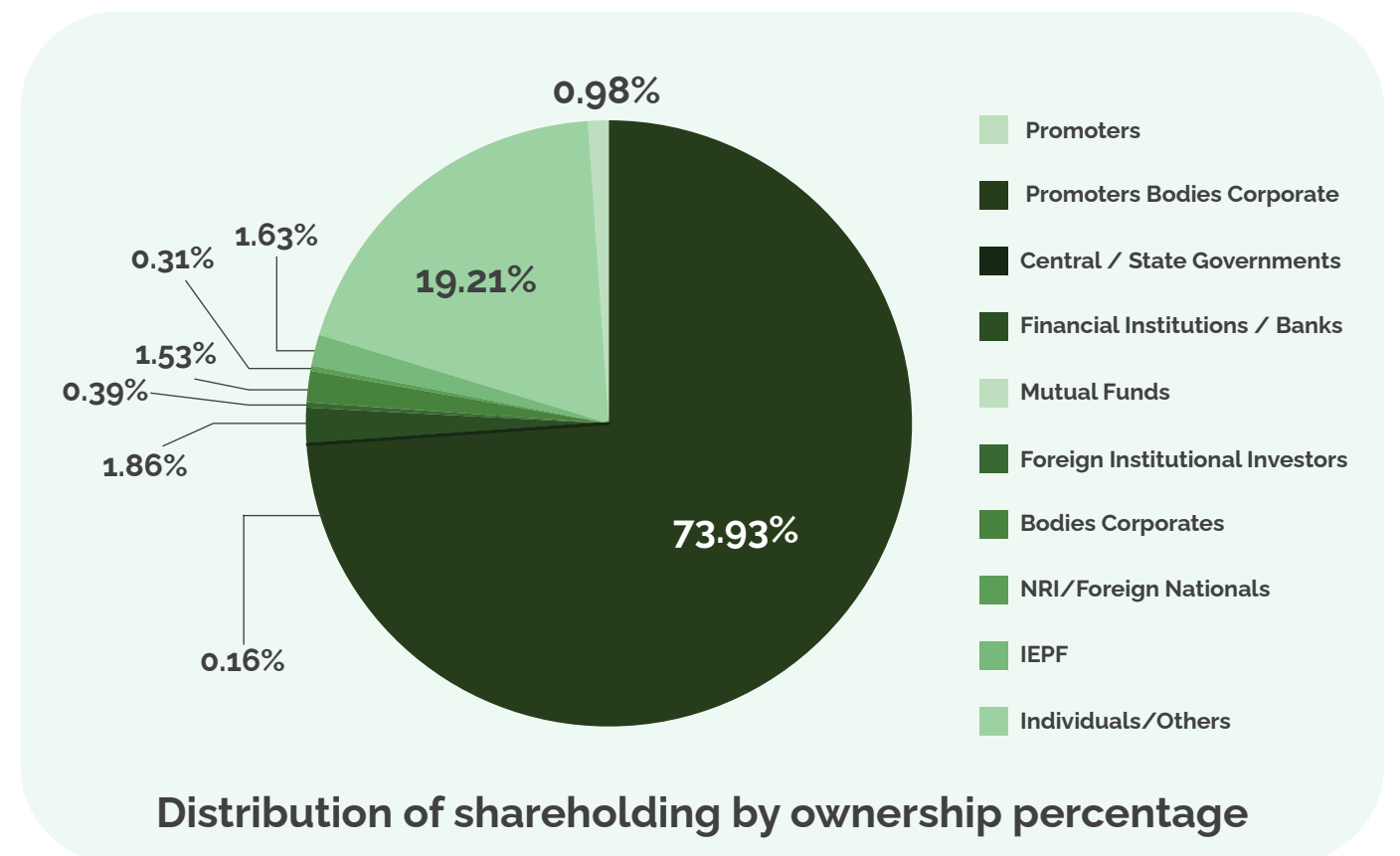
The Government provides export subsidy and low borrowing cost which boosts the sugar industry. Technological upgradation of our facilities is done periodically, making us one of the most efficient sugar producers in India.

One of the risks that DBSIL has identified is dependence on sugar cane seed variety 'CO-0238'. This is being mitigated through R&D efforts to identify additional cane varieties. We also conduct benchmarking exercise on a periodic basis across peers to ensure optimum performance on selected parameters.



Shareholding pattern

DBSIL's equity shares are listed and actively traded both on Bombay Stock Exchange and National Stock Exchange. As on 31st March 2020, DBSIL's market capitalization was INR 396 Cr. and 75% of the equity was owned by promoters.



Economic Value Generated and Distributed

Despite the economic slowdown in FY'20, the overall business outlook remained positive. Ease of doing business in India has improved, which positively affected foreign investments. The Company's revenues grew at a CAGR of 21% to INR 2,105 Cr. while net profit grew at a CAGR of 47.5% to INR 187 Cr. over the four years leading to FY'19. Moreover, in FY'20, due to increased demand and improved sales footprint, the company's revenue and profit increased to 2,172 Cr. and 198 Cr. respectively. While our profit has been increasing year-on-year, there has been a marginal decrease in the cane crushed and sugar produced due to reduced average days of operation in FY'20 as compared to FY'19.

For further information on our economic performance, refer to our annual report:

<https://www.dalmiasugar.com/wp-content/themes/Sugar/assets/annual-reports/DBSILAR2019-20.pdf>

	FY 2019-20	FY 2018-19	FY 2017-18
Cane crushed (MT)	4,798,000	5,023,000	4,222,000
Sugar produced (MT)	558,000	612,000	499,000
Ethanol produced (KL)	68,000	45,000	33,000
Revenues (₹ Cr.)	2,172	2,105	2,282
Profit (₹ Cr.)	198	187	134

Responsible Sourcing

Engaging with Farmers

Farmers are our key stakeholder. The cultivation and harvesting of sugarcane directly impact our profitability and efficiency. They are not seen as a separate unit but an integral part of our value chain.

We support the farmers by providing wide range-ranging expertise with respect to soil treatment, seed selection, plant protection and soil fertility. We work towards increasing farmer awareness through periodic interactions to improve farm productivity. Through such engagements, farmers are educated to strengthen cane growing culture, reduce cane loss, improve sucrose content of cane and thereby improve overall productivity to generate sustainable income.

Creating awareness and building capacity

Various platforms and forums have been set up to spread agricultural awareness among farmers. 'Farmer meetings' are conducted in different villages where they are made aware of the issues like seed treatment, seed selection, best practices, reduction of cut to crush time, etc. 'Kisan Gosthi' is another initiative where more than 200 growers assemble at our plants to discuss agricultural issues, every quarter. Soil testing is carried out by collecting samples from different villages with subsequent soil map preparation and recommendations are provided based on the nutrient requirements for different types of soil. We are also promoting usage of organic fertilizers along with chemical fertilizers. It helps farmers to maximise fertilizer benefits resulting in improved productivity. Further, wall painting is done to effortlessly communicate information to the farmers. Scientists from sugarcane research station are invited to have in person conversation with farmers to resolve their issues. Other modes like SMS, leaflets, road shows, dramas, etc. are used to spread awareness. We have developed an app for farmers to help them know the details regarding payment, weighment of sugarcane, etc. It is a step towards digitisation of our farmer engagement process which brings ease of doing business and makes interaction with farmers more robust, transparent and efficient.



Posters and Pamphlet Distribution to Growers



Wall Paintings at Villages

Road Shows

Kisan Seva Kendra (KSK)

At least 4 KSKs are set up at each DBSIL plant. These KSKs serve as a nodal point for distribution of cane survey data, agro-chemicals and seeds to the growers. Timely payment, fair and accurate weight measurement at cane purchasing centres is achieved using Hand Held Terminal (HHT) devices thereby encouraging long-lasting relationship between DBSIL and farmers.



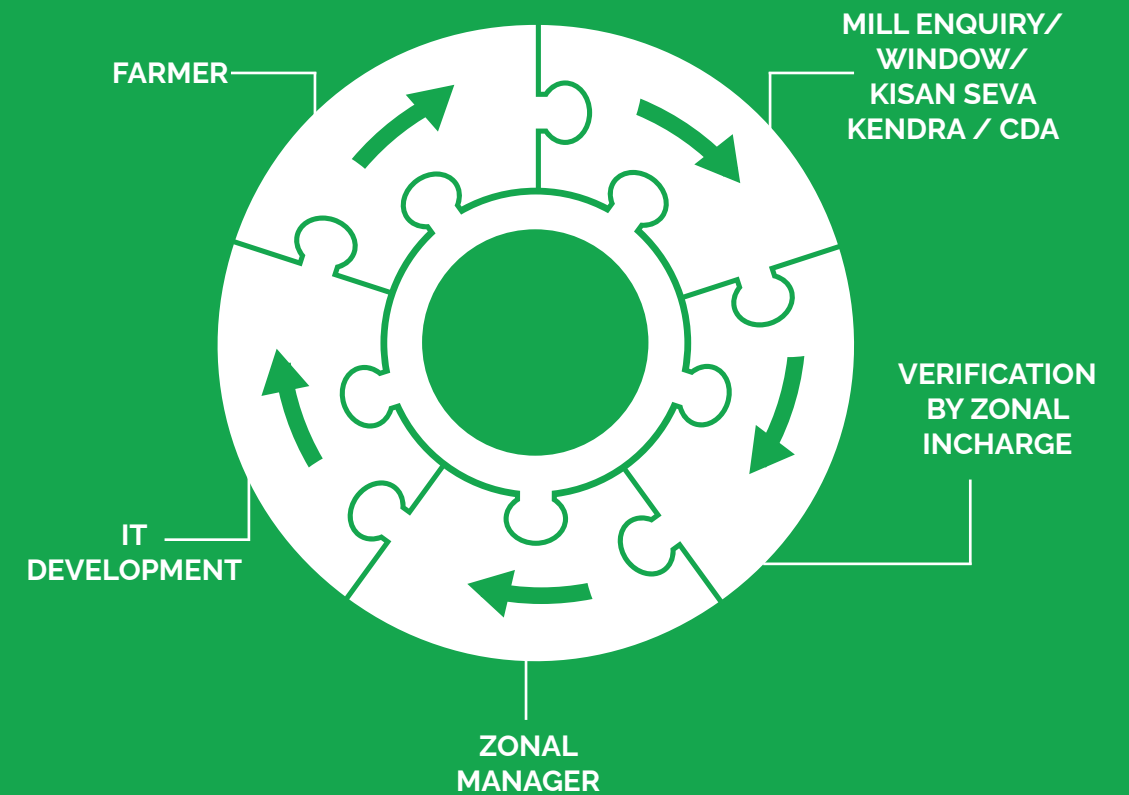
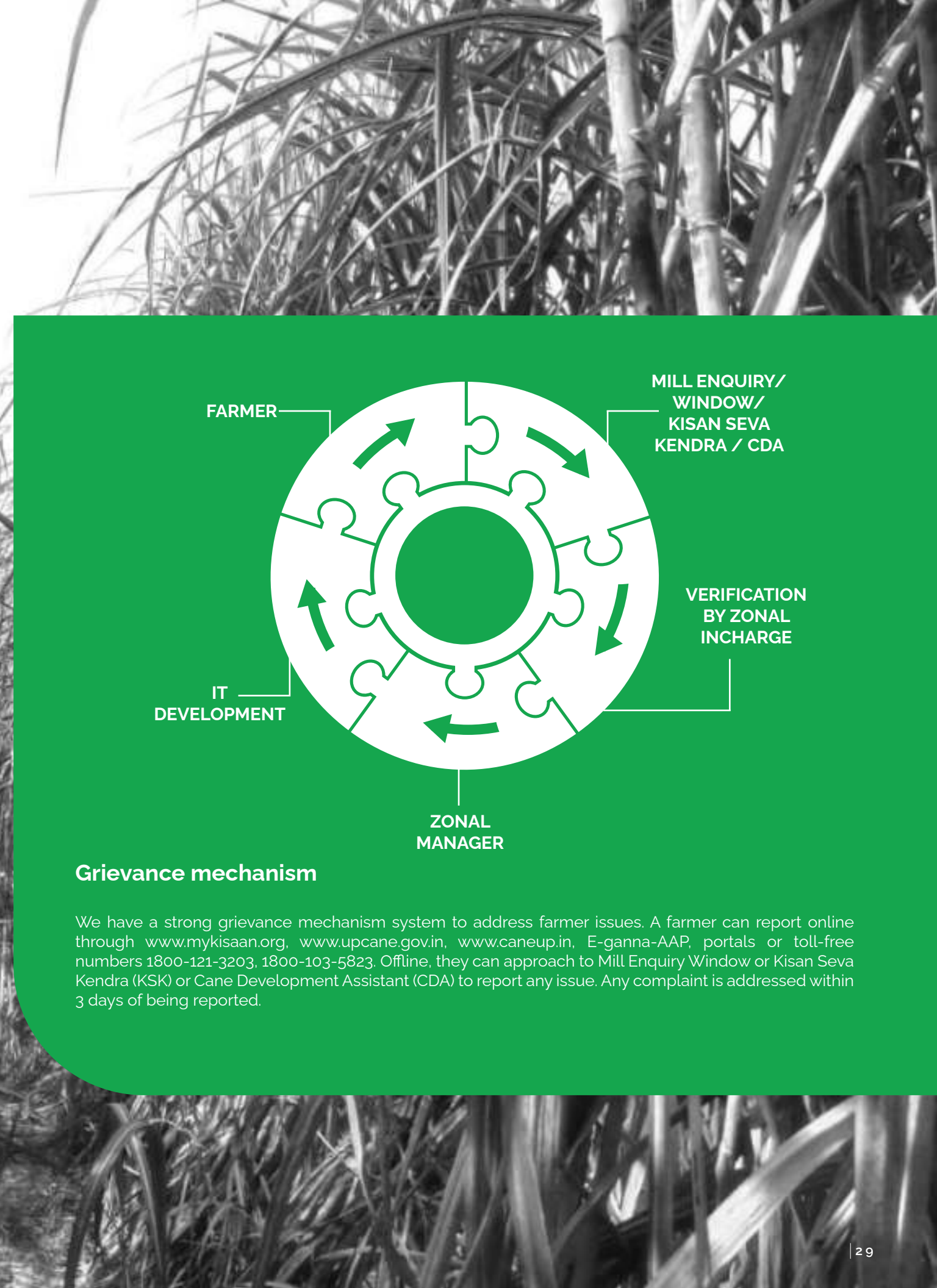
Cane Development Assistant (CDA) program

Through CDA program, we provide assistance to the farmers for cane cultivation. Internal training programs are conducted, and external faculties are invited to make them proficient in technical and behavioural aspects. These trainings are supported with visits to research stations to educate farmers practically. Grower wise surveys, which use GPS technology, are conducted by CDAs once spring plantation is over.

