DWARIKESH SUGAR INDUSTRIES LIMITED

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REF: DSIL/2019-20/251

August 28, 2019

Corporate Relationship Department
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Fort, Mumbai - 400 001
Fax: 22723 2082 /3132

Scrip Code - 532610

National Stock Exchange of India Limited
"Exchange Plaza"
Bandra – Kurla Complex,
Bandra [E], Mumbai - 400 051

Scrip Code – DWARKESH

Subject: Submission of Notice of Annual General Meeting and Annual Report 2018-19.

Dear Sirs,

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith a copy of the Annual Report of the Company for the financial year 2018-19. A copy of Notice convening Annual General Meeting on Thursday, September 05, 2019 at 12.30 P.M. at Registered Office: Dwarikesh Nagar-246 762, Dist. Bijnor, Uttar Pradesh alongwith Proxy Form and Attendance slip.

Thanking you,

Yours faithfully,
For **Dwarikesh Sugar Ind. Ltd.**

B J Maheshwari
Managing Director & CS cum CCO

Encl: a/a

DWARIKESH SUGAR
INDUSTRIES LIMITED

HAALAAT NE DI SEEKH, LAKSHYA NE PRERNA!

Twenty Fifth
Annual Report
2018-19

Forward-looking statement

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

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

Contents

In kaali sadiyo ke sar se,
Jab raat kaa aanchal dhalkega.
Jab dukh ke baadal pighlenge,
Jab sukh ka saagar chhalkega.
Jab ambar jhoom ke naachega,
Jab dharti naghme gaayegi.
Woh subah kabhi toh aayegi...

Lyrics: Sahir Ludhianvi. **Film:** Phir Subah Hogi (1958). **Song:** Woh subah kabhi toh aayegi.

Dwarikesh Sugar Industries Limited focused on growing sustainably in a year marked by the highest-ever sugar production, leading to unprecedented inventory and subdued sugar realisations. Given this challenging reality, the Company selected to proactively invest in an ethanol manufacturing capacity instead of waiting for the overall sectoral cycle to improve.

Jab na kisi ne raah sujhaai
Dil se ik aawaaz yeh aayi

Himmat baandh sambhal badh aage
Rok nahi hai koi. . .

Lyrics: Arzoo Lakhnavi. **Film:** Dushman (1938).
Song: Karu kya aas niraas bhayi

Dwarikesh Sugar.

More than just a sugar and by-products company.

A company driven by the passion to transform adversity into prosperity.

A company marked by a commitment to continuous improvement.

Our vision

- To be a torchbearer of the sugar industry and rewrite the rules of running the sugar business.
- To establish itself as a market leader in the sugar industry.
- To be an archetype of international quality standards.
- To become a large sugar conglomerate with interests in synergistic businesses.
- To ensure that the name of the Company becomes synonymous with good corporate governance and transparency.
- To be a paragon of virtue and a righteous corporate with a human face.
- To contribute in bringing about a metamorphosis in the lives of the have-nots.

Our mission

- Produce sugar of the highest quality and be the benchmark for the industry to follow.
- To integrate operations such that the use of byproducts is maximised & optimised
- Achieve growth every year with optimum technical efficiency and a minimum cost of production.
- Ensure maximum customer delight, employee satisfaction and farmer welfare.
- Protect the environment and uphold the highest standards of integrity, values, along with a passion for excellence and respect for all, while striding towards achieving our objectives.

Background

Dwarikesh Sugar Industries Limited was founded by Mr. G. R. Morarka in 1993. Even as the Company was promoted by a standalone entrepreneur, the Company's operations have been extensively delegated to professionals.

Capacities

The Company's maiden sugar manufacturing facility was commissioned in 1995 at Bijnor with a cane crushing capacity of 2,500 tonnes per day.

The Company's aggregate cane crushing capacity now stands at 21,500 tonnes per day. The Company also produces ethanol (30 kilolitres per day) and co-generates power (86 MW).

Resource security

Dwarikesh works with more than 1.20 lakh farmers across its command area, stretching across more than 145,900 hectares. The Company increased cane procurement from 197.12 lakh quintals in sugar season (SS) 2007-08 to 306.92 lakh quintals in SS 2018-19. Farm supply yield increased from an average of 246 quintals per hectare in 2007-08 to 334 quintals per hectare in SS 2018-19.

Manufacturing

The Company has three manufacturing units spread across two locations in Uttar Pradesh. The Dwarikesh Nagar and Dwarikesh Puram plants are located in the Bijnor district of Uttar Pradesh while the Dwarikesh Dham plant is located in Bareilly district.

Capacity as on 31st March 2019	Dwarikesh Nagar (Bijnor)	Dwarikesh Puram (Bijnor)	Dwarikesh Dham (Bareilly)	Aggregate
Sugar (tonnes of cane per day)	6,500	7,500	7,500	21,500
Co-generation (megawatts)	17	33	36	86
Distillery (litres per day)	30,000	-	-	-

Credit rating

The Company became free of long-term debt in 2018-19 when it repaid ₹54.05 crore to the banks. The Company's rating remained stable at A + during 2018-19. The average weighted cost of the Company's borrowings declined when it received a soft loan of ₹134.48 crore from the Uttar Pradesh Government at a subsidised ROI of 5% per annum.

Management and employees

Dwarikesh employed 646 permanent non-seasonal employees and 692 seasonal employees across its three manufacturing locations and administrative offices.

Mr. G. R. Morarka
Executive Chairman

- Founder and promoter
- Over three decades of sectoral experience
- Commerce graduate and ICWA Inter
- Recipient of Indira Gandhi Priyadarshini Award, Bhamashah Awards, Indira Gandhi Sadbhavna Award and Swami Krishnanand Saraswati Purashkar, among others

Mr. Vijay S. Banka
Managing Director

- Chartered Accountant
- Employed with the Company since 2007
- Possesses more than three decades of experience in the areas of finance and strategy, with over two decades of sectoral experience

Mr. B. J. Maheshwari
Managing Director and CS-cum-CCO

- Chartered Accountant- cum-Company Secretary
- Employed with the Company since 1994
- Over three decades of experience in legal, taxation, secretarial and administrative areas

Scale

The Company is among the 20 largest sugar enterprises in India. Over the last decade, the Company froze manufacturing investments and focused on sweating capacities instead. The Company's financial growth across the last decade was derived from enhanced manufacturing efficiencies and fiscal discipline.

Segment	1995	2002	2004	2005	2007	2019
Sugar (tonnes of cane per day)	2,500	6,500	6,500	14,000	21,500	21,500
Power (megawatts)	6	6	17	26	86	86
Distillery (litres per day)	-	-	-	30,000	30,000	30,000

Listing

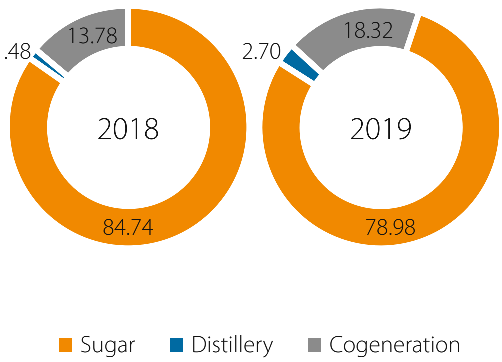
The Company's shares are listed and traded on the National Stock Exchange and Bombay Stock Exchange. The Company enjoyed a market capitalisation of more than ₹582 crore as on 31st March 2019.

Revenues

The Company generated ₹1,347.49 crore in revenues in 2018-19. A sizeable portion of the Company's revenues was derived from the sugar business (78.98% share of total revenues in 2018-19). The non-sugar portion of the Company's business was 21.02%, increasing 37.74 bps over the previous year. Industrial alcohol and co-generated power accounted for 2.70% and 18.32% shares of overall revenues, respectively. The Company marketed ethanol to Indian oil marketing companies and the excess co-generated power to the state electricity grid.

(Revenue includes internal revenues)

Revenue share



The sugar industry value chain

Raw material

- Sugarcane

By-product and residue

- Molasses (By-product)
- Bagasse (Residue)

Output

- Sugar
- Power
- Industrial alcohol
- Ethanol
- Molasses
- Bagasse
- Bio-fertilisers

Oh nadiya chale-chale re dhara
Chanda chale-chale re taara

Tujhko chalna hoga
Tujhko chalna hoga

Lyrics: Indeevar. **Film:** Safar (1970). **Song:** Nadiya chale chale re dhaara

DWARIKESH. PROACTIVE AND DECISIVE


Under-construction distillery at Dwarikesh Nagar

Challenge

There was a premium on evolving the business model in a sectoral environment where farmers would continue to maximise cane production even when payments were delayed, creating an unprecedented scenario of high cane availability, irrespective of sugar realisations and miller health. The situation called for the country's sugar manufacturing sector and the government to extend their perspective beyond the conventional approach.

Solution

At Dwarikesh, success has been derived from the ability to foresee realities well in advance, invest proactively, capitalise with speed on sectoral opportunities and create a foundation for faster sustainable growth.

At Dwarikesh, we believe that well-started is half the battle won.

Even before our first mill was commissioned in 1995, the Company had commenced sourcing early maturing cane seeds (Co 88230) from Meerut and Muzaffarnagar, distributing them among farmers in Bijnor and strengthening traction for cane growing. The result of this proactive response was that during the trial season, Dwarikesh reported record output, significant recovery improvement and sectoral pole position.

What started as a confident experiment has since turned into a mission. Over the years, the Company grew the early maturing share of its command areas to impressive levels. The efficacy of the early maturing variety was reflected in the cost differential between the two varieties – an increase from ~₹2.5 per quintal at the start of its acceptance to ₹10 per quintal today, more than covered by enhanced yield and recovery.

When cane arrears increased rapidly, the government introduced the landmark Bio-Fuel Policy, creating a new business opportunity for sugar mills. The Company seized the opportunity and proposed to expand its distillation capacity. In FY2018-19, Dwarikesh embarked on an estimated investment of ₹145 crore in enhancing its distillery capacity by 100 KLPD, encouraged by a subsidised government loan and prudent capital management.

The government permitted the use of direct juice and B-heavy molasses for ethanol production. This is expected to moderate sugar production by approximately 2%, diverting the excess sugar towards the manufacture of ethanol. The government's blending target of 20% ethanol in petrol by 2030 provides a long-term platform for the country's sugar sector to diversify its business away from an excessive dependence on sugar, broad-base the business and reinforce long-term sustainability.

The result: The Company's non-sugar proposition of 21.02% of total revenues in FY2018-19 is expected to progressively increase, moderating the Company's risk profile and creating broadbased long-term sustainability.

Kuch kariye, kuch kariye
Nas-nas meri khaulay, haai,
Kuch kariye, kuch kariye
Bas-bas bada bode
...

Lyrics: Jaideep Sahni. **Film:** Chak De! India (2007). **Song:** Chak De! India

DWARIKESH... A CONSTANTLY IMPROVING COMPANY

Challenge

To stay ahead of the curve, the Company was required to optimise every process and continuously improve operational efficiency.

Solution

Improving efficiencies in the sugar sector is a factor of two components - the duration between harvesting and crushing, and proper production planning. Dwarikesh has excelled on both fronts. The Company's cut-to-crush time has progressively declined over five years and is likely to decline further.

Dwarikesh's long-term competitiveness has been structured around proactive investments in cutting-edge technologies.

Dwarikesh has focused on the responsible reduction in manual intervention through a proactive investment in advanced technologies. The Company installed systems to monitor the production process (crushing to packaging). The result is that even as Dwarikesh produced more sugar, it minimised delays and wastage.