We follow a structured departmental approach for cane development and engagement with farmers. CDAs are in direct touch with native farmers for prompt support. CDAs work under the guidance of zonal cane development officers which are further guided by zonal managers and ultimately by cane development & department head.



Responsibilities of Cane Development Assistant (CDA)

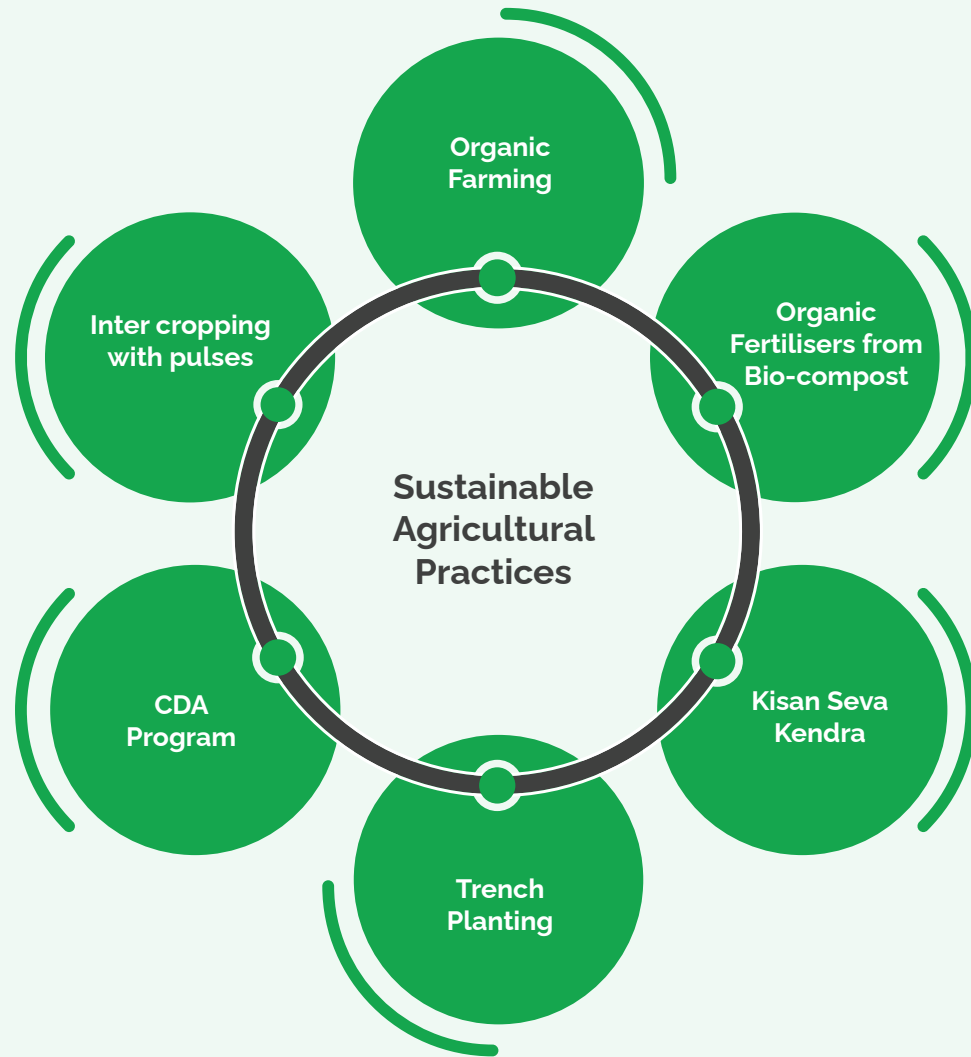


Grievance mechanism

We have a strong grievance mechanism system to address farmer issues. A farmer can report online through www.mykisaan.org, www.upcane.gov.in, www.caneup.in, E-ganna-AAP, portals or toll-free numbers 1800-121-3203, 1800-103-5823. Offline, they can approach to Mill Enquiry Window or Kisan Seva Kendra (KSK) or Cane Development Assistant (CDA) to report any issue. Any complaint is addressed within 3 days of being reported.

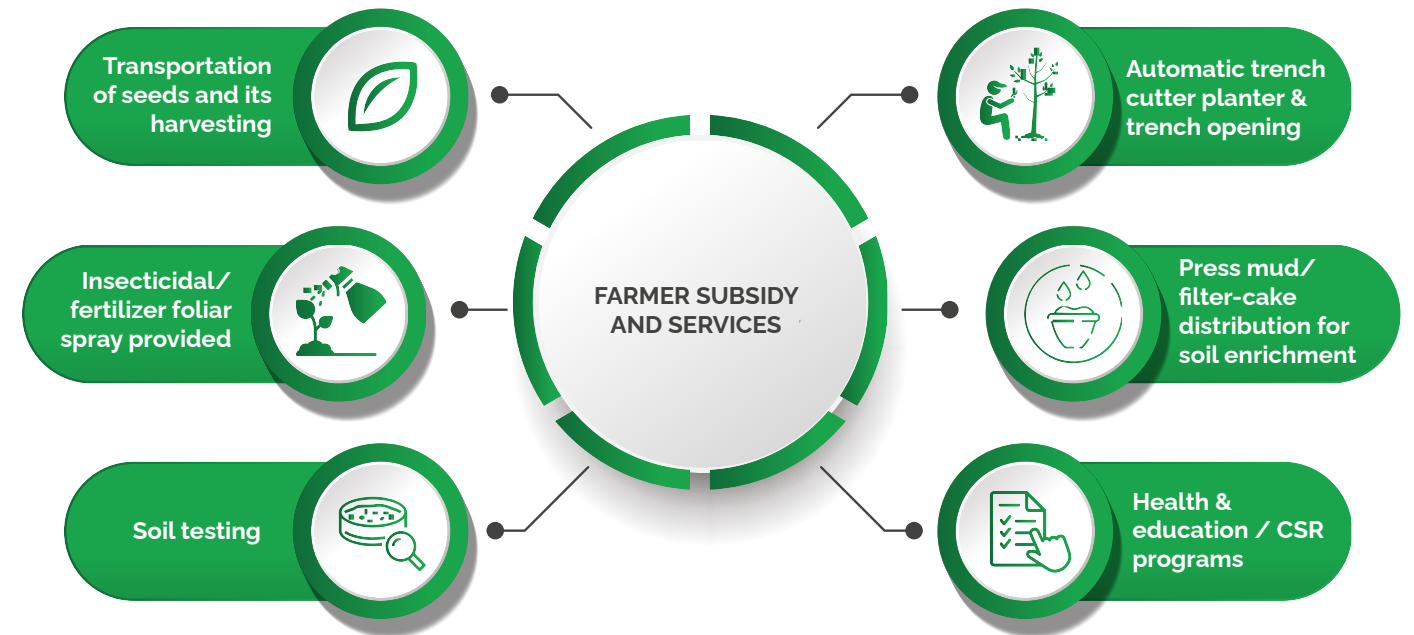
Sustainable Agricultural Practices

Sustainable agricultural practices are strengthened through our Green Growth approach and are driven by farmers as well as our employees. We use this approach to improve farm productivity by introducing organic activities, providing subsidised fertilisers and educating farmers. Several measures such as soil improvement, inter cropping for nitrogen fixation, green manuring, vermi-composting have been introduced to boost sustainable practices in agriculture. Drip irrigation and drought resistant variety of cane is planted in areas with very less water availability.



Key Sustainable Agricultural Practices at DBSIL

We support farmers through various subsidised services. Newly developed seeds in research stations are distributed to farmers while the cost of seeds, harvesting, loading, transportation is paid by us. Nuclear seed production program is conducted under the supervision of Uttar Pradesh Council of Sugarcane Research (UPCSR) and supported by us. Since field based agricultural activities are labour intensive, farmers are provided trench openers at subsidized rates to execute activities efficiently. While press mud is distributed to the farmers to enrich the soil, at our two locations bio-composting is done, and organic manure is distributed to farmers at subsidised rates.



We are collaborating with ICAR-Sugarcane Breeding Institute, Regional Centre, Karnal and have plans to associate with Sugar Technology Association of India (STAI) for "Utilization of Sugarcane and Sugar Industry Wastes for Sustainable Sugarcane Production". These initiatives are helping us save significant amount of chemical fertilizers at our UP units. During FY'19 and FY'20, through our initiatives, 3,143 MT of farmyard manure, 529 MT of vermicompost and 43,066 MT of press mud was produced thereby leading to a saving of 130 MT of Urea (N-fertilizer), 194 MT of DAP (P-fertilizer) and 623 MT of MOP (K-fertilizer).

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Crop residue management

Sugarcane crop residue management is a significant aspect for DBSIL, and initiatives such as awareness sessions are conducted to apprise farmers of the ways in which crop residue can be positively managed. Our maximum focus is to stop the activities like dry leaves burning and promoting the on-farm utilization of residue. After harvesting the crop from field, a large quantity of dry leaves is generated, about 12 to 15 quintals in one hectare of sugarcane crop. Since the leaves have a lower silica content, they are used for mulching process and green leaves are used as fodder for the cattle. DBSIL has introduced 'Trash Mulchers' on command areas for effective management of leaves as mulching of sugarcane fields significantly improves the fertility of the soil and water conservation.

Local procurement

We, at DBSIL, are committed to create value for all our stakeholders and support the local communities as much as possible. We strive to hire majority of our employees from the local communities and also procure materials and services from local suppliers. Majority of our sugarcane is purchased from local farmers.

Local Procurement				
	FY 2019-20	FY 2018-19	FY 2017-18	FY 2016-17
Percentage expenditure of our procurement budget on local suppliers	85%	85%	86%	83%

Optimizing Operations

Management Approach

Sugar production and farming are two primary activities associated with environmental impact of our plants. We strive to minimize this impact by adopting best practices, implementing environment management system and regularly monitoring environmental performance. We strive to undertake projects and solutions that bring greater efficiency to our operations and help us in contributing to the 2-degree scenario. We maintain compliance with all the applicable environmental laws and endeavour to go beyond regulations.

As one of the largest sugar producers of the country, we strive to reduce our impact throughout the supply chain. We are reducing dependency on import of crude oil through production and supply of ethanol. As a responsible organization, we work closely in areas of water conservation since our major raw material, sugarcane, is a water intensive crop. We are continuously improving the operational efficiency across our plants while improving the accounting and subsequent management of our energy consumption, water consumption and waste & emission generation.

Enhancing Resource efficiency

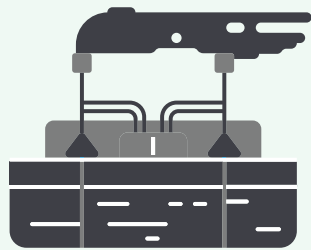
The cyclic nature of our business and high dependence on external factors which are beyond our control has necessitated that we utilize every available resource to its highest potential. Our cost optimizing initiatives have brought in efficiencies in all functions of our business ranging from procurement to marketing of the finished products. Extensive tech adoption in our operations has further enhanced the manufacturing efficiencies. As a result, we recorded sugar recovery of 12.19% in FY'19. However, the sugar recovery was relatively lower at 11.63% in FY'20 due to diversion of sugar towards ethanol. Average normative sugar recovery was 12.07% and 13.3% in Uttar Pradesh and Maharashtra respectively.

Raw Materials Consumption					
	Units	FY 2019-20	FY 2018-19	FY 2017-18	FY 2016-17
Sugarcane	MT	47,98,000	50,23,000	42,22,000	31,00,000
Packaging Material Consumption					
PP bags	Number	1,50,00,00	1,14,00,00	1,03,00,000	62,00,000
Stitching thread	Kg	12,000	4,800	4,300	3,000

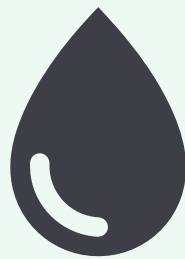
Cane development initiatives have been beneficial for both our business and the farmers. Supporting farmers with high yielding seeds and educating them about innovative farming techniques have resulted in higher cane outputs, higher sugar recovery and lesser rejections. We took a major initiative on operational standardization due to which our recoveries have improved significantly over the last 3-4 years, especially across all the mills in Uttar Pradesh.