Besides, the Company engaged in a non-season discipline to disaggregate a number of manufacturing equipment with the objective of enhancing maintenance and upgradation. The Company's sugar-testing labs examined every instance of process deviation for timely corrective action.

Dwarikesh capitalised on cutting-edge technologies by investing in process automation that reduced operational inefficiencies and smoothened processes by reducing delays, strengthening cane-crushing and minimising process losses.

The result: The sugar 'lost' in the manufacturing process at Dwarikesh is among the lowest in India's sugar industry.

Hamein un raahon par chalna hai

Jahan girna aur sambhalna hai

Hum hai woh diye auro ke liye

Jinhe toofano me jalna hai. . .

Lyrics: Raja Mehdi Ali Khan. **Film:** Masoom (1960).
Song: Hamein un raahon par chalna hai

1993

- Established the Company

1995

- Commissioned the Dwarikesh Nagar plant with a crushing capacity of 2,500 tonnes of cane per day and a co-generation capacity of 6 megawatts

2002

- Increased crushing capacity at the Dwarikesh Nagar plant to 6,500 tonnes of cane per day
- Commenced supplying surplus power to the state electricity grid from the Dwarikesh Nagar plant

2004

- Raised ₹325 million through an IPO, which was oversubscribed 23x
- Increased co-generation capacity at the Dwarikesh Nagar plant to 17 megawatts
- Commenced supplying the surplus eight megawatts of power to the state electricity grid from the Dwarikesh Nagar plant

2005

- Set up a distillery at the Dwarikesh Nagar plant with a capacity of 30,000 litres per day
- Commissioned the Dwarikesh Puram plant with a crushing capacity of 7,500 tonnes of cane per day and a co-generation capacity of 9 megawatts
- Raised ₹540 million through a global depository receipt

2007

- Commissioned the Dwarikesh Dham plant with crushing capacity of 7,500 tonnes of cane per day and a co-generation capacity of 36 megawatts (surplus of 24 megawatts)
- Increased co-generation capacity at the Dwarikesh Puram plant to 33 megawatts with a surplus of 24 megawatts

2008

- Commenced supplying surplus power to the state electricity grid from the Dwarikesh Puram and Dwarikesh Dham plants

2011

- Granted registration by the National Load Dispatch Centre to all three co-generation plants

2016

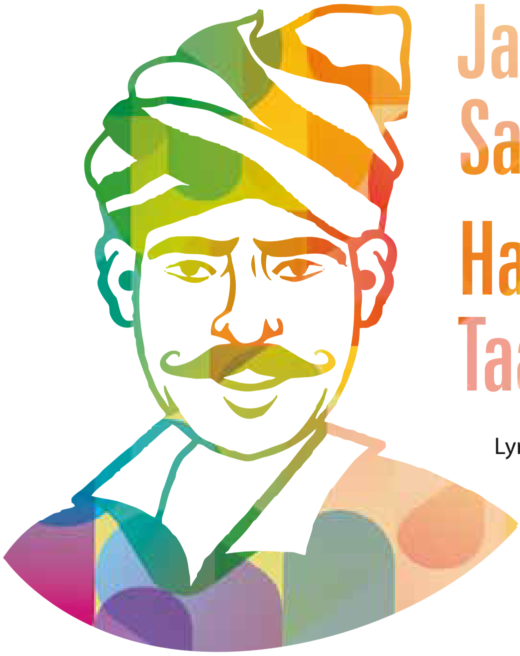
- De-bottlenecked the distillery at the Dwarikesh Nagar plant by commissioning a bio-methanated spent wash plant
- Raised ₹594 million through a qualified institutional placement

2017

- Right-sized the Dwarikesh Nagar plant to ensure optimal capacity utilisation

2019

- Embarked on the expansion of the distillery capacity at the Dwarikesh Nagar plant with an envisaged investment of ₹~145 crore



Jab gham ka andhera ghir aaye
Samjho ke savera door nahi
Har raat ki hai saughaat yahi
Taare bhi yahi dohraate hai

Lyrics: Shailendra. **Film:** Patita (1953). **Song:** Hain sabse madhur woh geet

Challenge

For long, erratic payments, inefficient payment mechanisms and suspect weighing procedures affected the credibility of the country's sugar eco-system. Besides, extensive cane transportation distances affected the sucrose content and farmer returns.

Solution

As a future-focused company, Dwarikesh selected to build its business around a 'farmer-first' philosophy. The Company went into business with a cane crushing capacity of 2,500 tonnes per day in 1995. Over more than two-and-a-half decades, the Company has grown its throughput almost nine-fold, enriching the lives of more than 1.20 lakh farmers. During FY 2018-19, the Company procured cane worth ₹1,063 crore, helping recharge a pocket of India's rural economy.

Dwarikesh has grown in a challenging business environment because it has consistently stood for a holistic farmer proposition. This proposition essentially comprised the philosophy that if the farmer's prospects improved, the Company would benefit as well.

As an extension of this conviction, Dwarikesh engaged in farmer education on advanced farming practices, provided farm inputs at subsidised costs, addressed farmer grievances with speed and institutionalised timely remuneration (within a fortnight) across market cycles, strengthening the farmer's cash flows.

Farmer's friend

During the initial years, the cultivation of the early maturing variety of cane warranted a pesticide that was priced prohibitively for most cane growers. Dwarikesh recognised that a pest attack could potentially decimate farmer earnings, setting them back financially by a few years. The Company could have arranged for farmers to be provided loans to facilitate their purchase of the pesticide. The Company went one step further; it provided a pesticide subsidy of nearly 75%. The unexpected result of this timely support was that the Company sowed the seeds – literally and metaphorically – of the propagation and acceptance of the early maturing cane variety. Dwarikesh succeeded because it possessed the foresight to look into the future.

DWARIKESH. THE NAME FARMERS TRUST

Evangelist

Dwarikesh was one of the earliest sugar companies in Uttar Pradesh to promote the planting of the Co 0238 cane variety at a time when most farmers considered a varietal switch to be a disproportionate risk. Dwarikesh persisted; it conducted village meetings; it commissioned a demonstration farm; it evangelised the use of this variety; it commissioned a seed nursery in villages; it conducted farmer training camps; it commissioned a soil-testing and a bio-pesticide lab to enhance soil fertility. The result was that Dwarikesh acquired the reputation and respect for being the largest 'farmer' in the district.

Friend-philosopher-guide

When farmers complained that tall cane sticks were susceptible to winds affecting production and yield, Dwarikesh could have passed this off as a trade hazard. The Company chose to act instead. It engaged experts from Muzaffarnagar who worked closely with farmers in Dwarikesh's command areas to wrap cane sticks that enhanced their collective resistance to wind movements. The problem was countered; farmers reported a rebound in yield. The result is that when farmers now encounter cultivation challenges, they turn to Dwarikesh, their nearest friend-philosopher-guide.

Helping farmers live to fight another day…

Dwarikesh has extended beyond the conventional role of a customer and evolved into a partner for farmers instead. This role transformation was highlighted just when farmers needed the Company the most – during cane disease outbreak. When Red Rot fungal infection caused cane in the Company's command areas to dry up, leading to the virtual decimation of varieties (64A, 1148, 770, 1158 and 84212), Dwarikesh recognised the importance of timely action. The Company began to distribute a systemic fungicide that soon countered the incidence of disease that prevented the problem from affecting a larger area. In FY2018-19, Dwarikesh distributed ~7 MTs of Thiophanate Methyl, a broad spectrum fungicide, at virtually half its listed price. The result is that the threatened cane output was protected and, the disease incidence ring-fenced . Thousands of farmers lived to fight another day…

Other services

Over the years, Dwarikesh recognised that as the principal stakeholder in the regions of its presence, it owned the over-arching responsibility of re-investing in the natural eco-system. Over the years, the Company accelerated its investment in 145 tube wells, helping farmers draw additional water that helped quadruple yields. The Company embarked on a number of initiatives to educate cane farmers; it organised health camps; it collaborated with Cane Development Federation to address the financial needs of cane growers.

Result: Dwarikesh has transformed the lives of more than 1.20 lakh farmers across Uttar Pradesh.

Nirbal se ladaai balwaan ki

Ye kahaani hai diye ki aur toofaan ki

...

Lyrics: Bharat Vyas. **Film:** Toofan Aur Deeya (1956). **Song:** Yeh kahaani hai diye ki aur toofaan ki

DWARIKESH. WHERE PEOPLE COME FIRST.

Challenge

The success of any organisation depends on people productivity, putting a premium on employee morale.

Solution

Dwarikesh's working culture sets the Company apart. In the Company's meritocratic culture, each employee is empowered to communicate grievances to the top management. The senior management is accessible. There is a focus on passion-driven outperformance that enhances employee self-esteem.

The sugar industry is cyclical, with manufacturers wary about the next sectoral trough. In times like these, morale declines, with is a growing feeling that problems lie outside the Company's control, increasing the a possibility of attrition (management and shopfloor).

Over the years, Dwarikesh strengthened its business by reducing its overt dependence on any specific business segment. It strengthened investments in co-generation (two turbines of 24 MW each and one of 12 MW). The power generated from these co-generation facilities was secured through long-term power purchase agreements with the state electricity grid. The annuity income arising out of this business enabled the Company to weather sectoral instability.

The result of this de-risking was that not one of the Company's 1,300-strong workforce was retrenched during the sectoral downtrend, an unusual industry occurrence. This retention through market cycles enhanced the Company's respect and loyalty.

Besides, de-risking at Dwarikesh was progressively reinforced through business diversification. In 2005, the Company commissioned its first distillery. This diversification enhanced employee pride, ownership and responsibility from the shopfloor to the top-floor, creating new opportunities for career growth.

The result: ~50% of the current employees have been associated with the Company for more than two decades, strengthening knowledge capital and competitiveness.

Ae jazba-e-dil
gar main chahoon
Har cheez
muqaabil aa jaye
Manzil ke liye do
gaam chaloon
Aur saamne
manzil aa jaye

Lyrics: Faiz Ahmad Faiz.
Film: In Custody (1994).
Song: Aye Jazba-E-Dil.

THE EXECUTIVE CHAIRMAN'S BUSINESS OVERVIEW

In 2018-19, Dwarikesh Industries Limited lived the conviction that it has consistently propounded: that the Company would be among the last ones to be standing during a sectoral down cycle and among the first to be off the blocks as soon as conditions revived.

I am pleased to report that the Company strengthened its business foundation through capacity expansions and lower debt that should translate into improved performance in the future.

During the year under review, Dwarikesh reported a 24.18% decline in revenues and a 6.25% de-growth in profit after tax in 2018-19. This was a result of weak sugar realisations affecting the profitability of most sugar companies in the country.

A new sectoral order

However, when seen from a wider perspective, the Company's performance was creditable as it addressed a number of challenges. One of the biggest challenges the Company addressed was in the evolving nature of sectoral cyclicality. In the past, until 2010, the usual sectoral cycle comprised two good years, one average year followed by two unfavourable years. The sequence was usually marked by extensive cane arrears, decline in cane planting, increase in sugar realisations, timely payments to farmers, increased cane planting, excess of sugar and a decline in sugar realisations.