Reducing Energy Usage and Emissions

Our efficient production process, modern equipment and the energy management system are outstanding. In addition, we undertake various energy saving initiatives that reduce our energy consumption as well as limit our emissions. Bagasse, a by-product of sugar production, is utilized in our co-generation plants to produce green power. We have four co-gen plants of a total 107 MW installed capacity that enable us to meet our energy requirements and earn revenues from the surplus power sold to the grid. Presently, about 70% of the total power generated is supplied to the grid in Uttar Pradesh and Maharashtra. DBSIL is committed to progressively reduce greenhouse gas (GHG) emissions by identifying significant emission sources and preparing and implementing plans to minimize them.



Our green power capacity through co-generation units stands at 107 MW



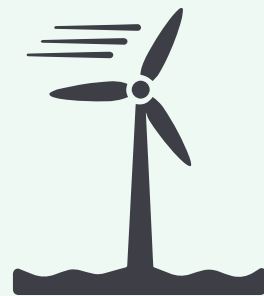
Invested in best-in class effluent treatment plants to achieve zero liquid discharge status



Most of our manufacturing units are ISO 14001 certified



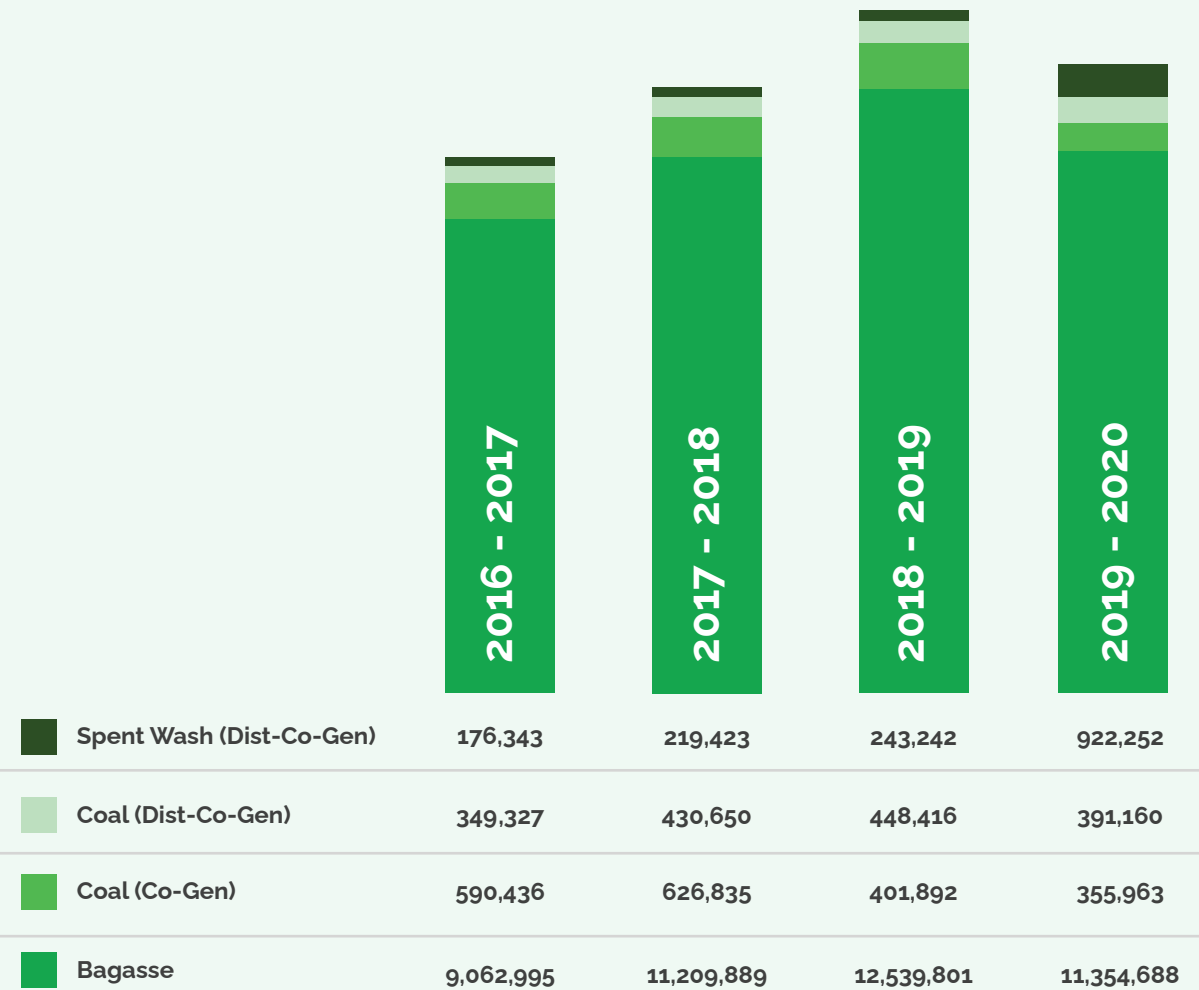
70% of power being sold to distribution companies at UP and Maharashtra



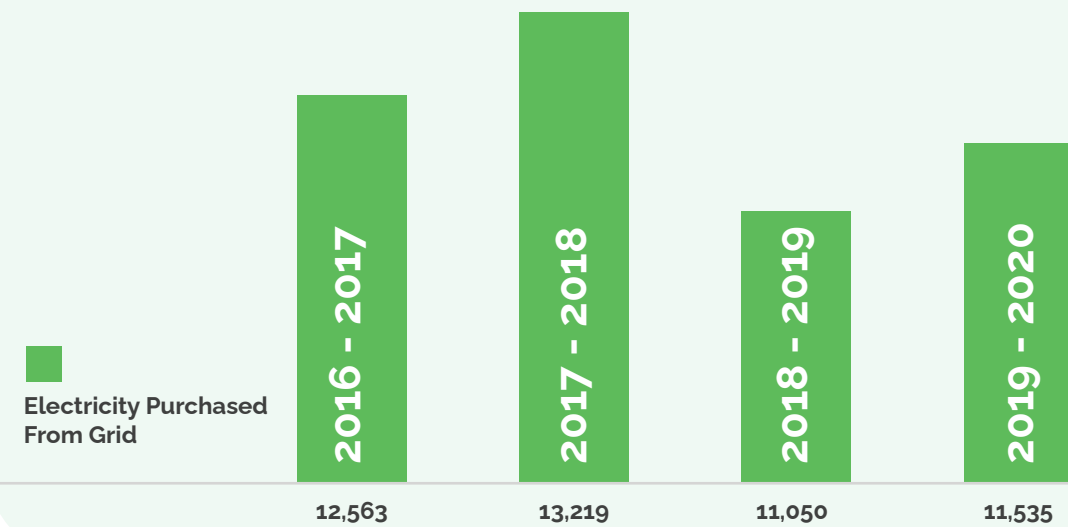
17MW Wind farm in Tamil Nadu

Environmental Highlights

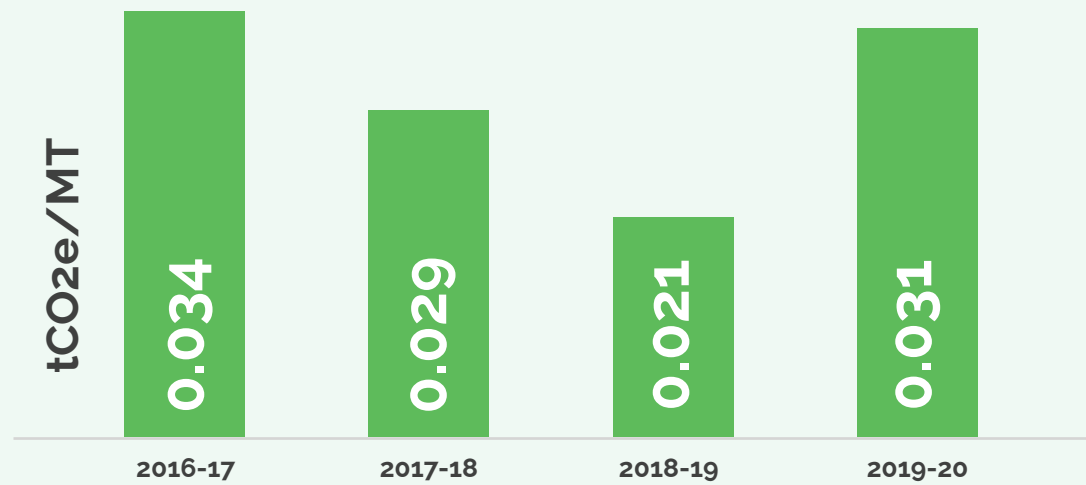
Direct Energy Consumption (GJ)



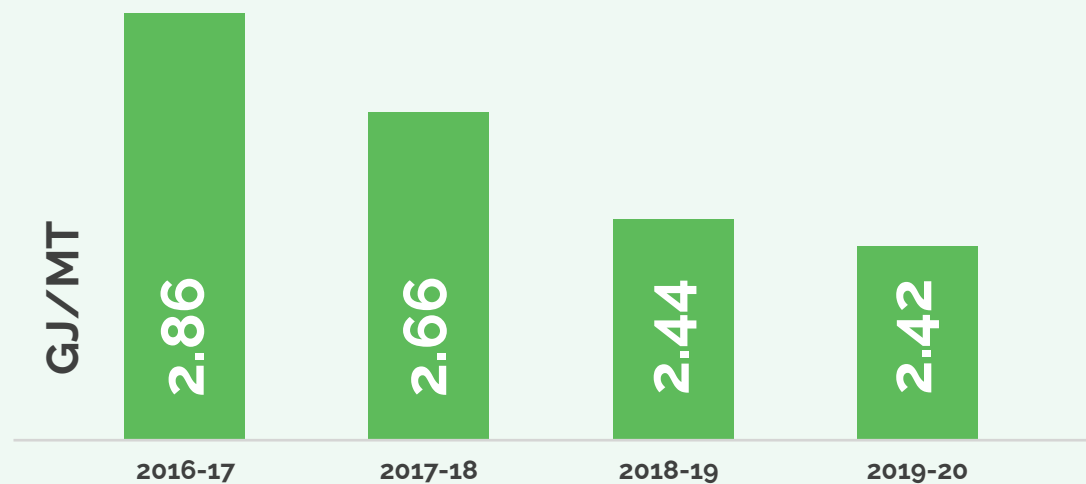
Indirect Energy Consumption (GJ)



GHG INTENSITY



ENERGY INTENSITY



Note:

1. GHG intensity calculation does not include emissions from Bagasse
2. Intensity is calculated per MT of cane crushed

Scope 1 emissions have increased from FY'19 to FY'20 and the cane crushed has decreased marginally in the same period, leading to an increase in Emission Intensity (tCO₂e/MT) from 0.021 to 0.031. In addition, total energy consumption has reduced between FY'19 to FY'20 along with marginal decrease in cane crushed, leading to decrease in Energy Intensity (GJ/MT) from 2.44 to 2.42.

Financial Year	Scope 1 emission (tCO ₂ e)	Scope 2 emission (tCO ₂ e)	Particulate matter emission (Tonne)
FY 2016-17	1,04,348	2,896	214
FY 2017-18	1,19,090	3,048	392
FY 2018-19	1,01,077	2,548	451
FY 2019-20	1,45,210	2,659	583

Factors used:

1. Emission factor for electricity from grid: 0.83 tCO₂e/MWh
[Reference: CEA - Central Electricity Authority of India]
2. Emission factor (Tonne/GJ), Coal – 0.0961, Spent wash – 0.0796
[Reference: IPCC 2006 guidelines]

Safeguarding Water

India is experiencing rapid urbanization and economic development. With an ever-increasing water requirement and the prevalent water stress in the country, a situation is not far when major Indian cities are likely to run out of sources of fresh water. We have responded proactively to this need and have embarked on several initiatives to minimize water consumption. In addition, to reduce our footprint on the environment, we have invested in ETPs and have achieved Zero Liquid Discharge (ZLD) at all our plants. We use the treated water for green belt development in our plants. It is also supplied to the farmers. The condensate water is reused in process and cooling application as well as green belt development.

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WATER INTENSITY



Note:

1. Intensity is calculated per MT of cane crushed

We recognise the importance of watershed and water harvesting practices and have saved significant amount of water in and around our plants through such initiatives. In Maharashtra and Uttar Pradesh, we implemented various water conservation initiatives and constructed several village ponds nearby our plants to increase availability of fresh water for the local community. DBSIL encourages the use of drip irrigation and has brought several acres of land under it at Jawaharpur, Nigohi and Ramgarh.

Water withdrawal (m³) has increased from 2018-19 to 2019-20 and the production has decreased marginally in the same period, leading to an increase in Water Intensity (m³/MT) from 0.29 to 0.31.