This predictable cyclical pattern was interrupted some years ago by the introduction of the vastly improved CO 0238 cane variety, which increased farm yields, strengthened farmer incomes over competing crop alternatives and reinforced farmer commitment to grow cane through good and unfavourable years. The country as a whole reported 33 million tonnes of sugar production in 2018-19 compared with 32.5 million tonnes in the previous year. This indicates that sugar production has reached a sweet spot from where output is unlikely to report a substantial decline in the foreseeable future barring unforeseen weather conditions.

The incidence of a sustained sugar production at a high level and a decline in sugar realisations resulted in unprecedented cane arrears, estimated at a peak of ₹12,500 crore in Uttar Pradesh alone in 2018-19. At a time when the Indian government is focused on doubling farm incomes by 2022, this sharp increase in cane arrears prompted timely and effective corrective action.

The Indian government increased the disbursal of concessional loans that would enable sugar companies to expand their ethanol capacities and kickstart a virtuous cycle that would make it possible for them to clear farm arrears. The government also announced an export quota to evacuate a sizable quantity from the domestic sugar inventory, strengthening realisations. During the last year, the government also announced a minimum selling price for sugar (below which sugar mills were not permitted to sell), which created a positive sentiment on the market and strengthened realisations.

The ethanol game-changer

The Indian government made a decisive intervention when it came to ethanol production. In the past, the government permitted sugar company to manufacture ethanol through a specific route (C-Heavy). In a landmark reform, the government permitted manufacturers to produce ethanol through an alternative route (B-Heavy) in exchange for superior realisations. This permission not only offered sugar manufacturers with a superior revenue stream when seen from a corporate perspective but the process also consume a larger sugar output, helping moderate the large national sugar inventory.

Probable sugar industry turnaround

The fundamentally significant question that most shareholders are asking is whether the sugar segment within the industry is poised for a turnaround. The country commenced the sugar season 2018-19 with an opening inventory of 10 million tonnes of sugar. To this, the country added 33 million tonnes of sugar produced during the 2018-19 sugar season. Of this aggregate inventory, 26 million tonnes were allocated for domestic consumption and 3 million tonnes for export. This is expected to leave the country with a 2018-19 closing stock of 14 million tonnes, translating into more than six months of domestic consumption. In a country where three months of sugar consumption are considered adequate, the over-riding challenge is to liquidate the excess inventory with the objective of returning the country's sugar business to normalcy.

At Dwarikesh, we are beginning to see some light at the end of a long tunnel. We believe that a probable drought in Maharashtra in 2019-20 could draw down annual sugar accretion by around 6 million tonnes. Besides, the drawdown could be accelerated by sustained exports on the one hand and an increased national sugar appetite on the other. The result is that in a couple of years, India's sugar inventory is likely to moderate to three / four months of consumption, strengthening sugar realisations without any government-advised support mechanism. When this transpires, the industry would be able to generate higher revenue from its largest business segment, helping amortise fixed costs effectively and strengthening overall profitability.

In the ethanol segment of the business, we see prospects continuing favourable across the foreseeable future. The government has announced a substantial increase in its ethanol consumption. Realisations trended higher based on government-announced procurement prices. The proposition of increased volume-value translated into an unprecedented improvement in ethanol outlook in the foreseeable future. As a result, nimble ethanol manufacturers are likely to generate a larger proportion of revenues from this product segment, strengthening their overall profitability.

IN THE ETHANOL SEGMENT OF THE BUSINESS, WE SEE PROSPECTS CONTINUING FAVOURABLE ACROSS THE FORESEEABLE FUTURE. THE GOVERNMENT HAS ANNOUNCED A SUBSTANTIAL INCREASE IN ITS ETHANOL CONSUMPTION.

Other business segments

The co-generation segment of the sugar sector will continue to be a defensive bet. Given the decline in renewable power tariffs, the Uttar Pradesh government proposes to revise existing co-generation power tariff agreements downwards after the close of the financial year under review. This can be read as a temporary and minor setback for co-generation investments and returns.

How Dwarikesh is positioned

At Dwarikesh, we believe that this sectoral transformation for the better may not benefit all sugar companies. The integrated sugar manufacturers will benefit more than non-integrated companies, and within them, sugar companies that are debt-free (or possess debt in the form of quasi-equity) would be more attractively placed to benefit.

Dwarikesh is attractively placed to capitalise. The Company capitalised on the ethanol inflection point and the commissioned a new 100 KLPD ethanol plant, nearly quadrupling the capacity to 130 KLPD in a single stroke. This capacity is expected to go on stream in line with the 2019-20 sugar season, empowering the Company to bid for sales of increased quantities of ethanol in the coming sugar season with the capacity to potentially generate ₹150 crore in revenues at peak utilisation and existing realisations.

At Dwarikesh, this capacity growth comes with a complete alignment with regulatory compliances related to air and water discharges. The Company is investing in waste water recovery and zero liquid discharge, strengthening its credentials to grow sustainably with an environment-friendly foundation.

The long-term health of the business can be best influenced even before the first drop of the end product has been processed or sold. The Company achieved financial closure of this ₹145 crore project through a soft loan of ₹117 crore with a weighted average cost of 7%. We believe that this financial structure is reasonable, cash flow-accretive and should enhance organisational value.

At Dwarikesh, this represents start of a long-term journey where we build on our non-sugar business with the objective of enhancing scale, business broad-basing our business and relative non-cyclicality until the time the improvement in our sugar business provides us with the scale and scope to emerge as a, profitable and sustainable company.

We believe that prospective profitability will be enhanced through a superior utilisation of existing cane-crushing assets as opposed to fresh investments. The Company intends to extend its cane crushing season, enhancing capacity utilisation. The benefits of the ethanol game-changer should accrue from the fourth quarter of 2019-20 and thereafter across all four quarters as the Company capitalises on opportunities through the B-Heavy and C-Heavy manufacturing routes based on prevailing market dynamics.

Guarded optimism

At Dwarikesh, our retrospective industry disappointment has transformed to guarded optimism where we believe that we will continue to leverage our passion to excel and outperform.

G. R. Morarka,
Executive Chairman

WE BELIEVE THAT PROSPECTIVE PROFITABILITY WILL BE ENHANCED THROUGH A SUPERIOR UTILISATION OF EXISTING CANE-CRUSHING ASSETS AS OPPOSED TO FRESH INVESTMENTS. THE COMPANY INTENDS TO EXTEND ITS CANE CRUSHING SEASON, ENHANCING CAPACITY UTILISATION.

We could have waited for this….

Improvement in the sugar cycle

Improvement to be facilitated by three factors one, production decline; two, exports; three increased national consumption

The combination to draw down the national sugar inventory

This drawdown to enhance sugar realisations

Probable likelihood of this recovery across the next two years

We would rather be on our way…

We are quadrupling our ethanol capacity

This capacity will be commissioned in time for the 2019-20 sugar season

This will kickstart profit growth

This expansion will strengthen our dependence away from sugar

This will enhance business integration

This will create a multi-product foundation

Raat jitni bhi sangeen hogi
Subah utni hi rangeen hogi
Gham na kar gar hai
baadal ghanera
Kiske roke ruka hai savera

Lyrics: Sahir Ludhianvi. **Film:** Sone Ki Chidiya (1958). **Song:** Raat bhar ka hai mehmaan

DWARIKESH. CONTINUOUSLY EVOLVING

Challenge

In a sector where sugar recovery influences revenues, there is a premium on the strong process efficiencies. A competent system comprises the stable management of variables – the selection of appropriate cane variety matched to a given agro-climatic zone, soil type, season and the dynamic management of cane harvesting and inflow.

Solution

Dwarikesh emerged as the sectoral outlier by focusing on less-than-obvious improvement areas. The Company chose to focus on prudent cane selection, emphasising varieties offering superior yield, high sucrose content, good field appearance, higher tillering capacity and early maturing.

At Dwarikesh, one of our biggest challenges was when we embarked on the decision to encourage farmers to switch from conventional cane varieties to the new Co 0238 variety some years ago.

The switch was not merely physical; it warranted a leap of faith. When the early-maturing variety emerged, Dwarikesh was among the first to advocate a switch across farmers in its command areas. Even as farmers initially resisted on the grounds that efficacy of this new variety was untested, the Company succeeded in turning realities around with training drills and promotional campaigns.

The result of having been among the first to see the new frontier has delivered attractive returns. Dwarikesh's command area covered by the early maturing variety is estimated to be more than 90%; the Company's average recovery across the last decade strengthened to 12.31% in SS 2018-19, generating incremental sugar, corresponding increase in revenues and a virtual transformation of the Company's Profit and Loss account towards superior profitability.

The result: Margins from the sugar business remained positive during the challenging last few years for the Company.

Hum pehle narm patto'n ki ek shaakh the Magar kaate gaye hain itne ke talwaar ho gaye.

Lyrics: Bashir Badr

DWARIKESH. BUILT AROUND FINANCIAL SOUNDNESS

Challenge

In a cyclical business where the funds for procuring cane and producing sugar are required extensively over six months, while the corresponding revenues from sugar sale are generated over 12-18 months, there is a premium on competent working capital management.

Solution

In a working capital-intensive business, the one thing that stands out at Dwarikesh is a robust Balance Sheet.

The strength of the Company's Balance Sheet is reinforced by its strategic decision to put expansionary capital expenditure on hold in the last few years and maximise asset utilisation instead. The strategy enhanced cash reserves on the one hand and moderated long-term debt on the other, strengthening its debt-equity ratio and becoming long-term debt-free by 31st March 2019 (₹134.48 crore subsidised loan provided by the Uttar Pradesh Government for five years is being treated as working capital debt for the purpose of this calculation).

As an extension, interest outflow declined from ₹78.86 crore at peak during FY 2011-12 to ₹21.26 crore during the year under review, strengthening the interest cover to 6.22 in 2018-19.

This restructured Balance Sheet was also strengthened by the fact that much of the ₹145 crore to be invested in incremental ethanol capacity is being sourced through debt at a concessional coupon rate.

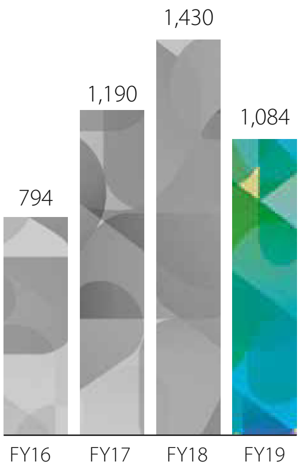
This financial soundness has enhanced the Company's operating liquidity, encouraged farmers to plant more cane, enhanced asset utilisation, strengthened byproduct generation, broadbased the revenue mix and enhanced business de-risking.

The result: The Company created a sustainable foundation to grow the business in a profitable way in the foreseeable future.

Dukh aur sukh ke raaste
Bane hain sab ke vaaste

Jo gham se haar jaaoge
To kis tarah nibhaaoge…

Lyrics: Sahir Ludhianvi. **Film:** Hum Dono (1961). **Song:** Dukh aur sukh ke raaste.



Revenues (₹ crore)

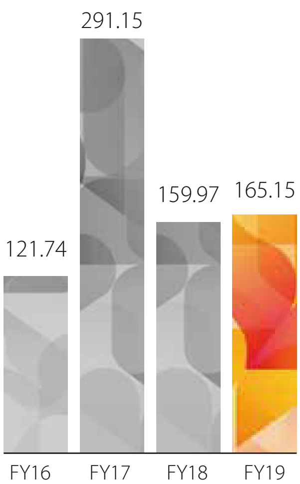
Definition

Growth in sales net of taxes and excise duties.

Why is this measured?
It is an index that showcases the Company's ability to optimise business operating costs despite inflationary pressures, which can easily be compared with the retrospective average and compared with sectoral peers.