Surface Water Withdrawn
3,16,477 m³



Ground Water Withdrawn
1,193,787 m³

	Total water withdrawn (m ³)	Total water recycled or reused (m ³)	
FY 2019 -20	1,510,379	1,60,677	11%
FY 2018 -19	1,435,458	1,96,914	14%
FY 2017 -18	1,329,052	1,20,900	9%
FY 2016 -17	1,383,638	2,10,109	15%

Water Conservation Highlights (Cumulative)



630 acres of land brought under drip irrigation, resulting in saving of 2,016,960 m³ of water



42 village ponds constructed



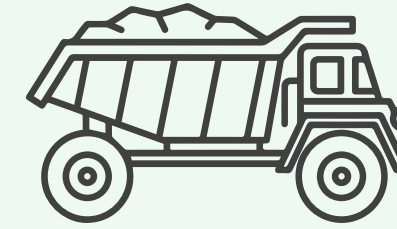
80 acres of land irrigated through solar water pumps

Minimizing Waste

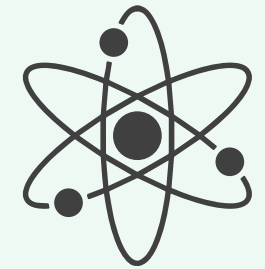
With the help of our integrated production processes, we ensure that the input raw material is efficiently converted into products. Our distilleries and co-generation business units generate additional revenue for the organization while adding value to the by-products of the sugar production process.

We ensure that bio-composting is done at our distilleries, from the waste generated after extraction of juice from sugarcane. This bio-compost is soil friendly manure which is provided to the farmers. Our main customers of organic manure are farmers. Press-mud is converted to usable compost and sold to farmers at nominal prices for agricultural purposes.

The hazardous waste generated at our plants is disposed-off in accordance with the local legal requirements. Non-hazardous waste, mainly consists PP bags (used in packaging) and plastic drums, is disposed through authorized recyclers.



Non-hazardous waste (Tonne)



Hazardous waste (Tonne)

2016-17	5012	10
2017-18	4904	15
2018-19	4855	13
2019-20	5781	7

Employee Engagement and Empowerment

Management Approach

We acknowledge that human capital is the most critical asset of an organisation for achieving sustainable growth. Our Company takes utmost care to keep our employees engaged and upgrade their skills while provide learning opportunities. DBSIL's cultural philosophy is a part of larger Dalmia Bharat Group's philosophy and is well documented and articulated. We conduct regular workshops to strengthen the cultural philosophy among our employees. Training and awareness programs are conducted frequently so that our employees are aware of our policies, Code of Conduct, whistle blower mechanism, safety approach etc.

DBSIL provides good quality of life to employees through an open environment which is supportive of their personal and professional development. Our employees work in accordance with our code of conduct. We have an ethics helpline number through which employees can file a complaint whenever they come across any unethical behaviour. Anonymity of reporter is maintained, and reports of ethics helpline are sent to the ethics committee regularly.

Dalmia Way of Life



At the workspace, we believe in providing a friendly and open door culture with the opportunity to gain experience and excel in a gamut of areas and disciplines, and explore one's potential to the fullest. We fuel the saga of brilliance across disciplines through our allegiance to 'New Think' - the revolutionary

thinking technique that is capable of seeking newer answers to conventional solutions, sculpting path-breaking fresh roadmaps from traditional inputs, and stepping outside the box to needle the outer frontiers of human imagination. We do not define strict policies and procedure. Instead, we have guidelines for all talents that are reflective of our belief in our value system and in expectation of the same level of integrity from all talents who chose to be a part of our family. It only defines the way we live our lives at Dalmia - hence our guideline book is appropriately named as "Dalmia way of Life".



Talent Management

DBSIL believes in taking care of employee needs and takes up several programs for talent engagement. Our focus is to attract talent and enhance employee skillsets through skill upgradation programs, thus helping them reach their full potential. Our talent engagement philosophy is not just about engaging people for fun initiatives. Instead, the programs drive them to a higher purpose, that is, physical, emotional and spiritual wellbeing. That is why we run a wellness program called WIN which works on the employee's mind, body and soul.

Win Model



Work The Body

Programs that infuse and track health, vitality and vigor in your body thus ensuring that the body is fit to action a good thought.



Inspire The Mind

Programs that fire up the spirit of leadership and invoke the right thoughts.



Nourish The Soul

Programs that help you carry forward your spirit to reach the higher order of consciousness thus experiencing peace.

Engagement Activities

Inducing a joyful working environment increases productivity and efficiency of employees. DBSIL undertakes various employee engagement activities such as workshops, events, festival celebrations, outbounds, etc. to boost Company's cultural philosophy.

Celebrations at Dalmia



Republic Day



25 Years of DBSIL



Holi



Independence Day



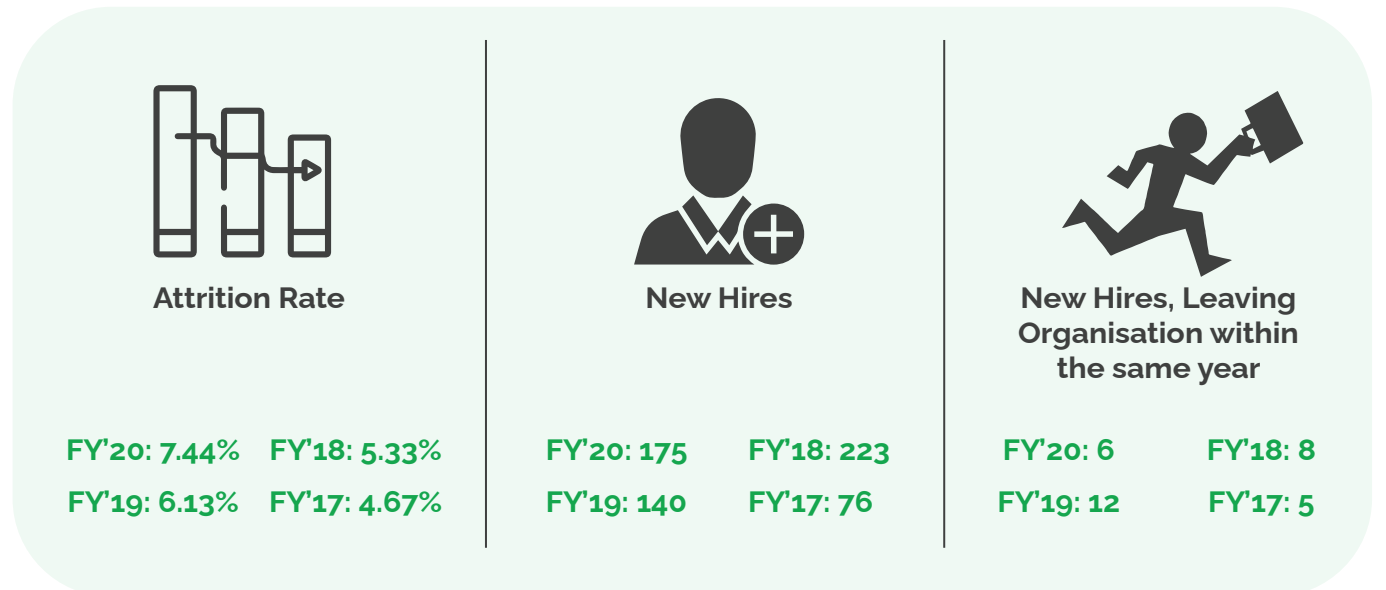
New Year Celebration

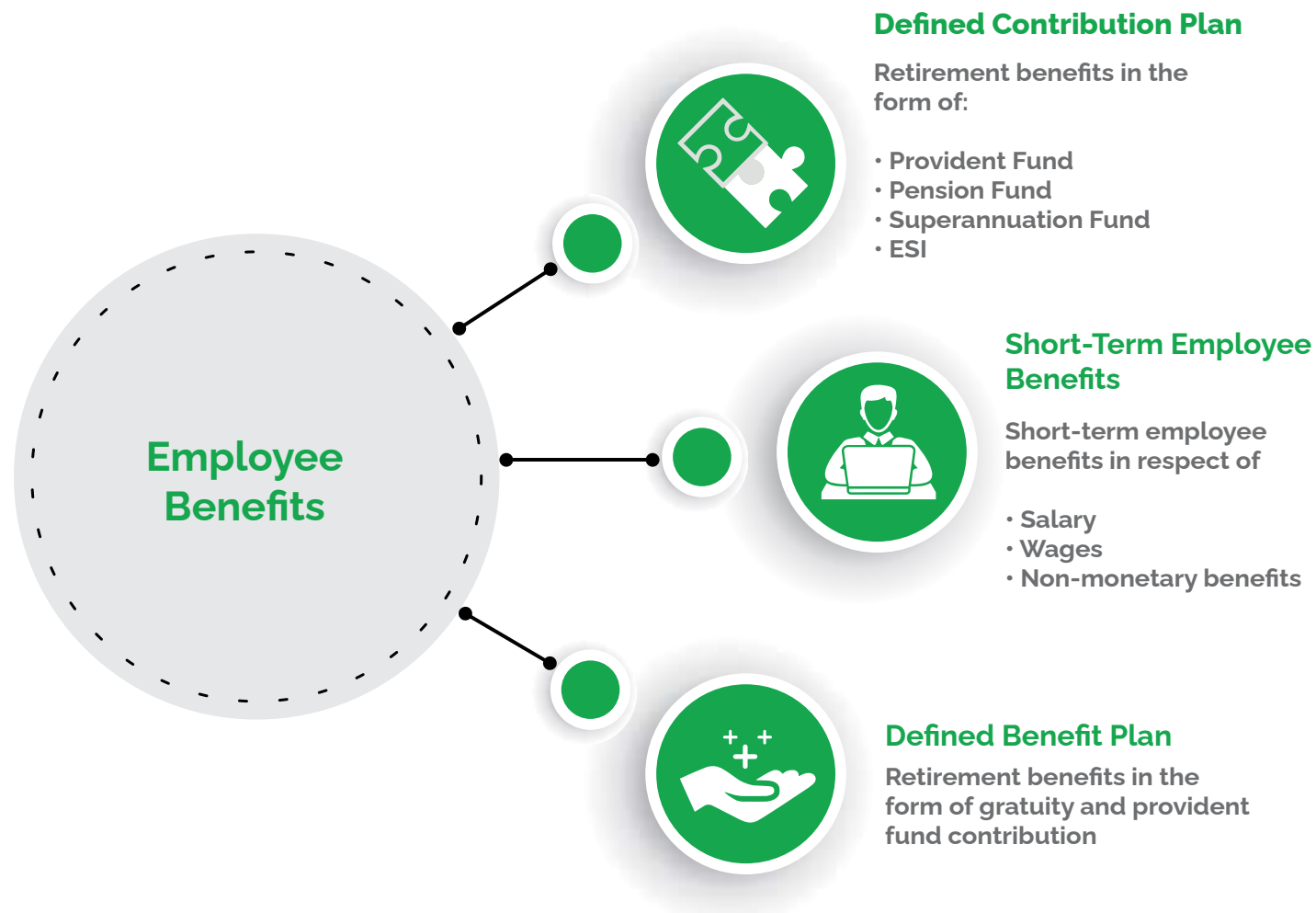
For understanding key concerns of workers and to spread safety awareness, events like 'National Safety Week Quiz' and 'Ek Cup Chai' were organised. We organized 'Stop to Polythene' under the banner of 'Paryavaran Yodha' in which children visited door to door and collected plastic while informing people about the harmful effects of plastic. On the occasion of World Heart Day, DBSIL organized awareness session for staff and workers about good health practices and importance of good diet.



Talent Attraction And Retention

We acknowledge that digitalization and industry best practises are helping us to attract and retain new talent. We are currently using oracle-based platform which is assisting us to digitalise our HR systems. Similarly, for recruiting employees, DBSIL has started using social media platforms. This has helped us to reduce recruiting cost and to reach a greater pool of candidates. Company is implementing newer technology initiatives such that our employees have ease of doing work, thereby increasing the employee satisfaction and overall productivity.





We take regular feedback from our employees to understand their needs and aspirations. Senior management often interacts with the talents to give them overview of company objectives. Employees are awarded at regular intervals for their outstanding performance. Company has started 360° feedback program so that employees can provide feedback to seniors.

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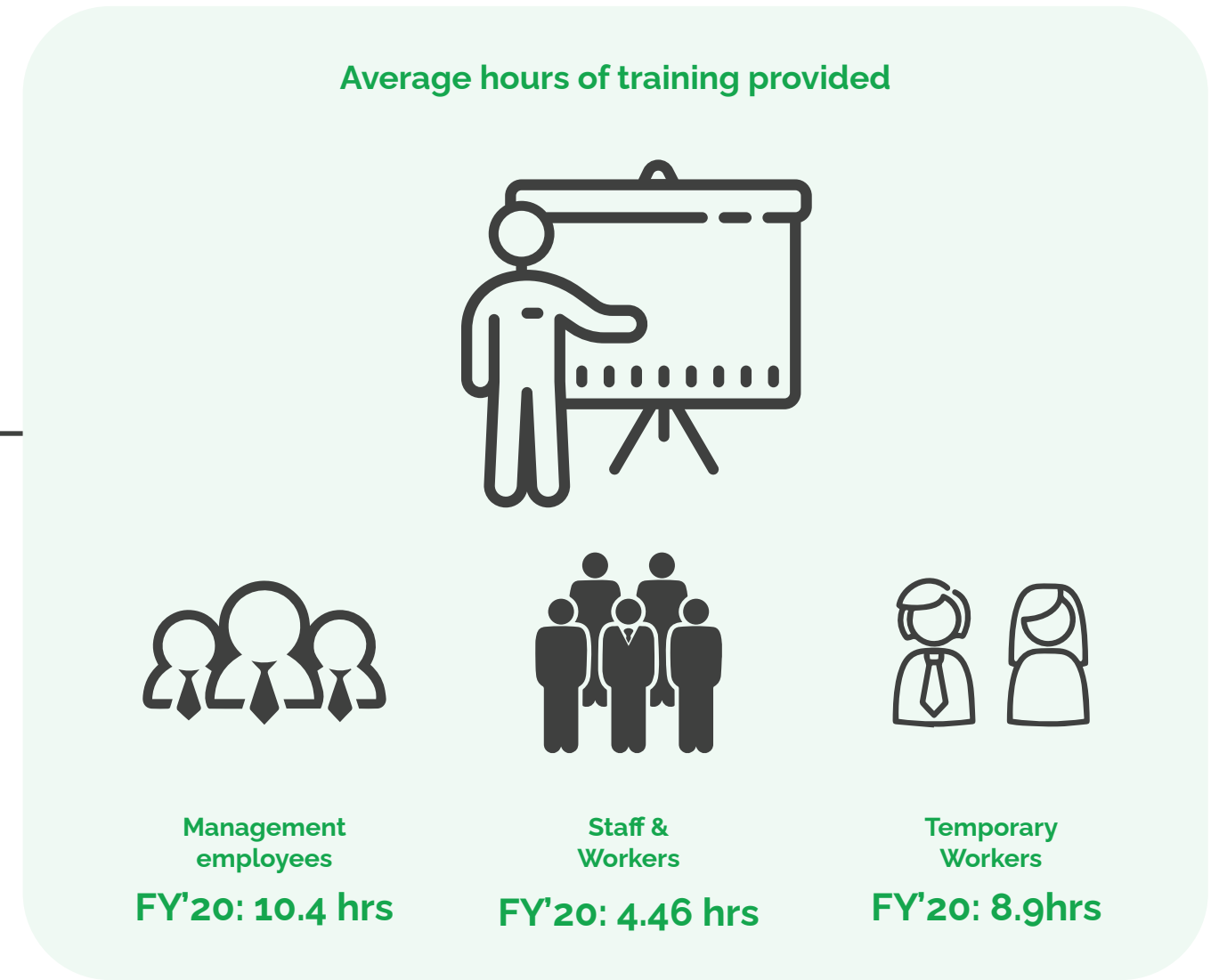
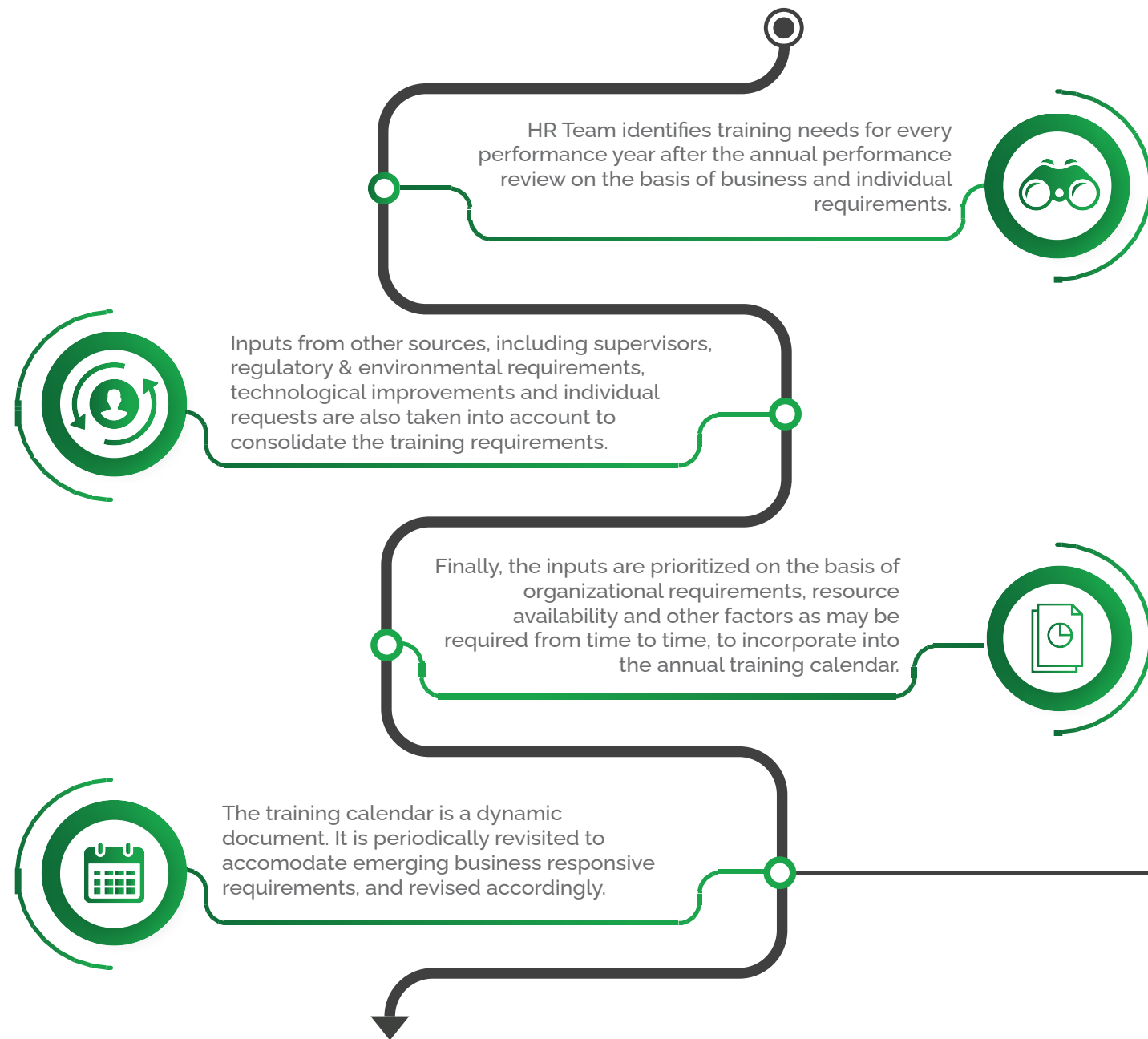


Promoting diversity and inclusion

We believe that improved flexibility in the work methods as well as work timings gives employees the freedom to manage their work and life and manage the time allotted to work and career. Such flexibility promotes diversity and inclusion in any organisation. DBSIL is committed towards promoting a diverse workforce and objects to any kind of discrimination based on gender, age, colour, religion, race or nationality. We hire and promote employees strictly on the basis of their suitability, qualification, talent and performance with respect to the assigned role.

Training and Skill Development

Bottom-up approach is adopted in training, under which, unit specific training and skill development needs are identified. 'Nalanda' is a team at Dalmia Group level that identifies learning needs of employees and helps in designing learning programs. We launched a program called 'Lakshya', few years ago that helped us in identifying and training the future leadership. It was conducted at Nalanda LLC by external agencies. After the training, focussed career paths of trainees were identified. We strive to build inhouse learning and development capability through our Nalanda team.



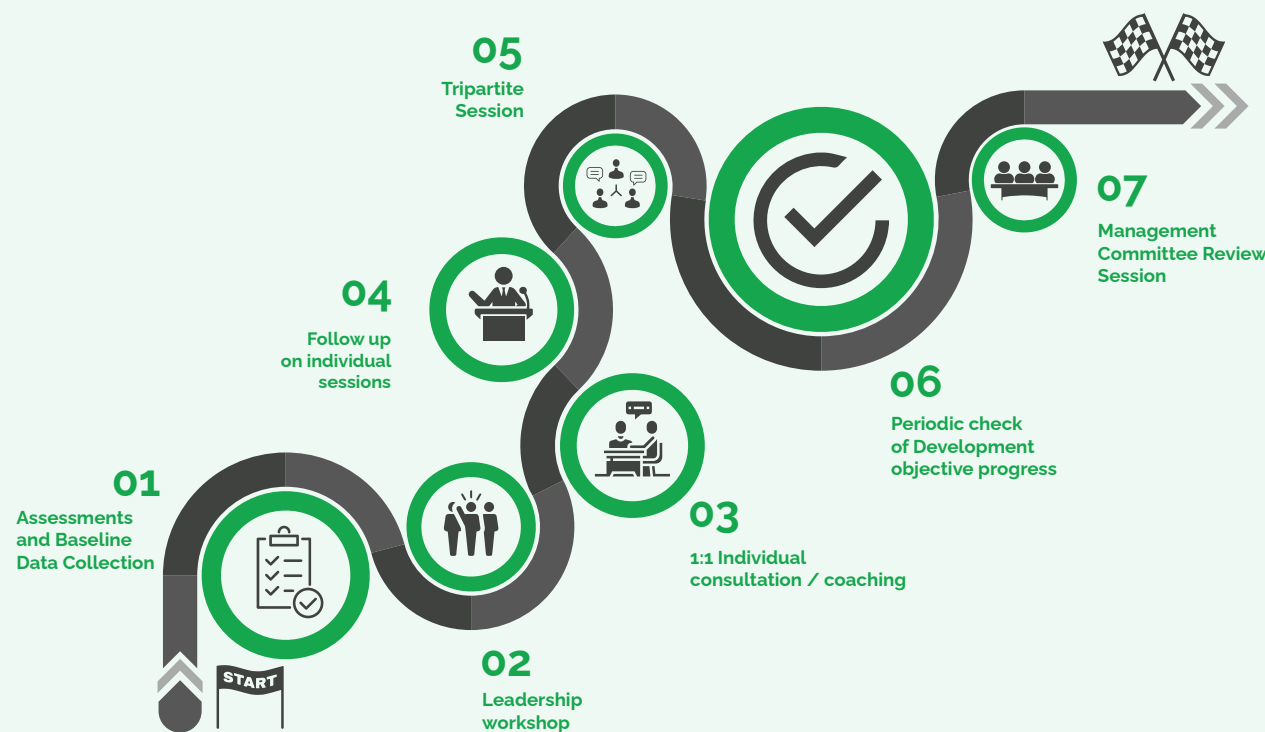
#GreenGrowth

Lakshya: An exciting journey to become high impact leader

It is an intensive leadership journey spanning 15 months, designed specifically for the identified executives of Dalmia Group in partnership with Hay Group, a global management consulting firm and a pioneer in the field of leadership. Total 36 executives participated in the first batch. Stars are identified through rigorous selection process which involves;

- High performance ratings for last two years
- Holding Critical to Business (CTB) positions or ability to hold CTB Positions
- High level of integrity
- Organization priority
- Leadership Potential

LAKSHYA's intent is to create an accelerated and breakthrough leadership experience to groom high-potential talent into impactful leaders. This is accomplished by crafting personalized real-life experiences for leadership development. Hence, it provides a platform for leaders to introspect on their behaviour and capabilities and gain self-awareness and perspective on their role as leaders. The LAKSHYA journey involves traversing 5 treks, each somewhat different, to create a new learning experience. The five treks are: the lighthouse, the bridge, the navigator, the marshal and the compass.



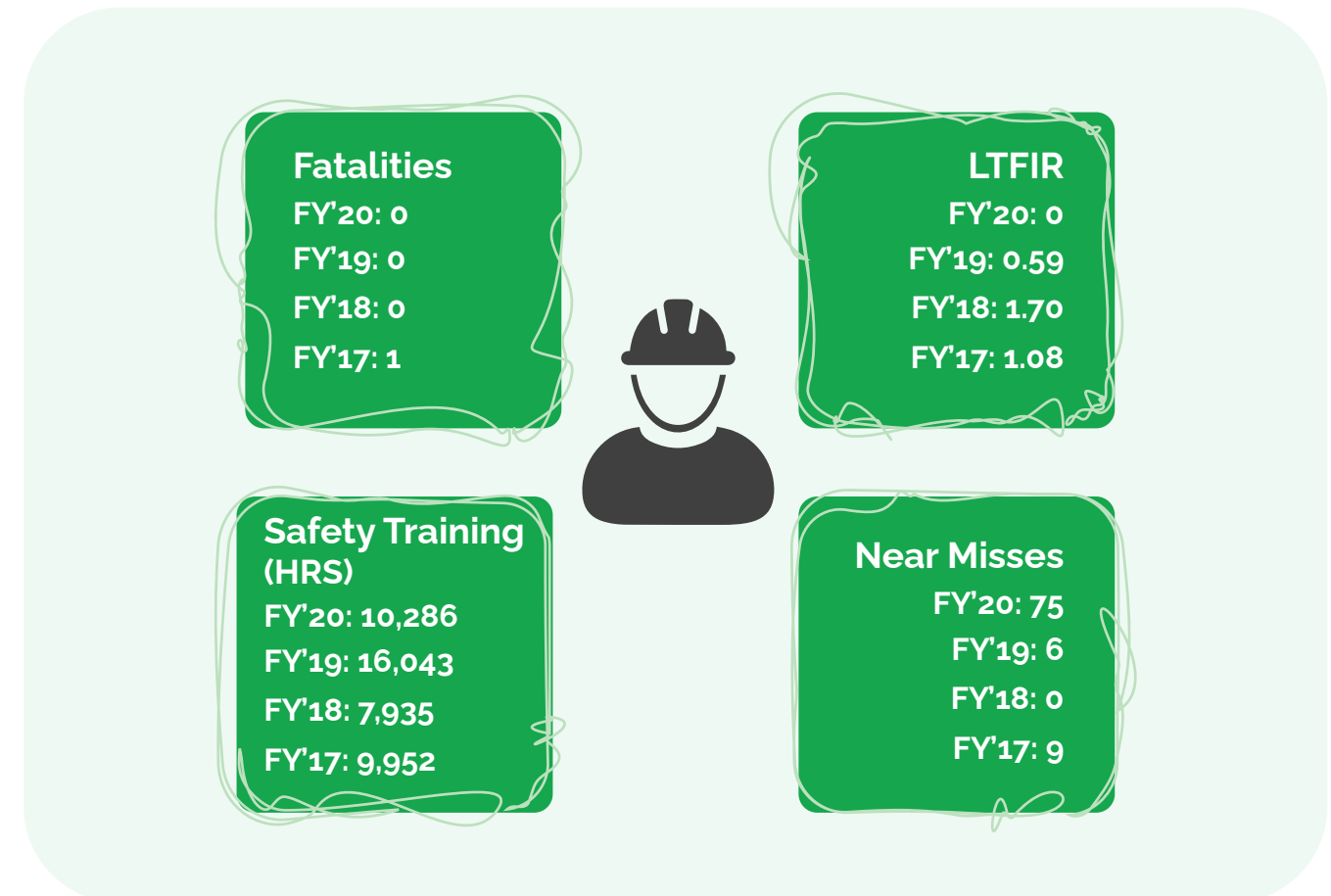
Performance Management

We have implemented performance management system across the organisation. Balanced score card approach has been adopted to assess performance of an employee. Key Responsibility Areas (KRA) for unique roles have been templatised across DBSIL. All permanent employees of the company receive yearly performance review.