What does it mean?
Aggregate sales declined by 24.18 % to ₹1084 crore in FY2018-19 due to a decline in sugar realisations and reintroduction of the monthly release mechanism by the Central Government.

Value impact
A four-year revenue perspective reflected an improved product offtake.



EBITDA (₹ crore)

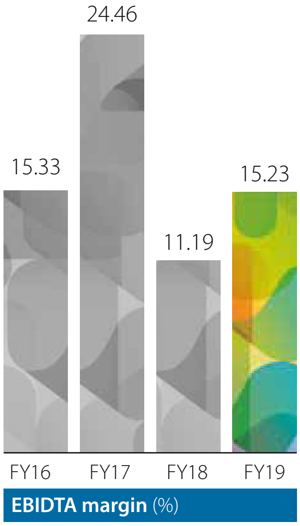
Definition

Earning before deduction of fixed expenses (interest, depreciation, extraordinary items and tax).

Why is this measured?
It is an index that showcases the Company's ability to optimise business operating costs despite inflationary pressures and can be easily compared with the retrospective averages of sectoral peers.

What does it mean?
Helps create a robust growth engine and allows the Company to build profits in a sustainable manner.

Value impact
The Company reported a 3.24% increase in its EBIDTA in FY2018-19 – an outcome of improved operational efficiency.



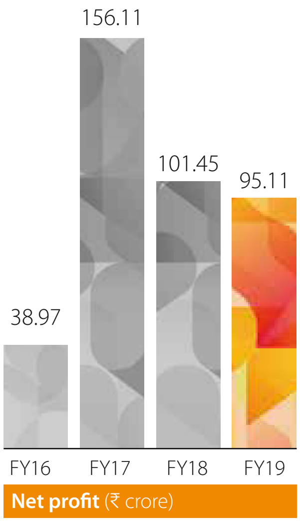
Definition

EBITDA margin is a profitability ratio used to measure a company's pricing strategy and operating efficiency

Why is this measured?
The EBIDTA margin indicates how much a company earns (before accounting for interest and taxes) on each rupee of sales.

What does it mean?
Demonstrates adequate buffer in the business which, when multiplied by scale, enhances surpluses.

Value impact
The Company reported a 404 bps increase in EBIDTA margin during FY2018-19.



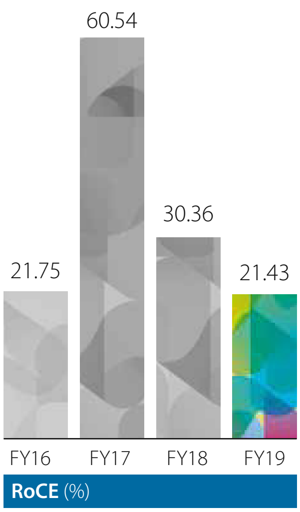
Definition

Profit earned during the year after deducting all expenses and provisions

Why is this measured?
It highlights the strength of the business model in generating value for shareholders.

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

Value impact
The Company reported a substantial profit increase across four years but a 6.25% decline in net profit in FY2018-19.



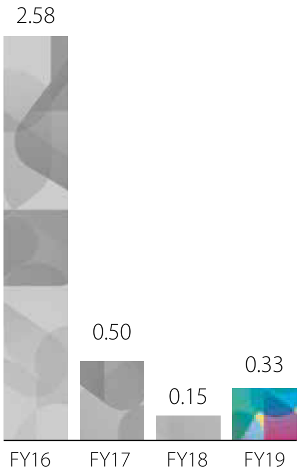
Definition

It is a financial ratio that measures a company's profitability and the efficiency with which its capital is employed in the business.

Why is this measured?
RoCE is a useful metric for comparing profitability across companies based on the amount of capital they use – especially in capital-intensive sectors.

What does it mean?
Enhanced RoCE can potentially drive valuations and perception.

Value impact
The Company reported an 8.93% decrease in RoCE during FY2018-19 following investments that were made whose results will only progressively become visible.



Gearing (x)

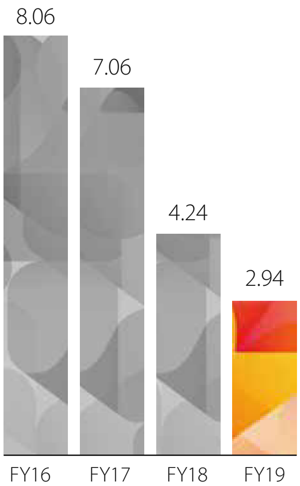
Definition

This is derived through the ratio of debt to net worth (less revaluation reserves)

Why is this measured?
This is one of the defining measures of a company's financial solvency, indicating the ability of the Company to remunerate shareholders over debt providers (the lower the gearing the better).

What does it mean?
Adds value in the hands of the shareholders by keeping the equity side constant and boosts flexibility by progressively moderating debt costs.

Value impact
The ratio was impacted on account of availment of soft loan @ ROI of 5% from State Government for clearing sugarcane dues of SS 2017-18 and also on account of loan taken for the expansion of distillery capacity, the benefit of which will gradually accrue.



Debt cost (%)

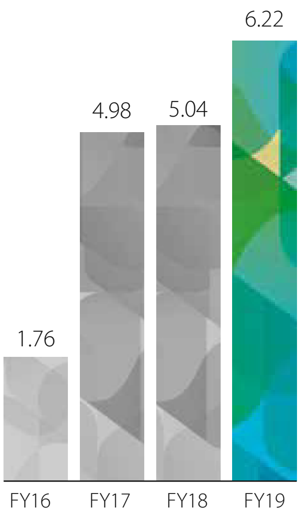
Definition

This is derived from the calculation of the average cost of the consolidated debt on the Company's books.

Why is this measured?
This indicates our ability in convincing bankers and other debt providers of the robustness of our business model, translating into a progressively lower debt cost (potentially leading to higher margins).

What does it mean?
Enhanced cash flows; strengthened credit rating leading to a probable decline in debt cost

Value impact
The Company's debt cost progressively declined from 8.06% in 2015-16 to 2.94% in FY2018-19 following the mobilisation of concessional debt. This ratio should ideally be read in conjunction with net debt/operating profit (an increase indicating higher liquidity).



Interest cover (x)

Definition

This is derived from dividing the EBIDTA by interest outflow

Why is this measured?
Interest cover indicates the Company's comfort in servicing interest – the higher the better.

What does it mean?
A company's ability to meet its interest obligations, an aspect of its solvency, is arguably one of the most important factors in generating sustainable returns for shareholders.

Value impact
The Company strengthened its interest cover from 5.04 in FY2017-18 to 6.22 in FY2018-19.

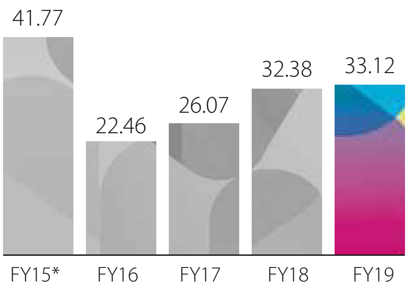
Safar mein dhoop to hogi
Jo chal sako to chalo.

Sabhi hai bheed mein
Tum bhi nikal sako to chalo!

Lyrics: Muqtida Hasan Nida Fazli.
Film: Kunwari Bahu (1984).
Song: Safar mein dhoop hogi

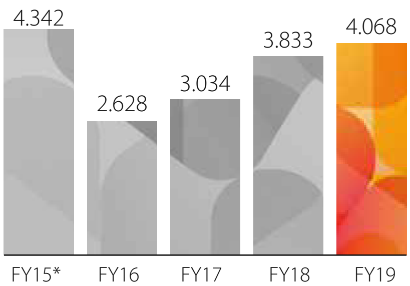
Our operational numbers (fiscal years)

(lakh tonnes)



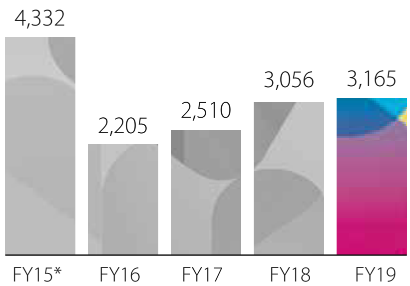
Sugar cane crushed

(lakh tonnes)



Sugar produced

(lakh units)



Power generated

* FY15 numbers are for 18 months period ended on March 31, 2015

Balance Sheet

Ratio	2013-15*	2015-16	2016-17	2017-18	2018-19
Earnings per share	(13.19)	22.02	8.87#	5.39#	5.05
Book Value per share	44.60	52.66	15.19#	19.43	24.62
Inventory turnover ratio (Net Revenue / closing inventory)	2.39	1.52	2.01	2.82	1.36
Fixed assets turnover ratio	2.85	2.23	3.59	4.19	3.23
Fixed assets coverage ratio	1.47	1.18	2.31	6.33	2.32

*18 months

split share of ₹1 each

Balance Sheet

Ratio (%)	2013-15*	2015-16	2016-17	2017-18	2018-19
EBITDA margin	8.44	15.33	24.46	11.19	15.23
Net profit margin	(1.47)	4.91	13.11	7.09	8.77

*18 months

Balance Sheet

Ratio	2013-15*	2015-16	2016-17	2017-18	2018-19
Current ratio	0.82	0.97	1.12	1.07	1.29
Quick ratio	0.11	0.13	0.10	0.10	0.17
Debt-equity ratio (including working capital) #	6.01	5.60	1.75	0.89	1.40
Debt-equity ratio (only long-term debt) #	2.61	2.58	0.50	0.15	0.33
Interest cover	0.65	1.76	4.98	5.04	6.22
Receivables in days of turnover equivalent					
(Considering sale of power & ethanol which are only sold on credit)	63.84	223.41	195.55	167.28	153.57
Payables in days of turnover equivalent	45.46	101.68	46.76	48.29	66.53

*18 months

Debt excludes preference share capital

All numbers of FY 2016-17 are regrouped based on IND AS adoption

Zindagi har kadam
Ek nayi jang hain!

Lyrics: Anand Bakshi. **Film:** Meri Jung (1985). **Song:** Zindagi har kadam ek nay jung hain

DWARIKESH. WHERE THE ENVIRONMENT COMES FIRST

Challenge

Managing social and environmental risks is critical for sugarcane growers, processors and food companies due to increasing regulatory and stakeholder expectations around responsibility and sustainability.

Solution

Dwarikesh played the role of a supporting catalyst. It embarked on various pro-environment decisions, which shaped the Company's operating philosophy.

In the sugar industry, the combustion of bagasse in boilers produces particulate matter, oxides of nitrogen, carbon, sulphur and water vapour. The particulate matter comprises ash, unburned bagasse and carbon particles. This matter (or fly ash) can travel far depending on particle size and atmospheric conditions, and can reduce visibility, affect vegetative growth and human health.

When Dwarikesh discovered that the ash emanating from its boilers could affect well-being if disposed carelessly, it embarked on a long-term solution. Since ash possesses a high organic carbon content beneficial for the soil, the Company experimented by distributing a trolley-full of this ash. The unexpected impact: farm yield manifolded. Today, a long queue outside the Company's facilities indicates traction for this ash among cane farmers.

Besides, the sugar industry consumes a large quantum of water and generates significant waste water. Efficient utilisation of this waste is integral to process sustainability: not only to reduce the cost of supply and discharge of freshwater associated with the process but also to minimise from such environment damages water use and discharge.