Safeguarding Our Talents

Health and safety of our employees is of paramount importance to us and we endeavour to inculcate 'Zero accident' culture at our plants. DBSIL strives to build organisational capability, for implementing a 'safety first' approach. Third party safety audits are conducted periodically, post which recommendations are implemented. Line managers are responsible for proper adoption of safety initiatives at site. Emergency, mock and fire drills are conducted once in a month by fire department at our facilities. The conducted drills are more elaborate than just regulatory requirements. DBSIL generates monthly safety report for near miss, first aid cases, lost time injury and fatal injury and has adopted more proactive approach towards safety.

Performance on Occupational Health and Safety



DBSIL has formed a safety committee at plant and the corporate level. Safety committee has a 50:50 representation from workers and management and is supervised by senior management of DBSIL. The safety committee meets regularly to identify safety related risks and recommends the measures to be adopted for enhancing the safety procedures at our plants. All safety related incidents are reviewed, and corrective measures are implemented. Our employees are trained regularly in safety awareness programs. We provide PPE like hand gloves, safety helmets, nose mask, earplug, safety shoes, aprons, goggles, safety belts and uniforms to every employee and ensure their appropriate use. Display signages have been used throughout our facilities for proper usage of PPE. Firefighting system is in place all around the factory and fire extinguishers along with sand buckets are placed wherever necessary. Safety incidents at facility level is displayed on the board to spread awareness and stop its recurrence. Every year, safety week is celebrated from 4th to 10th March and safety awareness activities are carried out. During induction program, employees belonging to executive and above levels are given safety training. Once in a week, on the job training along with safety briefings are conducted for workers by their respective departments. Health check-up of every new employee and yearly check-up for a regular employee is conducted. DBSIL organises 4-5 health check-up camps in a year. Company has set up health centre at each facility which comprises of a doctor and nurse.

Fire and Safety Trainings



Mock drills are organised at regular intervals to give practical experience to staff and workers. Fire can cause a major disaster in manufacturing industry. Preparing our employees for the worst is most important.

Managing Labour Relations

DBSIL recognises employee needs to form trade unions so that they can put forward their aspirations in a better way to the senior management. We have trade unions in our Maharashtra facilities in which almost 86% of the employees are covered. There are no unions in Uttar Pradesh facilities. Interactions between senior management and trade unions are conducted periodically. We strive to maintain cordial relations with our trade unions. At Maharashtra plants, collective bargaining takes place through trade unions. In Uttar Pradesh plants, collective bargaining is implemented through authorised 'Sugar wage board'. The minimum notice period regarding operational changes is 21 days.

Addressing human rights

DBSIL's human relations and compliance department work with the units to ensure that there is no violation of human rights. Strict action is taken against the offender in case of any violation. Discrimination based on any ground is not tolerated and employees are encouraged to behave in accordance with Code of Conduct. Regular inspections of our plants and offices are conducted to check that no violations of human rights occur. It is made sure that there is no case of child or forced labour inside the premises, especially in the case of contractual employees. In FY'19 and FY'20, there were no cases of child and forced labour at our plants. We encourage our suppliers and vendors to uphold universal human rights principle and work in accordance with our Code of Conduct.

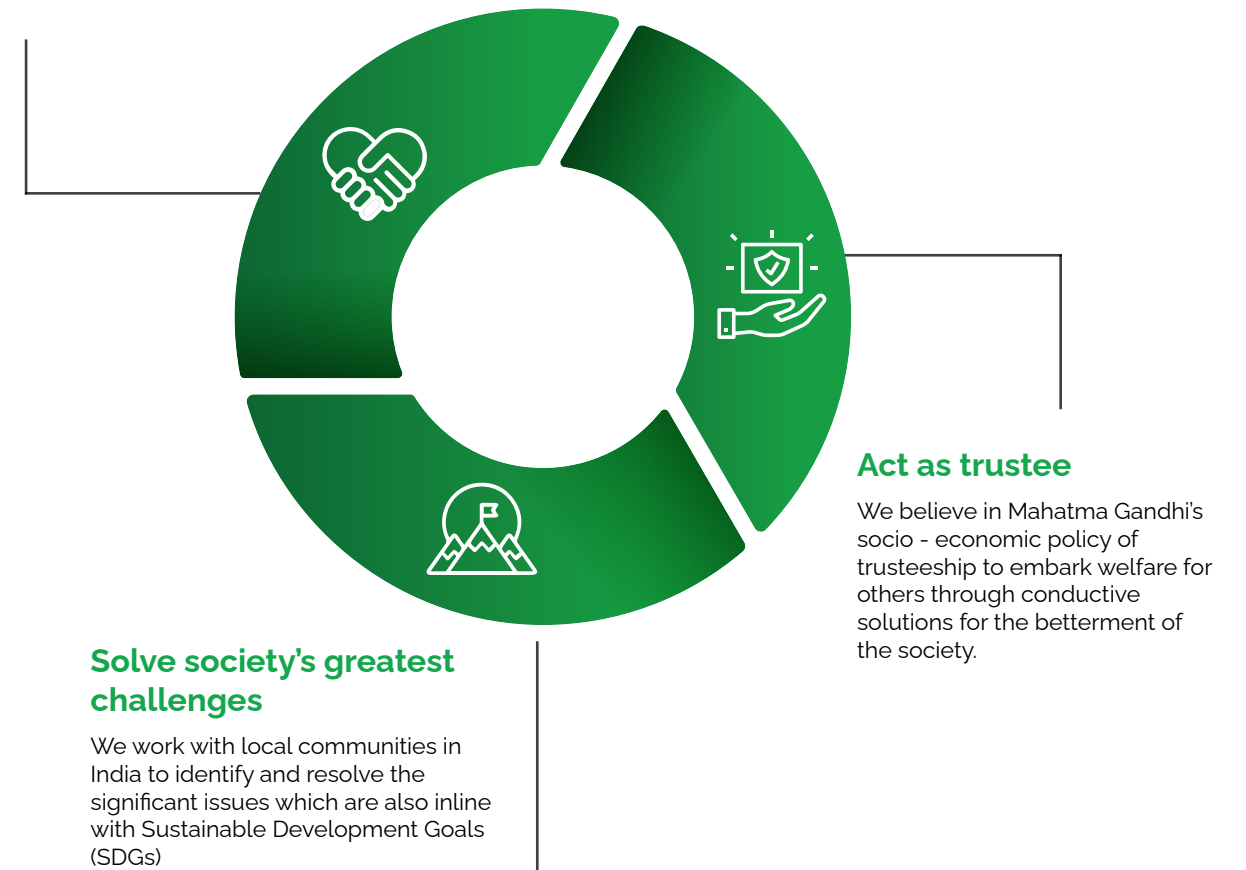
Community Empowerment Initiatives

Management Approach

Social development is pivotal in country's progress. Currently, our country is facing prominent challenges in the field of skill development and water scarcity. The unemployment rate among rural youth has reached significantly high which is a result of insufficient training infrastructure and skill development programs. Through Dalmia Institute of Knowledge and Skill Harnessing (DIKSHa) program, we strive to help communities by providing skill development courses. These are short duration courses which help to build capacity, foster community links and promote small businesses. As our country is facing the problem of water scarcity due to depleting ground water and erratic rain patterns, our CSR projects focus on water conservation through water harvesting, drip irrigation and village ponds. Another major area of our work is access to clean energy. We provide clean energy solutions in rural areas by promoting fuel-efficient cookstoves, liquified petroleum gas connections, solar lighting systems like lanterns, streetlights, study lamps and home lighting systems. DBSIL helps in building basic infrastructure facilities like school buildings, community halls, etc. and works to improve the health and well-being of the society.

Build Partnerships

We thrive to propel our engagements with government, companies and NGOs to magnify and mutually contribute to the welfare of the society.

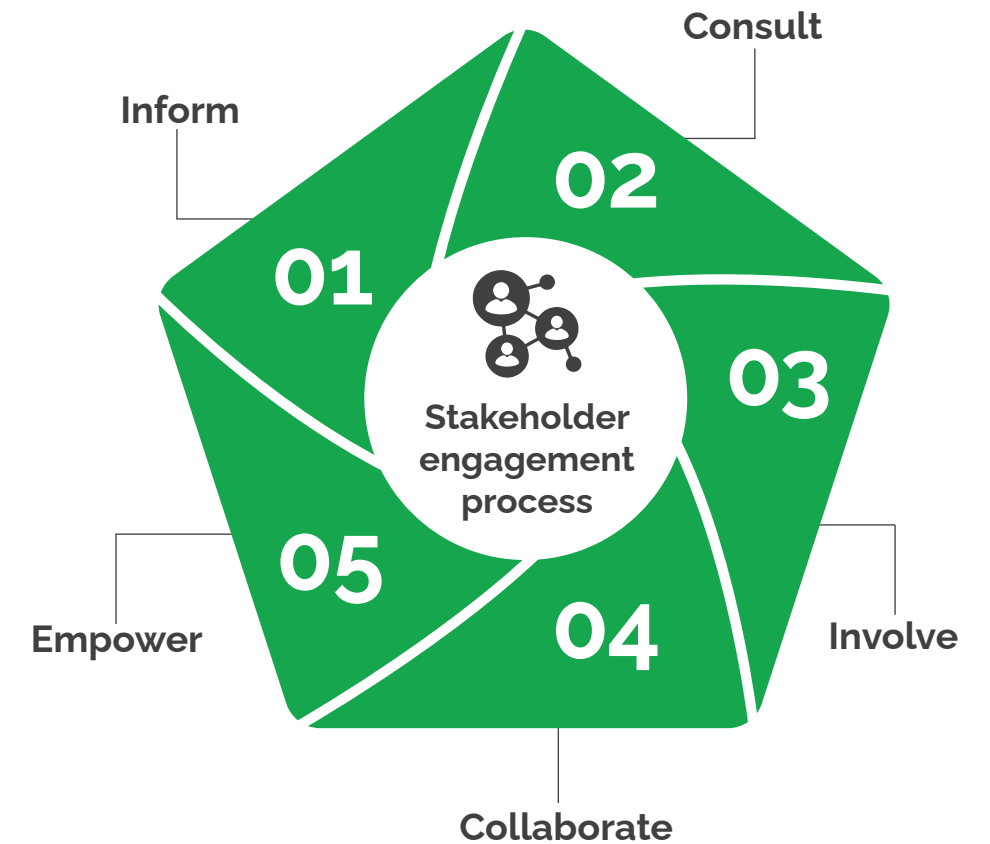


DBSIL has constituted a committee on Corporate Social Responsibility to oversee its CSR activities. Currently, the board consists of 4 members including the Chairman. The CSR initiatives are reviewed every 3 months according to CSR policy. CSR Head directly reports to Managing Director of Dalmia Group. A CSR Stakeholders Group, comprising of functional heads meets every 3 months to assess the CSR performance.

DBSIL has its presence in two states, Uttar Pradesh and Maharashtra. Our CSR projects are implemented by Dalmia Bharat foundation (DBF). Through these initiatives, by FY'20, we have reached out to a population of 88,000 villagers spread across 65 villages around operational areas in the states of Uttar Pradesh and Maharashtra. In FY'20, the company spent INR 3.9 Cr. towards CSR activities compared to INR 2.92 in FY'19.

S. No.	CSR Project	Location	FY 2019-20	FY 2018-19	Description
1	Soil and Water Conservation	Uttar Pradesh, District Sitapur and Shahjahanpur; Maharashtra, District Kolhapur, Salem, Tamilnadu	0.97 Cr.	0.37 Cr.	Drip Irrigation, Village Ponds, Farm Ponds, Organic Farming
2	Access to Clean Energy	Uttar Pradesh, District Sitapur and Shahjahanpur; Maharashtra, District Kolhapur	0.01 Cr.	0.07 Cr.	LPG Connections, Fuel efficient Cookstoves, Solar products
3	Education and Livelihood	Uttar Pradesh, District Sitapur and Shahjahanpur; Maharashtra, District Kolhapur	0.96 Cr.	1.31 Cr.	Education in schools, Stitching and Tailoring, Moonj Craft training, etc.
4	Women Empowerment				SHG Formation and Training
5	Health and Sanitation	Uttar Pradesh, District Sitapur and Shahjahanpur; Maharashtra, District Kolhapur and Sangli	0.77 Cr.	0.92 Cr.	Health Camps, Low Cost Toilets, Awareness Programs on health issues, school toilet units
6	Rural Development				Infrastructure, Sports Events, Awareness programs on Social issues
7	Bharat ke Veer	Pan India	-	0.25 Cr.	Measures for the benefit of armed forces veterans, war widows and their dependents
8	Contribution made to 'PM CARES' Fund	-	1.00 Cr.	-	-
Program execution cost			0.19 Cr.	-	-
TOTAL			3.9 Cr.	2.92 Cr.	-

We make sure that our CSR activities are well planned. We consult our stakeholders to identify key focus areas through assessment studies post which they are engaged in different CSR activities. We have several partnerships with government and non-government agencies to achieve sustainable goals. The communities living nearby our plants are empowered through skill-based trainings to make them employable.



#GreenGrowth

Alignment of our CSR programs with UN Sustainable Development Goals

Soil and Water Conservation



Harvesting and conserving water for productive use

Access to Clean Energy



Ensuring access to clean cooking and solar lighting

Livelihood Skill Training



Household transformation by employment to youth

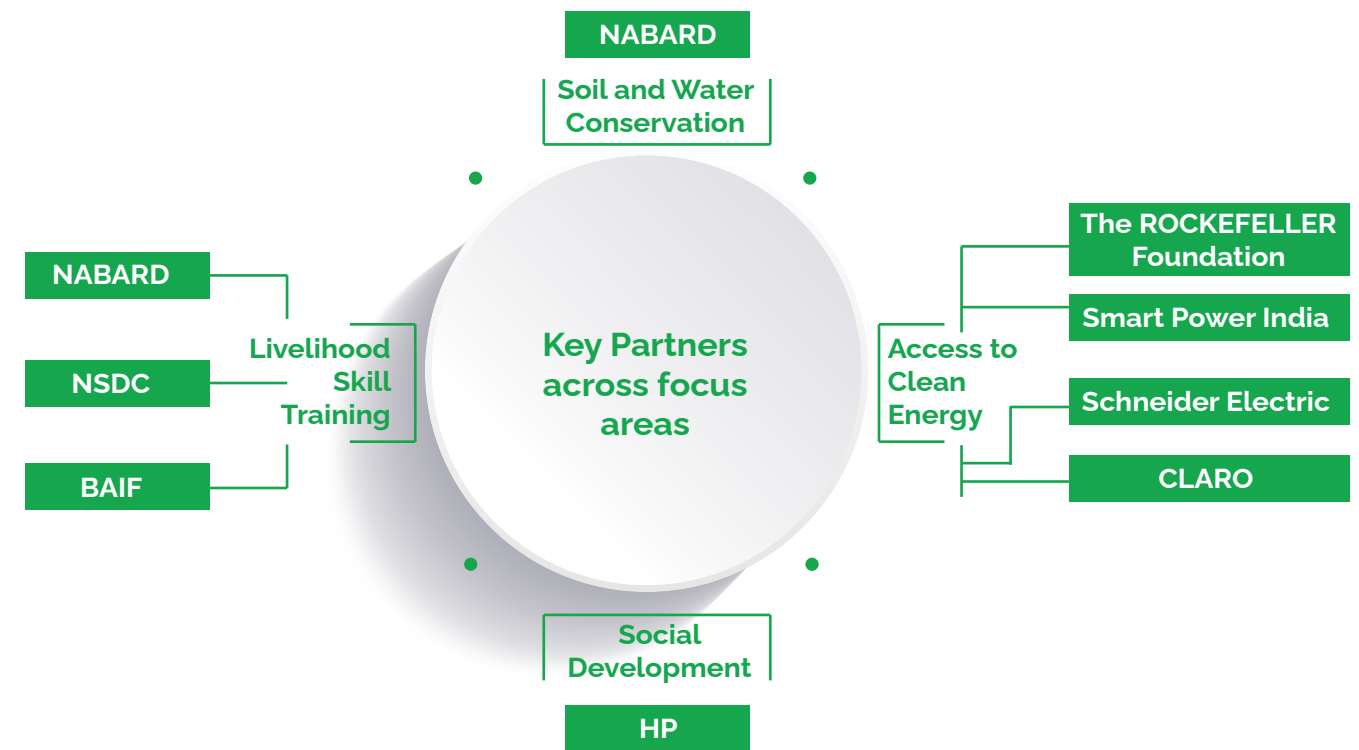
Social Development



Social development by fulfilling basic necessities

Key Partners

DBF, on behalf of DBSIL, has partnered with many institutions to support our key focus areas. The partnerships are aimed at attaining mutual goals for the betterment of the society. We have collaborated with National Bank for Agriculture and Rural Development (NABARD) to promote soil and water conservation and skill-based trainings. In our experience, rural areas need uninterrupted electricity which can be provided through renewable sources. We have partnered with Rockefeller foundation, Smart Power India, Schneider Electric and Claro to promote and make clean energy sources easily accessible. Other than NABARD, National Skill Development Corporation (NSDC), National Scheduled Finance and Development Corporation (NSFDC) and BAIF have been brought in, to encourage skill-based trainings among communities living close to our plants. Digital literacy is promoted through collaborative effort with partners like HP.



Performance Across Key Focus Areas

The issues such as climate change, water scarcity, irregular weather patterns, etc. can have long term, both on businesses and the society. Collectively, we have brought out four major issues: Soil and water conservation, Access to clean energy, Livelihood skill training and Social development.

SOIL AND WATER CONSERVATION



Water is precious resource and is needed in various activities. With erratic rainfalls and depleting ground water level, water scarcity would pose a significant risk on the businesses in future. Reduced water availability leads to low crop productivity per unit of land area which affects the earning of farmers and makes them prone to poverty and hunger. Further, in case the region is deprived of seasonal rains for successive years, the after-effects become even more severe leading to soil erosion.

We are proactive in addressing this issue and strive to employ integrated and systematic approach which can be leveraged not only for water but also for soil conservation. Under this context, many projects have been undertaken for the betterment of local communities.

We have implemented several soil and water conservation projects in Maharashtra and Uttar Pradesh which includes drip irrigation, village pond, vermicompost, etc. We are promoting water harvesting at Ramgarh, Jawaharpur and Nigohi through village pond project. Through these projects, improvements in soil conservation and livelihood opportunities have been achieved.

In FY'20, we have desilted 25 village ponds which would help conserve 5.53 lakh m³ of water and benefit 2,000 people. The cumulative water harvesting capacity has reached to 22.48 lakh m³. We brought 35 acres of land under drip irrigation resulting into saving of 2.63 lakh m³ of water. Also, 503 saplings have been planted as a part of avenue plantation around 25 ponds in the operational villages of Uttar Pradesh.

Key issues faced by local communities



Risk of Unemployment



Depleting Groundwater



Less Crop Productivity



Soil Erosion



Poverty



Jal Shakti Abhiyaan

The Pond located in Asurle village was littered with garbage leading to spread of stench. Every member of gram panchayat, village natives, factory employees, school teachers and students took up the initiative to restore its aquatic ecosystem. As a result, the pond has been revived and its water is now suitable to be used for public works.

Varietal Replacement and Improvement of Soil Health

Farmers of Jawaharpur were dependent on chemical fertilizers which not only degraded soil health but also caused environment pollution. They were motivated to adopt new varieties of cane and organic fertilizers which would improve soil productivity and provide resistance to diseases. Under this initiative, 293 Farm Yard Manure (FYM) and 203 Vermi Compost (VC) pits have been installed which has resulted into an increase in sugar recovery and yield per unit area.

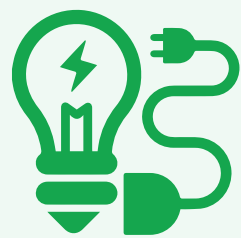


ACCESS TO CLEAN ENERGY

The situation of access to clean energy in rural areas is poor compared to urban areas. Those living in rural areas depend on traditional sources of energy like fuel wood for their day to day activities. The electricity supply is erratic, inadequate and there are frequent power cuts. Exposure to pollutants emitted from the burning fuels is primarily responsible for deterioration of the health of infants, children and adults.



Key issues faced by local communities



**Unreliable
Power Supply**



**Reduced agricultural
productivity due to
intermittent power**



**Health risk
due to exposure
to pollutants**



Clean Cooking

DBSIL believes every household in rural area should be able to avail clean source of energy. We leverage innovation-based mechanism to provide rural households with adequate sources of clean energy. Among them are cook stoves, renewable energy solutions like solar lighting, LPG gas connections, solar mini grids, solar street lights etc. These initiatives have provided clean cooking and lighting solutions to 787 villagers across Maharashtra and Uttar Pradesh which helped us avoid 736 tonnes of CO2 emissions. Convincing rural people to adopt cleaner sources of energy is a challenging task. We encourage the use of LPG in-line with the national initiative of Pradhan Mantri Ujjwala Yojana. In FY'20, we provided 85 LPG connections to 425 beneficiaries. We also promoted 50 fuel efficient cookstoves in Ninaidevi, Maharashtra.



We have two solar mini grids at Ramgarh and Nigohi, which benefits 200 households. Solar power is utilised to irrigate land through solar water pumps and 80 acres of land has been irrigated so far in FY'20. Under clean lighting project, solar lanterns, LEDs, solar streetlights, etc. have been installed across working locations. As a result, people have access to clean energy sources and children can study 3-4 hours extra per day. A total of 3,857 Solar Lanterns and 156 Solar Street Lights have been provided by DBSIL till FY'20.



Clean Cooking and Lighting Villages

26 villages converted to clean cooking villages

Solar Water Pumps

4 Solar water pumps installed for irrigation purpose



Electricity of Household

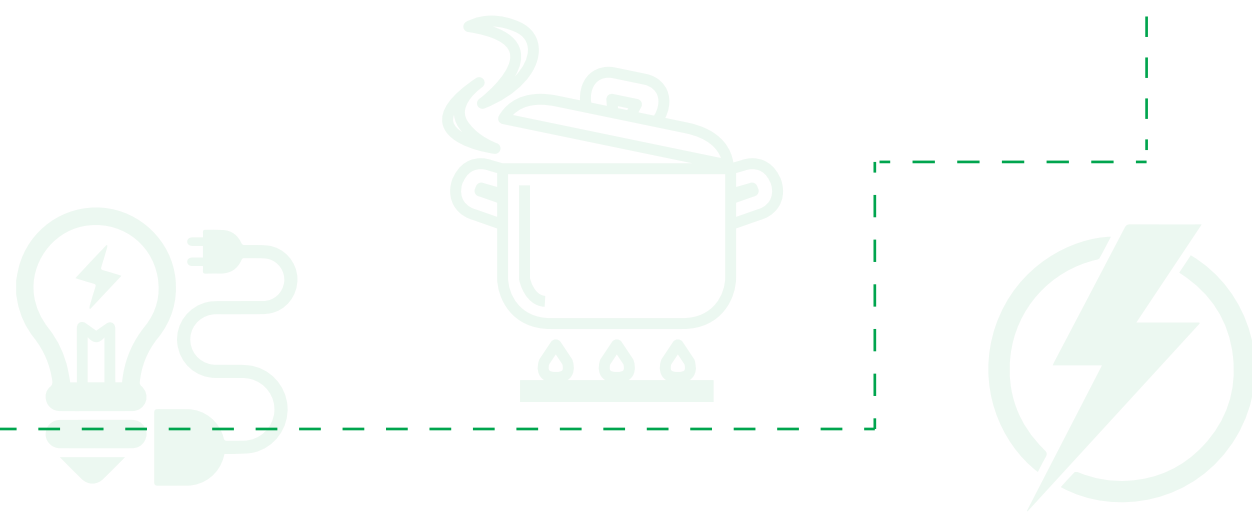
95 households benefited through access to electricity

Impact of access to clean energy



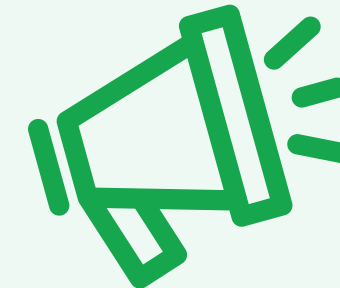
Clean Lighting Project

During current financial year, our initiatives have helped convert 26 villages to clean cooking and clean lighting villages, thus taking up the count to 38. Solar lanterns come handy as they can be charged by the day and used during night hours. Several campaigns are conducted to make people aware of clean energy sources.



National Action Plan on Climate Change (NAPCC)

NABARD'S progressing adaption actions



Clean Energy Campaigns

Pradhan Mantri Ujjwala Yojana

Ujjwal Bharat

LIVELIHOOD SKILL TRAINING



Rural areas suffer from high unemployment rate due to seasonality of work. People living in these areas have been deprived of technological advancements. Rural youth lacks in expertise and required skills and is unable to match basic job requirements. They face financial difficulty and engage in field-based activities like agriculture. Since source of income becomes intermittent, diversification of their skills is the need of the hour which may help them cater to many opportunities out there in the market. Therefore, we have come up with several skill development programmes with an aim of upskilling and providing adequate employment opportunities to them. DIKSHa is one of such programmes to provide skill development to unemployed youth. In FY'20, second DIKSHa centre was opened in Shahjahanpur, which in addition to previous years, would benefit 584 people. Our primary focus is on rural youth who are unemployed or employed only during specific parts of the year. We have started several skill development programmes and provided training in various areas. Our trainees earn a monthly salary in the range of INR 6,000 – 18,000.