Dwarikesh could have grown its distillery capacity many years ago when cash flows were available but for a single issue: effective effluent treatment technology did not exist, the concept of 'zero liquid discharge' being a distant reality in India's sugar industry.

The Company did what was prudent in the circumstances; it chose to wait until the technology became available and affordable. It invested in best-in-class effluent treatment technology and is now expanding its distillery capacity by 100 kilolitres per day to an effective 130 kilolitres per day likely to be commissioned in FY 2019-20.

Dwarikesh was the first company in India's sugar industry to invest in the cutting-edge cooling tower treatment technology, minimising water depletion and removing zinc, chromates and carbonate from process water.

The result: The quantum of water treated by the Company increased from 10% to 100% .

Apne liye jiye
to kya jiye
Tu ji, ai dil,
zamaane ke liye.

Lyrics: Manna Dey. **Film:** Badal (1966). **Song:** Apne liye jiye to kya jiye

DWARIKESH. EXTENDING BEYOND THE MANDATE

Challenge

There was a necessity to become a holistic company focused on all-round development and increasingly giving back to the holistic owner of all resources - the society.

Solution

Dwarikesh believes in putting back into the environment more than what it draws, reinforcing its position as a responsible corporate citizen.

Dwarikesh's connectedness has often extended beyond the usual calling for sugar companies. Over the years, Dwarikesh trained for employees and cane farmers in superior operating and farm practices, enhancing their knowledge and self-worth.

The Company commissioned a school in Bijnor district (adjacent to its DN plant), so that the children of their employees and of the locality could receive quality education without having to travel long distances.

The Company conducted a number of eye camps, polio vaccination camps and veterinary camps, enhancing the health of rural residents and their animals, thereby a sense of social well-being.

The Company provided financial assistance to employees for managing expenses of their education, marriage and critical illness of family members.

The Company commissioned committees to address farmer issues with speed and sensitivity, conducting programmes to strengthen engagements between the senior management and grass-roots society.

The Company engaged with non-government organisations to evangelise the cause of education in the rural areas of its presence, proposing a college to promote higher education.

The Company believes in women's empowerment, helping women organise themselves into self-help groups; it manages kisaan clubs to enhance farmer awareness above superior technologies and progressive mindsets.

The Company believes in enhancing workers' safety and security. Over the years, the Company invested in modern technologies and environment-friendly programmes.

The result: The Company's relationship with farmers has progressively strengthened, deepening a sense of trust.

Our integrated business report

Key enablers

Innovate and excel

- Reinforced a culture of innovation and outperformance by deploying dedicated teams.
- Invested in best-in-class effluent treatment plants to achieve zero liquid discharge status.
- Promoted the early-maturing Co 0238 cane variety, which led to a substantial increase in yield per hectare and impressive recovery gains
- Adopted modern-day plantation techniques, resulting in higher productivity.

Cost leadership

- Managed costs by negotiating mutually-beneficial terms of trade as well as investing proactively in superior equipment, capacity scale-up and operational integration, among others.
- Availed soft loans at subsidised rates of interest, lowering the cost of capital.

Supplier-of-choice

- Focused on improving product quality through scientific research
- Emerged as the supplier-of-choice to many large buyers

Robust people practices

- Facilitated all-round employee development through initiatives
- Increased non-seasonal permanent employee count to 646 in FY18

Responsible citizenship

- Focused on sustainability by complying with environmental norms, investing in renewable energy-generating capacities and recycling resources
- Invested ₹4.24 crore in 2018-19 on CSR activities across soil and water conservation, energy conservation, skilling of local youth and social development in education etc.

Value creation

- Enhanced the downstream manufacture of ethanol for fuel blending
- Utilised by-products to manufacture green power for captive use and merchant sales

Material issues addressed

Innovate and excel

- Technology
- Automation

Cost leadership

- Weak pricing
- Stiff competition

Supplier-of-choice

- Qualitative excellence
- Sectoral credibility

Robust people practices

- Workplace safety
- Talent management

Responsible corporate citizenship

- Societal upliftment
- Educational infrastructure
- Health camps

Value creation

- Customer delight

Capitals impacted

Innovate and excel

- Manufactured
- Intellectual
- Human
- Financial

Cost leadership

- Financial
- Manufactured
- Intellectual
- Natural
- Human
- Social

Supplier-of-choice

- Financial
- Manufactured
- Intellectual
- Social

Robust people practices

- Intellectual
- Human
- Financial

Responsible corporate citizenship

- Social and relationship
- Natural
- Financial

Value creation

- Financial
- Manufactured
- Intellectual
- Social

Dwarikesh sugar's value creation paradigm

Resources

- Financial capital: The financial resources driving the Company comprise mobilisations from investors, promoters, banks and financial institutions (debt or net worth).

- Manufactured capital: The Company's manufacturing infrastructure, technologies and equipment constitute its manufactured capital. The proximity of the command areas from the mills is integral to Dwarikesh's manufacturing competence.

- Human capital: The Company's management, employees and contractual workers constitute its human capital.

- Intellectual capital: The Company's repository of proprietary knowledge forms a part of its intellectual capital.

- Natural capital: Dwarikesh depends upon cane growers for sourcing raw materials and on natural resources like water and energy.

- Social capital: Dwarikesh's enduring ties with the stakeholder community and channel partners (cane growers, agents and customers) provide it with the respectability accorded to a responsible corporate citizen.

Key business activities

Influencers of business fundamentals

- Vision, mission and values
- Corporate governance
- Code of conduct

Value created

Financial capital

- Turnover: ₹1084.12 crore
- Earnings per share: ₹5.05
- Market capitalisation (as on 31st March 2019): ₹582 crore

Manufacturing capital

- Revenues earned from the manufacture of sugar: ₹1,064.28 crore
- Revenues earned from the manufacture of ethanol: ₹36.32 crore
- Revenues from the power segment: ₹246.89 crore

Human capital

- Employees: 646 (non-seasonal permanent)
- Remuneration paid: ₹70.84 crore

Intellectual capital

- Cumulative senior management experience: > 536 person years
- Share of employees associated with the Company for five years or more: More than 80%

Natural capital

- Co-generated power produced in the past four years: 1,093.6 million units
- Quantity of ethanol sold for blending with petrol in the last four years: 25.24 million litres

Social and relationship capital

- Number of cane growers associated with the Company: More than 1.20 lakh
- Payment made to the exchequer (including GST) not forming part of value created: ₹68.79 crore

Value shared with

- Investors: The Company enriched investors through dividends and capital appreciation.

- Suppliers: The Company sourced ₹1,063 crore of cane from farmers.

- Employees: The Company provided remuneration worth ₹70.84 crore and provided stable employment to 646 non-seasonal and 692 seasonal employees.

- Customers: The Company manufactured sugar, ethanol and power, generating ₹1084.12 crore in revenues from customers.

- Government and regulations: The Company paid ₹18.26 crore (excluding GST of ₹50.53 crore) to the exchequer.

- Distributors and suppliers: The Company enhanced value for cane farmers through sustained resource offtake.

Cane farmers and their Dwarikesh experience

Dwarikesh has been like ghar jaisa. How many companies will provide farmers subsidy to buy Coragen, among hazaar other interventions? The result is everywhere: there was a time when farmers were dependent on bullock carts; they now possess at least two tractors each!"

Sukhveer Singh,
Jogipura Village

Earlier, I would transport my cane more than 30 kilometres on unpaved roads across hours that affected sucrose content and cane quality. Dwarikesh helped construct pucca roads and since then I have begun to deliver a better cane quality – quicker. I can trust Dwarikesh to leave my trolley within its factory unattended for weighment and I am confident that I will be paid honestly and accurately"

Harvinder Singh,
Meerpur Ghasi Village

For the longest time I was compelled to supply cane to sugar mills in Najibabad at lower-than-market realisations and would wait to be paid for a year. When Dwarikesh commissioned its factory in our area, we began to get paid in two weeks - 20 times faster than the others! I remember when I was young, I had to cycle ~10 kilometres to school but thanks to Dwarikesh that established a school in the region, my children get to their school in minutes."

Sushil Kumar,
Jhilmila Village

I am a contented man. My financial well-being has improved. I own a tractor. I comprehend crop management. My farm productivity has increased. Our village infrastructure has improved. All because of one company - Dwarikesh."

Ganesh Singh,
Bhagvanpur Village

It is because of Dwarikesh that we no longer have any kutcha houses in our village. From a time when there were just two tractors, we now have more than 400 here. Dwarikesh built one of the best schools in the region to provide equal educational opportunities for our girls. How can we chukaao this karz?"

Ramveer Singh Vishnoi,
Brahamanwala Village

Employees and their Dwarikesh experience

I have been fortunate to stay with Dwarikesh for over 25 years for its ethics and homely environment. The Company's passion has inspired people to excel."

Salil Arya,
Group Compliance Officer

Having stayed away from family for over 13 years while working with Dwarikesh, I have never felt aloof. I discovered a family away from home!"

Mr. Alok Lohia,
CFO

The biggest achievement of my career has been to see employees and their families satisfied. All issues, professional or otherwise, have been addressed with care, sincerity and responsibility."

Mr. Sudarshan Singh Shekhawat,
GM - HRD

Dwarikesh has helped me grow professionally and personally. Dwarikesh was the first in the sector to develop a treatment for cooling tower overflow. This company encourages new ideas!"

Mr. Mayank Arya,
Manager – Environment

When the Dwarikesh plant was being constructed, Bijnor was not developed, farmers employed legacy agricultural practices and facilitating infrastructure was missing. But over the years, a number of measures transformed thousands of farmer lives. That pride and satisfaction is why one has stayed here for more than two decades."

Mr. Yashpal Singh,
Manager – Cane development

What sets Dwarikesh apart in a competitive business

Strategic presence

The Company has chosen to be present in Uttar Pradesh in pockets considered favourable for cane cultivation. The Company's distillery in Bijnor is located within a 12-kilometre radius of three major oil manufacturing companies - Bharat Petroleum Corporation Limited, Hindustan Petroleum Corporation Limited and Indian Oil Corporation Limited.

Command area

Over the past several years, the Company deepened cane cultivation within its command area and procured cane from a larger number of farmers (estimated at more than 1.20 lakh). Dwarikesh intends to increase cane coverage in some of its command areas where coverage potential exists.

Financial robustness

The Company halved its cut-to-crush tenure with enhanced logistical efficiency. Despite the cyclical nature of the sugar industry, Dwarikesh's losses are well below the sectoral average (~1.75% in comparison to ~1.9%), a testimony to its operational controls translating into superior financials.

Ethical commitment

Dwarikesh is directly associated with ~1.2 lakh cane farmers across three plants. Even during the sectoral downturn, the Company remunerated farmers on schedule, which, in turn, enhanced systemic confidence that translated into increased cane planting.

Continuous improvement

The Company's emphasis on continuous improvement enhanced efficiency: an improved recovery to 12.31% for SS 2018-19, the best among sugar companies in Uttar Pradesh.

Holistic

The Company engages with cane farmers to enhance awareness on modern agronomic practices. It provides subsidised seeds, fertilisers and pesticides. It also provides reliable quality pesticides and chemcials to farmers through kisan sewa kendras; ancillary services comprise soil testing, borewell installation assistance and the free installation of submersible pumps.

Diversified

The Company de-risked its business through business integration initiatives comprising the downstream utilisation of raw materials to manufacture by-products. During 2018-19, the Company took up a ₹145 crore project to scale its distillery capacity by 100 kilolitres per day.

Operational excellence

The Company's culture of operational excellence comprises prudent seed selection, cane cultivation management, decline in cut-to-crush tenures and enhanced recovery. The Dwarikesh Agriculture Research Institute (Dwarikesh Nagar) researches cane varieties and farming techniques with the objective to enhance cane quality and yield.

Cost leadership

The Company is recognised among the most competitive sugar producers in Uttar Pradesh on account of its high recovery on the one hand and modest overheads on the other.

Quality

The Company emerged as one of the most respected sectoral players on account of its superior product quality, that helps liquidate inventory faster and generate superior realisations. The share of the overall output classified by the National Sugar Institute as premium grade sugar (ICUMSA of <100) was >95% in 2018-19.

Eco-friendly

The Company manufactures ethanol, which is used as a petrol additive that helps moderate emissions. The Company utilises bagasse for co-generation that provides the state electricity grid power derived from non-fossil sources.

Deleveraged

The Company became free of long-term debt during the year under review when it repaid ₹54.05 crore to commercial banks. The Company was provided concessional debt of ₹134.48 crore by the Uttar Pradesh government at a subsidised rate of 5% per annum.

Management Discussion and Analysis

Global economic overview

Following 3.8% growth in 2017, the global economy slowed in the second half of 2018, reflecting a confluence of factors affecting major economies like the failure of Brexit negotiations, tightened financial conditions, trade wars, geopolitical tensions and higher crude oil costs. The global economic growth in 2018 was 3.6% and is projected to slow to 3.3% in 2019.

Crude prices remained volatile since August 2018 as a result of multiple factors including the American policy related to Iranian exports and softening global demand. Oil prices dropped from a four-year peak of US$ 81 per barrel in October 2018 to US$ 61 per barrel in February 2019.

Global economic growth over six years

Year	2015	2016	2017(E)	2018(E)	2019 (P)
Real GDP growth (%)	3.2	3.1	3.8	3.6	3.3

[Source: World Economic Outlook, January 2019] E: Estimated; P: Projected

Indian economic overview

India emerged as the sixth-largest economy and retained its position as the fastest-growing trillion-dollar economy for a major part of the year under review. However, after growing 7.2% in 2017-18, the Indian economy was expected to grow at 6.8% in 2018-19 as per the second advanced estimates of the Central Statistics Office released in February 2019.

The principal developments during the year under review comprised a sustained increase in per capita incomes, decline in national inflation, steadying interest rates, and weakened consumer sentiment starting from the second half of the financial year. The weaker sentiment was on account of a large non-banking financial company announcing its inability to address liabilities. This affected credit expansion, financial markets and consumer sentiment, which resulted in a slower GDP growth of 6.6%.

In 2018, the country attracted ~US$ 38 billion, in foreign inflows. India witnessed a 23-notch increase to 77th position in the World Bank's report on the ease of doing business. The commencement of the US-China trade war opened a new opportunity for India. Inflation (including food and energy prices) was pegged at 2.6% on an annual basis, one of the lowest in years. The rupee rebounded after touching a low of ₹74.45 to a dollar to close the financial year at ₹69.44. During the fiscal under review, the Indian Government continued to invest deeper in digitisation, renewable energy capacity generation and infrastructure building.

Key Indian government initiatives

- **Bank recapitalisation scheme:** In addition to infusing ₹2.1 lakh crore in public sector units, the Indian Government announced a capital infusion of ₹41,000 crore through recapitalisation bonds in FY2018-19.
- **Expanding infrastructure:** The Government of India invested ₹1.52 trillion to construct 6,460 kilometers of roads in 2018. Its expenditure of ₹5.97 trillion (US$89.7 billion) towards infrastructural development for 2018-19 is expected to strengthen the national economy.
- **Increasing MSPs:** The Indian

Government fixed MSPs of 22 mandated kharif and rabi crops and FRP for sugarcane. The Indian Government committed to provide a 50% return over the cost of production for all mandated crops, strengthening the rural economy.

- The Insolvency and Bankruptcy code (Amendment), Ordinance 2018: Passed in June 2018, the ordinance provides significant relief to home-buyers by recognising their status as financial creditors. The major beneficiary comprised MSMEs, empowering the Indian Government to provide them a special dispensation under the code.

- Pradhan Mantri Kisan Samman Nidhi: The Indian Government announced in February 2019 the Pradhan Mantri Kisan Samman Nidhi, a scheme promising an annual assured assistance of ₹6,000 (US$84.5) for any farmer owning ≤2 hectares of farmland. The budget for fiscal year 2020 allocated ₹75,000 crore for the scheme, benefiting ~120 million land-owning farmer households.

- Direct Benefit Transfer: The Direct Benefit Transfer initiative re-engineered the cash disbursement process in welfare schemes through simpler and faster flow of information/funds to ensure accurate targeting of beneficiaries, de-duplication and reduction of fraud. In 2018-19 alone, this scheme is estimated to have transferred >₹314,465 crore and the gains to have accrued since scheme implementation estimated at more than ₹120,000 crore.

Outlook

India is expected to report sluggish growth in FY 2019-20 before recovering in line with long-term fundamentals. *(Source: CSO, Fitch, Economic Times, Business Standard, IBEF, Business Today, India Today)*

The global sugar industry overview

Global production for sugar season (SS) 2018-19 was estimated at 179 million tonnes compared to ~183 million tonnes in 2017-18 SS. This production decline was primarily due to unfavorable weather conditions, with more sugarcane being diverted towards ethanol production. Consequently, the estimated sugar surplus was revised from 2.17 million tonnes to 0.64 million tonnes for SS 2018-19. Global consumption was pegged at ~178.04 million tonnes in SS 2018-19, a growth of 1.63% y-o-y, lower than the decadal average of 1.67%.

(Source: ISO, Reuters)

10 of the largest sugar producing geographies

- Brazil
- India
- The European Union
- China
- The United States
- Thailand
- Pakistan
- Mexico
- Russia
- Australia

10 of the largest sugar consuming geographies

- India
- European Union
- China
- United States
- Brazil
- Indonesia
- Russia
- Pakistan
- Mexico
- Egypt

(Source: USDA)

Overview of key sugar manufacturing geographies

Thailand: Sugar production for MY2019-20 is forecasted to decline to 13.9 million metric tonnes due to reduced sugarcane acreage and average yield - a 2% reduction from MY2018-19 sugar production, which is expected to decline by 3% from the record sugar output of 14.7 million metric tonnes in MY2017-18. Sugar demand from non-alcoholic beverage manufacturers declined 15% in 2018 and is expected to decline further in 2019-20 as beverage manufacturers reformulate their products to use more artificial sweeteners to circumvent a doubling of the sugar tax in 2019. Sugar exports during MY2018-19 and MY2019-20 are expected to increase to 11-12 million metric tonnes. Sugar consumption during MY2018-19 is expected to decline to ~2.5 million metric tonnes, a 1% reduction from MY2017-18 due to a reduced demand for sugar from non-alcoholic beverage manufacturers. Meanwhile, the demand for sugar from households and processed food manufacturers could increase 3-4% in line with the growing economy. *(Source: USDA)*

China: Sugar production during MY2018-19 was pegged at ~10.6 million metric tonnes, 200,000 metric tonnes lower than the previous forecast, as a result of the revised production estimates for cane and beet sugar. Sugar prices remained relatively low during the past year but a new cycle of rising prices is expected in late CY2019. China's slowing production growth, declining stocks and global price changes are expected to help boost prices. During MY 2019-20, sugar production is forecasted at 10.7 million metric tonnes, 100,000 metric tonnes higher than the revised MY2018-19 estimates. Sugar consumption during MY2018-19 was pegged at ~15.8 million metric tonnes while sugar consumption during MY2019-20 is also forecast at 15.8 million metric tonnes. Although China's urbanisation and increased purchasing power is leading consumers to upgrade their preferences and demand a greater variety of products, rising sugar prices are expected to constrain demand growth. Consequently, per capita sugar demand in China has been pegged at 10.5 kilograms annually compared to a global average of 17 kilograms. *(Source: USDA)*

Brazil: Sugar cane crushed in Brazil during MY2019-20 is estimated at 627 million metric tonnes, a similar output compared to MY2018-19 (620 million metric tonnes). Sugar consumption in Brazil during MY2019-20 has been pegged at 10.65 million metric tonnes, slightly up from the revised figure for MY2018-19 (10.6 million metric tonnes), due to the expected improvement in Brazil's purchasing power and population growth. Total exports are projected at 20.85 million metric tonnes, registering a slight recovery compared to the previous season. *(Source: USDA)*

The European Union: Sugar production in the European Union is forecasted to rebound to 19.4 million metric tonnes in raw sugar equivalent during MY2019-20 from 18.2 million metric tonnes during MY2018-19 in which an enduring summer drought affected beet growth. This was well below the record 20.5 million metric tonnes of production during MY2017-18, which was the first year following the termination of the European Union quota production system. Sugar consumption in the European Union for MY2019-20 is forecasted to decline to 18.5 million metric tonnes from a peak consumption of 18.75 million metric tonnes three years ago. *(Source: USDA)*

Global sugar price trends

Global sugar prices are expected to remain low and volatile in SS2018-19 owing to the global sugar supply glut for the second year in a row. The world indicator price for raw sugar is projected to drop to 12.76 cents a pound in SS2018–19.

Brazilian mills are expected to increase cane allocation to sugar production owing to the popular assumptions of oil prices reducing in the near future. Assuming average seasonal conditions through to the upcoming harvest in Brazil, an increase in Brazilian sugar exports is expected to offset lower Indian exports.

In SS2019–20, the global indicator price is expected to improve to 13 cents a pound. Assuming average seasonal conditions in major sugar-producing countries, global production is estimated to fall slightly below consumption levels owing to a reduction in the cumulative sowing area for sugar cane and sugar beet around the world. *(Source: Department of Agriculture and Water Resources)*

Global economic growth over six years

Year	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Price (cents/lb.)	17.19	14.96	14.39	20.26	14.00	12.76

(Source: ISMA)

Indian sugar industry overview

As per second advance estimates released by the Ministry of Agriculture, sugarcane production in 2018-19 was estimated at 381 million tonnes. Sugar mills are likely to crush about 300 million tonnes this season, compared to 302 million tonnes crushed in SS2017-18. Total sugar production in the current season was estimated at 33 million tonnes at an all India average sugar recovery of about 11%, which is expected to increase by about 0.25% over the previous season.

An estimated 5 lakh tonnes of sugar was diverted to the production of ethanol through B-heavy molasses. The tender for ethanol procurement for SS2018-19 was opened by oil manufacturing companies and for the first time there was a bid for 48.5 crore litres of ethanol from B-heavy molasses and 1.84 crore litres from sugarcane juice. Expecting that almost all of these would be contracted for and produced by sugar mills in their distilleries, there could be a further reduction in sugar production because of this diversion to B-heavy molasses and sugarcane juice away from sugar into ethanol.

The Central Government's decision to increase the benchmark price of sugar at the factory gates by ₹2 to ₹31 per kilogram could improve millers' liquidity by ~₹5,000 crore and limit a sharp rise in cane arrears. Compared to the 494 mills involved in crushing in the previous year, there were 507 mills in operation across the country during this season.

During SS2018-19, sugar recovery in Northern India improved substantially. In the other parts of the country, including Maharashtra and Karnataka, sugar recovery was estimated to be better than the previous year. Therefore, despite a drop in the quantum of sugarcane crushed in the current season, sugar production in SS2018-19 was likely to be more than the previous year. Sugar production in SS2018-19 for India was estimated at ~330 lakh tonnes, increasing ~5 lakh tonnes over SS2017-18.