Dairy development project was initiated in 42 villages in FY'20, which benefited 4,510 villagers. We support three livestock development centres in Sitapur and Shahjahanpur to strengthen the existing dairy farming system. These centres are run by trained technicians and they help the farmers for artificial insemination, pregnancy diagnosis of cattle and calf care. Awareness meetings are conducted by these centres which help farmers to know the causes of poor yield in diary activities. In FY'20, we promoted 153 Self-Help Groups which would benefit 1,732 more people.



Key issues faced by local communities



No upskilling opportunities



Less employment opportunities



Seasonal income source



Poverty



Reviving Moonj Craft

Moonj Craft is made by weaving natural or dyed dried grass called Moonj, to obtain sturdy and long lasting products. This craft is taught from generation to generation and practiced by women to create gifting baskets and other products in Uttar Pradesh.

A project to revive Moonj craft was initiated by Dalmia Foundation. This project has come up as a boon for Rajni, who belongs to a village in Ramgarh. She realised that the market potential of the Moonj and encouraged women to learn it. Further, she enrolled 40 women in the group called **“Laxmi Swyam Sahayata Samooh”** and started giving training in smaller groups. As a result, her business has grown from Rs. 30,000 pa to Rs. 2,50,000 pa. Now, she is looking forward to explore market opportunities nationally.



Demonstration of Nutrition Garden

Women and farmers of Asurle Porle village had no information about organic farming. A practical demo was conducted in association with Deptt. of National Rural Livelihood Mission (NRLM) where 40 SHG women learned the benefits and procedure of the organic farming.



Dairy Development Project

Benefited 4,510 households

Skill Training

280 beneficiaries affected by this programme



SHG Groups

153 SHG promoted which would benefit 1,732 people

Moonj Craft Production Centre

75 beneficiaries in FY 2019-20, talking total count to 185



Impact of livelihood programs

SOCIAL DEVELOPMENT



We aim to provide health, sanitation, education and rural infrastructure, which are basic needs of any community. We perceive and prioritise basic needs through preliminary research. In FY'20, 1,998 sanitary toilets were constructed across DBSIL locations. As a result, 34 villages have been declared Open Defecation Free (ODF). We worked with 16 institutions under Happy School Project to improve their infrastructural facility. Clean drinking water is a necessity which every household should get. In this regard, we have set up 3 community operated RO plants which caters to water requirement of 25,160 villagers in the operational district of Kolhapur & Sangli of Maharashtra. In FY'20, 10 health camps were organised which benefited 2,635 people across DBSIL locations.

We have partnered with HP India to commission internet equipped buses and labs to impart digital literacy among youth. Apart from providing training, these buses are also used for common citizenship activities like Aadhaar card, ration card, video conferencing for specific groups as well as e-health services. Under Common Service Lab (CSL) partnership project with HP India, we reached out to 4,654 villagers across two operational districts in Maharashtra and Uttar Pradesh.

The HP World on Wheels provided assisted learning on computers and academic subjects to students. The bus was utilized to provide training to SHGs, farmers, ASHA workers, youth etc. The initiative helped 4,900 beneficiaries in FY'20.

Key issues faced by local communities



Health Issues



Education



Sanitation



Improper Infrastructure



Unavailability of proper units

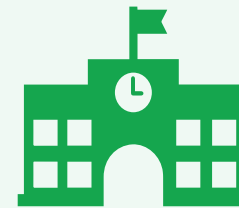
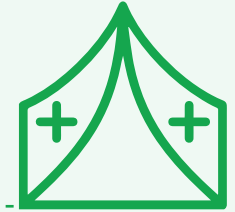


Open Defecation Free Villagers

34 villages are open defecation free

Health Camps

10 health camps were organized which would benefit 2,635 people



Dalmia Happy School Project

Worked with 16 institutions to improve school infrastructure

Clean Drinking Water

3 RO plant were constructed across Kolhapur and Sangli district benefiting 25,160 people



Impact of social development initiatives





Case Study - 1

Initiative: Improving lives through Water Conservation.

Objective: Construction and renovation of village ponds for water conservation and ensuring improving livelihoods through availability of water.

Project details:

- Start date** - April 2018
- Status** - Ongoing
- Coverage** - Gondlamau block of district Sitapur, Uttar Pradesh

Approach:

After due consultations with local village panchayat and administration, 20 village ponds were identified for rejuvenation in Gondlamau block of Sitapur district, Uttar Pradesh. The village ponds were renovated to ensure the availability of water for irrigation purpose and to provide related livelihood opportunity to communities. Community members also undertook plantations along the water bodies.



Result:

Around 18 village ponds were renovated, creating an additional water harvesting capacity of 6 lakh m³ and benefiting more than 20,000 beneficiaries. Also, 4 village ponds were renovated and interlinked with each other to ensure water availability thus providing irrigation of 32 acres of agriculture land owned by 42 farmers. Also, local panchayat has leased the two ponds to one of the landless family residing in village for cultivation of water chestnut. Apart from irrigation and water chestnut farming, the water is also being used for livestock.



Awareness programme to reduce use of polythene



Campaign on National Digital Literacy Mission in Ramgarh

Case Study - 2

Initiative: It aimed at enhancing farmer income through new technologies, bringing awareness about good practices and providing doorstep services.

Objective: Enhancing milk production through livestock breed improvement & capacity building of communities.

Project details:

Start date - March 2018

Status - Phase II completed on 30/09/2019

Cost - INR 29.89 Lacs

Coverage - 27 and 14 villages from Sitapur & Shahjahanpur district of Uttar Pradesh respectively.

Beneficiaries - 5,000 families & 7,500 animal population over 41 villages

Approach:

BAIF Institute for Sustainable Livelihoods and Development (BISLD) was responsible to implement the program. Three centre in-charge and two project officers were deployed while a team from Dalmia Bharat Foundation monitored the implementation of the project at ground level.



Result:

The outcome of the project has been very productive which resulted into 11250 Artificial Inseminations and 4000 calves. Sorted vaccination and de-worming led to reduction in mortality and green fodder was proposed to the farmers through demonstrations. Several awareness and capacity building sessions were conducted in 41 villages which would bring self reliance and further propel milk production.

Case Study - 3

Initiative: Skill Training Programme

Objective: To provide quality skill training to youth in our project areas to make them employable through certified Skill Training programmes from Dalmia's skill training institutes - Dalmia Institute of Knowledge and Skill Harnessing (DIKSHa)

Project details:

Start date - 2018

Status - Ongoing

Coverage - District Sitapur and Shahjahanpur, Uttar Pradesh

Approach:

Dalmia Institute of Knowledge and Skill Harnessing (DIKSHa) Centres were set up to provide quality skill training to youth in our project areas. The Skill centres were initiated in partnership with National Skill Development Corporation. Our primary focus is to train rural youth who are either unemployed, underemployed or seasonally employed. We are providing training in areas like health care, electrical, customer relationship management, sales and marketing, data entry, beauty and wellness and unarmed security. We are operating the courses in partnerships with National Bank for Agriculture and Rural Development (NABARD), National Scheduled Castes Finance and Development Corporation (NSFDC), National Backward Classes Finance & Development Corporation (NBCFDC), BOSCH and Schneider Electric.

Result:

Our two DIKSHa centres have an annual training capacity of 1200. At present, 584 trainees have passed till 31st March 2020 and 300 trainees are undergoing training. Out of these, 517 trainees have been successfully offered employment and others are in the process for placement. DIKSHa is helping in realizing dreams of many young people.

An example is Siva Pal, a 24-year-old boy from a non-descript village in Sitapur who was looking for a way to support his parents and 3 siblings since completion of his education in 2012. With no



financial help and guidance, he was unable to find a concrete direction. He joined DIKSHa and undertook free training for Assistant Electrician. Post successfully completing his training, Shiva is now working as a 'Technician' in SKH Metal in Gurugram and earning ₹ 12,000 per month. He is not only supporting his family now but is looked up to as a role model in his community. Shiva is among many students who have acquired skill training and secured a sustainable livelihood for themselves and their families.

Case Study - 4

Initiative: World on Wheels (WoW) bus initiative at Kolhapur

Objective: To provide and spread digital literacy among students and youth and also provide access to e-citizenship services to the community.

Project details:

Beneficiaries - 5,000

Approach:

We partnered with HP India to implement their self-contained, Internet-enabled & solar powered digital learning labs in a bus named "HP World on Wheels" aimed at driving digital literacy, E-education, Entrepreneurship training, and other citizen services in rural India. The initiative offers Digital Literacy Training, EDP Training for youth, E-education for students, Common Citizenship Activities including Aadhar Card, Ration card, driving license, Land records, Financial Inclusions, video conferencing for specific groups, etc.



Result:

WoW bus is providing short term computer education courses to children and youth and also helping schools to provide digital classes assisting in school curriculum. Along with this, the features of bus are use to provide e-citizenship services to villagers; spreading awareness on agricultural best practices, information on government schemes to farmers, training SHG women on book-keeping and other bank transactions; spreading awareness on health and many other social issues, etc.

GRI Index

General standards: Core Option			
GRI Standard	Title	Reference section/ Information	Pg. no.
Organisational profile & strategy			
102-1	Name of the organization	About DBSIL	12
102-2	Activities, brands, products, and services	About DBSIL	12
102-3	Location of headquarters	About DBSIL	12
102-4	Location of operations	About DBSIL	12
102-5	Ownership and legal form	Economic performance	24
102-6	Markets served	About DBSIL	12
102-7	Scale of the organization	About DBSIL	12
102-8	Information on employees and other workers	Employee engagement and empowerment	40
102-9	Supply chain	Responsible Sourcing	26
102-10	Significant changes to the organization and its supply chain	No significant changes	-
102-11	Precautionary Principle or approach	Optimizing operations	33
102-12	External initiatives	About DBSIL	12
102-13	Membership of associations	About DBSIL	12
102-14	Statement from senior decision-maker	Letter to stakeholders	5
Ethics and Integrity			
102-16	Values, principles, standards, and norms of behaviour	Corporate governance	20
Governance			
102-18	Governance structure	Corporate governance	20
Stakeholder engagement			
102-40	List of stakeholder groups	What is material to us?	18
102-41	Collective bargaining agreements	Employee engagement and empowerment	40
102-42	Identifying and selecting stakeholders	What is material to us?	18
102-43	Approach to stakeholder engagement	What is material to us?	18
102-44	Key topics and concerns raised	What is material to us?	18

Reporting practice			
102-45	Entities included in the consolidated financial statements	Refer annual report	-
102-46	Defining report content and topic Boundaries	About the report	4
102-47	List of material topics	What is material to us?	18
102-50	Reporting period	About the report	4
102-51	Date of most recent report	About the report	4
102-52	Reporting cycle	About the report	4
102-53	Contact point for questions regarding the report	About the report	4
102-54	Claims of reporting in accordance with the GRI Standards	About the report	4
102-55	GRI content index	GRI content index	73
102-56	External assurance	Not going for external assurance	-
Management approach			
103-2	The management approach and its components	Information given for each material topics	-
GRI 201 Economic performance			
201-1	Direct economic value generated and distributed	Economic performance	24
GRI 204 Procurement practices			
204-1	Procurement practices	Responsible sourcing	26
GRI 205 Anti-corruption			
205-3	Confirmed incidents of corruption and actions taken	Corporate governance	23
GRI 301 Materials			
301-1	Materials used by weight or volume	Optimizing operations	33
GRI 302 Energy			
301-1	Energy consumption within the organization	Optimizing operations	33-35
302-3	Energy intensity	Optimizing operations	36
GRI 303 Water and effluents			
303-3	Water withdrawal	Optimizing operations	38

GRI 305 Emissions			
305-1	Direct (Scope 1) GHG emissions	Optimizing operations	37
305-2	Energy indirect (Scope 2) GHG emissions	Optimizing operations	37
305-4	Emissions intensity	Optimizing operations	36
305-7	Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions	Optimizing operations	37
GRI 306 Effluents and waste			
306-2	Waste by type and disposal method	Optimizing operations	39
GRI 307 Environmental Compliance			
307-1	Non-compliance with environmental laws and regulations	Although we try to follow every environmental compliance stringently, but our Nigohi plant was fined INR 50,000 for non-compliance with environmental laws and regulations in FY 2018-19. Company did not agree with the reasons for fine. However, fine was paid under protest.	-
GRI 401 Employment			
401-1	New employee hires and employee turnover	Employee engagement and empowerment	43
GRI 402 Labour/Management Relations			
402-1	Minimum notice periods regarding operational changes	Employee engagement and empowerment	50
GRI 403 Occupational Health and Safety			
403-5	Worker training on occupational health and safety	Employee engagement and empowerment	49
403-9	Work related injuries	Employee engagement and empowerment	49
GRI 404 Training and Education			
404-1	Average hours of training per year per employee	Employee engagement and empowerment	47
404-3	Percentage of employees receiving regular performance and career development reviews	Employee engagement and empowerment	49

GRI 408 Child labour			
408-1	Operations and suppliers at significant risk for incidents of child labour	Employee engagement and empowerment	50
GRI 409 Forced or compulsory labour			
409-1	Operations and suppliers at significant risk for incidents of forced labour	Employee engagement and empowerment	50
GRI 413 Local Communities			
413-1	Operations with local community engagement, impact assessments, and development programs	Community Empowerment Initiatives	51



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