Maharashtra's sugar production was pegged at 107 lakh tonnes as on 30th April 2019 with all but one mill ending operations. The sugar mills of Uttar Pradesh produced 112.65 lakh tonnes of sugar till 30th April 2019, growing 0.27 lakh tonnes over the previous season. Of the 119 mills in the state, 51 mills ended their crushing operations. Karnataka's sugar production for SS2018-19 was pegged at 43.20 lakh tonnes as on 30th April 2019, with all mills ending their operations. Sugar mills in Gujarat, Tamil Nadu, Andhra Pradesh, Telengana, Madhya Pradesh and Chhattisgarh produced 11.19 lakh tonnes, 7.05 lakh tonnes, 7.60 lakh tonnes and 5.30 lakh tonnes, respectively, as on 30th April 2019.

As of March 2019, sugar mills in India owed the equivalent of US$ 4.38 billion to 50 million cane farmers, who went unpaid for their produce for more than a year. To moderate cane arrears and inventories, incentives were provided to mills for export of sugar with a corresponding export target of 5 million tonnes. However, mills were able to export only 3 million tonnes of sugar in SS2018-19 due to a decline in global realisations. This implied that the country's sugar inventory would rise to 14.7 million tonnes at the beginning of the SS2019-20, up 37.4% from SS2018-19. *(Source: Economic Times, ISMA, Financial Express, NDTV)*

Domestic sugar Balance Sheet *(Figures in lakh tonnes)*

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19 (P)
Opening stock as on 1st October	74.74	90.80	77.52	38.76	107.20
Production during the season	283.10	251.25	202.85	324.79	330.00
Imports	0.00	0.00	4.46	2.15*	0.00
Total availability	357.84	342.05	284.83	365.70	437.20
Offtake					
i) Internal consumption	256.10	247.97	245.61	253.86	260.00
ii) Exports	10.94	16.56	0.46	4.64	30.00
Total offtake	267.04	264.53	246.07	258.50	290.00
Closing stock as on 30th September	90.80	77.52	38.76	107.20	147.20
Stock as percentage of offtake	35.50%	31.30%	15.80%	42.20%	56.60%

(Source: ISMA)

India's cane arrears

Year	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Cane arrears (₹ crore)	8577	12702	18648	20099	13530	9526	19780	30000

(Source: ISMA)

Indian sugar sector price trends

In July 2018, the Central Government increased the FRP of sugarcane to ₹275 per quintal, corresponding to a basic recovery rate of 10% for SS2018-19. This translated into a rise of 7.8% y-o-y compared with the FRP of sugarcane in the previous year.

The cost of sugarcane production for SS2018-19 stood at ₹155 per quintal. The price fixed by the Central Government was 77.4% higher than the cost of production, estimated to provide a return of more than 50% to farmers. The Central Government increased the MSP of sugar from ₹29 per kilogram to ₹31 per kilogram to help sugar mills generate additional revenues to help them liquidate cane price arrears. An increase in sugar prices by 7% and improved export realisations, driven by a modest rise in international realisations, could help Indian sugar improve margins and generate an additional cash flow of ₹3,300 crore to reduce arrears by 18%. *(Source: CACP, Business Standard, Economic Times, CRISIL, ISMA)*

Sugar realisations

Year	April, 18	May, 18	June, 18	July, 18	Aug, 18	Sept, 18	Oct, 18	Nov, 18	Dec 18	Jan 19	Feb, 19	Mar, 19
Retail price	40.35	39.01	36.88	36.8	38.8	38.8	38.8	38.5	38.58	38.2	38.14	38.14
Ex-mill price	32.1	30.4	26.5	31	31.7	31.2	31	31.15	30.1	30.0	30.6	31.35

(Source: ISMA)

Demand drivers

Rising income
The per capita income in real terms (at 2011-12 prices) during 2018-19 was likely to rise to ₹91,921 compared to ₹86,668 for 2017-18. The growth in per capita income was estimated at 6.1% during 2018-19 compared to 5.4% in the previous year. The growth in the country's per capita GDP increased disposable income, driving consumption.

Population growth
The increasing Indian population is a key driver of demand for sugar. The percentage of population of the country between the age group of 15 and 64 increased from 55.4% in 1991 to 66.2% in 2016, strengthening consumption and sugar offtake.

Chocolate sales
The Indian chocolate market was pegged at US$ 1.3 billion in 2017 and projected to grow at a CAGR of 16% to US$ 3.3 billion by 2023, catalysed by an increasing youth population, urbanisation and rising trend of gifting chocolates (strengthening sugar demand).

Confectionery sales
The Indian confectionery industry was pegged at ~US$10.3 billion compared to US$2.4 billion in 2010, strengthening sugar consumption.

Soft drink sales
The size of India's carbonated beverages market was pegged at ~US$ 4 billion in 2018 and expected to reach US$5.9 billion by 2023.

(Source: Tech Sci Research, Statista)

Governmental initiatives

- The Central Government initially doubled the import duty on sugar to 100% and scrapped the export duty. The government made it compulsory for millers to export 2 million tonnes for SS 2017-18 of sugar
- An assistance of ₹5.50 per quintal of cane crushed for SS 2017-18 was announced, amounting to ₹1,540 crore to the mills.
- Announcement of a minimum ex-factory selling price of ₹2900 per quintal for sugar to be sold ex-factory, subsequently increased to ₹3100 per quintal by the Central Government
- •Reintroduction of a monthly release mechanism
- ~₹1,200 crore was allocated for the creation of 3 million tonnes of sugar buffer stock on which Government will reimburse sugar mills the carrying cost of this buffer stock.
- The Government ordered a compulsory export of 5 million tonnes for the SS 2018-19
- Transport subsidy of varying amounts was announced to defray the transportation cost incurred by the sugar mills to transport sugar from their mill to port for export.
- A production subsidy of ₹13.88 per quintal of cane crushed during SY2018-19 was announced to offset the cost of cane.

This subsidy was made available to sugar mills on the fulfilment of certain conditions (compared to a subsidy of ₹5.50 per quintal of cane crushed for SS2017-18).

- The transport subsidy and production subsidy would involve a package of ₹5500 crore
- The Central Government announced a ₹8,500-crore package for the Indian sugar industry, comprising ₹4,440 crore in soft loans to mills to enhance ethanol manufacturing capacity and a related interest subvention of ₹1,332 crore.
- The Central Government announced an increase in price from ₹40.85 per liter to ₹43.70 per liter. It also announced an attractive price for ethanol made from B-heavy molasses and cane juice
- The Central Government announced a scheme of soft loan with interest subvention @ 7% per annum to help sugar mills clear cane dues
- During the year, the State government of Uttar Pradesh paid a subsidy of ₹4.50 per quintal of cane crushed during the SS 2017-18; it also announced and disbursed a soft loan at ROI of 5% per annum to help clear cane dues of season 2017-18

SWOT analysis

Strengths

- India is the second largest producer of sugar after Brazil and has the capability to be self-reliant in sugar.
- The sugar industry provides direct employment to millions.
- The sugar industry supports downstream industries by providing raw materials.
- Sugarcane farming is more profitable than most cash crops in India.
- The sugar industry has been the focal point of socio-economic development for rural Indians.

Weaknesses

- The sugar industry is marked by a supply glut.
- Most of the sugar factories across the country are more than 40 years old with dated technology.
- Dated technology lowers production capacity, which diminishes capacity utilisation and leads to losses.
- Sugar production is heavily dependent on abundant monsoons and specific climatic conditions.
- Stacking up sugar affects profitability.

Opportunities

- High value of by-products for downstream industries.
- Huge potential to increase cane productivity and sugar recovery.
- Technology upgradation and cutting-edge technology available for byproduct utilisation.

Threats

- The sugar sector is vulnerable to politicisation.
- Lack of groundwater availablility for irrigation.
- Quality of soil deteriorates due to overuse of fertilisers and pesticides.

The Uttar Pradesh sugar industry overview

Uttar Pradesh mills crushed 640.49 lakh tonnes of cane till February 2019 compared to 692.75 lakh tonnes during the corresponding period in 2017-18, contracting 7.5%. However, y-o-y sugar production registered an increase of production to 9.56 million tonnes till March 2019 from 9.46 million tonnes in the corresponding period of the previous year. The industry reported an exceptionally high recovery (average sugar-to-cane crushed ratio) of 11.19% till February 2019 compared to 10.47% for the same period during the previous season, a growth of 72 bps.

Sugar production in Uttar Pradesh was estimated at 12.40 million tonnes in SS2018-19, higher than 12.05 million tonnes in SS2017-18. Significant day-night temperature differences, clear skies and a near-complete absence of fog catalysed photosynthesis and sucrose accumulation.

Besides, the coverage of Co-0238 (high-yield and early-maturing variety) went up to ~70% of Uttar Pradesh's total cane area during the season.

Uttar Pradesh mills sold molasses at ₹70-100 per quintal, substantially lower than 2016-17 (average ₹450 per quintal). Mills were owed ~₹850 crore dues by the Uttar Pradesh Power Corporation for supplying cogenerated power.

Indian ethanol sector overview

In order to reduce cane arrears and achieve bio-fuel targets, the Central Government increased ethanol procurement by raising ethanol prices and authorising the use of B-heavy molasses as well as sugarcane for ethanol production. While B-heavy molasses and direct sugarcane juice route are viable at current sugar/ethanol prices, the impact on sugar production is estimated at 1 million tonnes in 2018-19 and 2-3 million tonnes over the medium-term, considering capacity constraints, geographical spread and industry dynamics like fragmentation, competition from industrial alcohol and an unsteady track record in the implementation of ethanol blending norms.

The Ethanol Blending Program (EBP) was initiated in 2002 and saw numerous changes for the following reasons:

- Supply disruptions (depends on the sugar production cycle)
- Demand from alternative uses (potable and industrial purposes) and consequent litigation
- Lack of visibility in consistent pricing/ tendering clauses

When EBP was announced in 2002, there was no blending mandate. The mandate on 5% ethanol blending was introduced in 2007 and a fixed pricing policy was introduced. In 2009, a policy to achieve 20% blending by 2017 was introduced. Between 2010 and 2012 an expert committee was formed for formula creation and provisional pricing. Between 2012 and 2014, an open market price was decided by tenders and oil manufacturing companies followed the benchmark price as the ceiling price. The target for 5% blending was set flexibly, likely to go up to 10% in areas with better availability. Oil manufacturing companies, in turn, were allowed a relaxation to achieve mandatory blending wherever sufficient ethanol was available. Hence, this 5% blending was not compulsory and restrictions were as follows:

- Ethanol procured by Oil marketing Companies require to be made from domestic molasses
- The ethanol used in the process should be domestic as well
- No direct conversion of cane juice into ethanol

The average ethanol blending in the country between December 2018 and March 2019 was pegged at greater than 8% across 10 states. The decision to start supplying 10% ethanol blended petrol in North Eastern India and Jammu and Kashmir could translate into more ethanol production capacities across new areas. Against a domestic requirement (excluding Jammu & Kashmir, North Eastern States and island territories) of 330 crore litres of ethanol for 10% blending, ethanol supply contracts were signed for 237 crore litres for 2018-19 (December-November). Of the total contracted ethanol supply of 237 crore liters, 45 crore liters were sourced from B-heavy molasses and sugarcane juice, amounting to a reduction of ~5 lakh tonnes of sugar production.

According to the new Bio-Fuels Policy, the Central Government aims to achieve a target of 20% ethanol blending with petrol by 2030 and 10% by 2022. India expects to treble ethanol production by 2022, reducing the country's oil import bill by ₹~12,000 crore. *(Source: Business Standard, Hindu Business Line)*

Indian co-generation sector overview

The total installed capacity of captive power plants set up by commercial and industrial consumers in the country amounted to ~83,900 megawatts in 2017-18, representing 25% of the overall installed capacity (334 gigawatts). The tracked captive capacity of the captive power plants was estimated to be ~67,778 megawatts. Coal was the preferred fuel for captive generation which accounted for a lion's share of 56% of the capacity. Among industries, the captive power plants of the metals and minerals industry accounted for the highest share of 39% in terms of captive capacity.

The quantum of incremental growth in power produced by captive power plants between 2018 and 2023 was estimated to reach 15,076.23 gigawatts. One of the biggest drivers of the captive power sector was exorbitantly high industrial power tariff. Consequently, the captive power generation market in the country is expected to grow at a CAGR of 5% till 2023. *(Source: Indian Infrastructure Research, Business Wire)*

Financial analysis and operational snapshot

Sugarcane crushed and sugar produced across three units (FY2018-19)

Particulars	2017-18	2018-19	Change (%)
Crushing (lakh per quintal)	323.81	331.16	2.27
Recovery % (combined)	11.84	12.29	
Production (lakh per quintal)	38.33	40.68	6.13

FY2018-19 (1.4.2018 to 31.3.2019), includes a minor part of SS2017-18 and a major part of SS2018-19

SS2018-19 vis-à-vis SS2017-18 across three units

Particulars	2017-18	2018-19	Change (%)
Crushing (lakh per quintal)	363.40	306.84	(15.57)
Recovery % (combined)	11.88	12.31	
Production (lakh per quintal)	43.16	37.77	(12.49)

Operational highlights, FY2018-19

Sugar

- Increased sugarcane crushing by 2.27 %
- Increased sugar production by 6.13 % on account of a superior varietal mix, with a keen emphasis on early-maturing varieties such as Co-0238
- Reached highest-ever level of crushing, production and recovery (group-wise)
- Reached highest-ever levels of crushing across all three units
- Reported highest-ever levels of recovery at all three plants

Cogeneration

- Sold 2,020.28 lakh units worth ₹10,129.37 lakh vis-à-vis 1,937.32 lakh units worth ₹9,306.16 lakh in FY2017-18

Distillery

- Sold 90.17 lakh liters of industrial alcohol worth ₹3,631.88 lakh vis-à-vis 64.06 lakh liters worth ₹2,490.89 lakh in FY2017-18

Financial highlights, FY2018-19

Particulars	2017-18		2018-19	
	(₹ lakh)	(%)	(₹ lakh)	(%)
Net revenue (from operations)	142,995	100.00%	108,412	100.00
EBIDTA	15,997	11.19	16,515	15.23
EBDTA	13,466	9.42	14,389	13.27
EBT	10,216	7.14	11,094	10.23
EAT	10,145	7.09	9,511	8.77
Total comprehensive income	10,247	7.17	9,778	9.02

- Strengthened EBIDTA margin to 15.23% compared to 11.19% in the previous year
- Recorded a net profit margin of 8.77% at ₹9,511 lakh vis-à-vis ₹10,145 lakh (7.09 %) in 2017-18
- Repaid all loans availed earlier. Presently availed and outstanding terms loans are the ones for which interest subvention is available and loans taken for the distillery project. Prudent fiscal management resulted in a lowering of financial costs (₹21.26 crore vis-à-vis ₹25.31 crore in the previous financial year).
- Long-term loans continued to be rated A+ with a stable outlook while short-term loans (commercial paper program) were rated A1+ by ICRA

Accounting policies

The financial statements of the Company have been created in compliance with the requirements of the Companies Act, 2013 and IND AS. The accounting policies followed by the Company form an integral part of the annual report.

Sugar

Revenues earned during 2017-18 (₹ crore)	Revenues earned during 2018-19 (₹ crore)
1,430.24	1,064.28

EBIDTA earned during 2017-18 (₹ crore)	EBIDTA earned during 2018-19 (₹ crore)
46.30	30.70

Total production during 2017-18 (lakh quintals)	Total production during 2018-19 (lakh quintals)
38.33	40.68

Contribution to total revenues during 2017-18 (%)	Contribution to total revenues during 2018-19 (%)
84.74	78.98

Recovery rate during 2017-18 (%)	Recovery rate during 2018-19 (%)
11.84	12.29

Overview

Dwarikesh commissioned its maiden manufacturing unit in Bijnor with a cane crushing capacity of 2,500 tonnes per day in 1995. The Company is now spread across three manufacturing facilities with an aggregate cane crushing capacity of 21,500 tonnes per day - two units in Bijnor and one in Bareilly.

Over the years, Dwarikesh invested in various initiatives to improve cane yield, enhance recovery and optimise costs. These initiatives have comprised tight cane inventory management, shift from manual to mechanical loading (tractor-mounted loading), utilisation of 'brick' sowing to combat soil sludge during the monsoons, engagement with farmers through WhatsApp groups and the increased use of digital cane supply notices to farmers to enhance process transparency.

The Uttar Pradesh State Government associated with Dwarikesh to implement the following:

- Subsidy of ₹4.50 per quintal for the cane crushed during the sugar season of 2017-18.
- Soft loan of ₹134.48 crore to the Company (to be repaid in 60 monthly instalments commencing in July 2019) for clearing farmer dues.
- Minimum Support Price for cane to help stabilise returns.

Similarly, Dwarikesh associated with the Central Government to implement the following:

- Minimum Indicative Export Quota of five million tonnes, allowing the Company to directly export 50,000 metric tonnes of sugar during the year.
- Buffer stock creation of 3 million tonnes, offering commensurate interest subventions to companies meeting this obligation.

Highlights, FY 2018-19

- Crushed 331.16 lakh quintals of cane, up from 323.81 lakh quintals in the previous year.
- Improved recovery from 11.84% in 2017-18 to 12.29% in 2018-19.
- Reported a decline in output due to a poor ratoon yield in Western and Central Uttar Pradesh.
- Enhanced recovery at the Bareilly plant thanks to increased acreage of early varietal cane, better logistics management and stringent quality control.

Challenges and responses

- To adjust to the new system of generating 'virtual' cane supply notices, the Company responded through system computerisation and subsequent streamlining.
- Excessive and extensive monsoon rain stunted cane height and width. An improved recovery made it possible for the Company to recoup losses.
- Erratic and unseasonal rainfall resulted in a delayed start to crushing (around 8th November 2018 vis-à-vis around 26th October 2017)

Way ahead

The promise of a normal monsoon and government interventions in normalising the sugar sector bode well for the Company, which will engage deeper with farmers, operate plants at optimal capacity and strengthen its financial performance.

Distillery

Revenues earned during 2017-18 (₹ crore)	Revenues earned during 2018-19 (₹ crore)
24.91	36.32

EBIDTA earned during 2017-18 (₹ crore)	EBIDTA earned during 2018-19 (₹ crore)
13.67	26.84

Contribution to total turnover during 2017-18 (%)	Contribution to total turnover during 2018–19 (%)
1.48	2.70

Industrial alcohol sold during 2017-18 (lakh litres)	Industrial alcohol sold during 2018-19 (lakh litres)
64.06	90.17

Realisation per litre during 2017-18 (₹)	Realisation per litre during 2018-19 (₹)
38.88	40.28

Overview

Dwarikesh commissioned an ethanol blending facility at Dwarikesh Nagar in Bijnor (capacity 30 kilolitres per day) in 2005 with the objective to provide ethanol to proximate oil manufacturing companies. The Central Government's ethanol blending programme is part of a long-term direction aimed at moderating the cyclicity of the sugar industry and reducing national dependence on imported fuel.

During the year under review, the Company took a strategic decision to expand the distillery capacity at its Dwarikesh Nagar Plant, Bijnor, and add a new 100 KLPD capacity plant, which will empower Dwarikesh to captively utilise molasses and mitigate the risk associated with the sugar business. The Company is set to install best-in-class boilers and effluent treatment equipment to take this business ahead.

The new distillery is expected to be operational during the latter half of 2019; benefits are expected to accrue from Q4 of FY2020. The Company's existing distillery capacity is based on the effluent treatment method based on bio-composting, that cannot operate the distillery for more than 270 days. However, the proposed plant will focus on incinerating effluents generated, extending operations to more than 315 days a year, strengthening revenues.

Highlights, 2018-19

- Manufactured 7.7 million litres of industrial alcohol from C-Heavy molasses
- Sold 9 million litres of industrial alcohol
- Will invest around ₹145 crore in capacity expansion (funded by partially interest subsidised loan).
- Improved EBITDA margin from 55% to 74%.

Way forward

The increased distillery capacity will enhance the captive utilisation of molasses and broad-base ethanol revenues. The segment is expected to account for a double-digit percentage share of the Company's revenues from FY 2020-21.

Power segment

Revenues earned during 2017-18 (₹ Crore)	Revenues earned during 2018-19 (₹ Crore)
232.54	246.89

EBIDTA earned during 2017-18 (₹ Crore)	EBIDTA earned during 2018-19 (₹ Crore)
100	107.62

Total production during 2017-18 (lakh units)	Total production during 2018-19 (lakh units)
3,056	3,165

Average realisations during 2017-18 (₹ per unit)	Average realisations during 2018-19 (₹ per unit)
4.80	5.01

Contribution to total EBIDTA during 2017-18 (%)	Contribution to total EBIDTA during 2018-19 (%)
62.51	65.17

Contribution to total revenues during 2017-18 (%)	Contribution to total revenues during 2018-19 (%)
13.78	18.32

Overview

The Company extended into the business of co-generation when it commissioned its first power plant in 1996 with an initial capacity of 6 megawatts (expanded to 9 megawatts in 2002) which has now extended into a cumulative co-generation capacity of 86 megawatts, among the largest in Uttar Pradesh.

Nearly 36% of the co-generated power was utilised in-house; the rest was sold to the state electricity grid. Revenues generated from the segment accounted for 18.32% share of overall revenues in 2018-19, a safe annuity income providing the Company with stability during weak sugar years. (revenue percentage is shown for the segment including internal revenue)

Since the power generated by the Company is eco-friendly, it is eligible for renewable energy certificates that should enhance the Company's environment-focused identity.

Highlights, 2018-19

- Utilised 114.490 megawatts of power and sold 202.028 megawatts to the state electricity grid.
- Strengthened EBIDTA by 7.62%.
- Strengthened marging from 43% to 43.59% over the preceding year.

Way ahead

The Company's performance in this segment is expected to remain stable.

Internal control systems and their adequacy

Dwarikesh Sugar Industries Limited believes that safeguarding of assets and business efficiency can be prolonged by exercising adequate internal controls and standardising operational processes. The Company possesses a robust internal control system to review performance, track operations and gauge liquidity. The system also ensures that all transactions are duly reported and all assets properly safeguarded. Timely review of operations and recommendations of auditors allow the Company to make corrections whenever and wherever necessary.

Human resource management

The Company believes that the quality of the employees is the key to its success and is committed to equip them with skills, enabling them to seamlessly evolve with ongoing technological advancements. As of 31st March 2019, the Company had 646 full-time permanent employees on its payrolls.

Cautionary statement

The statements in the management discussion and analysis section with regard to projections, estimates and expectations have been made in good faith. The achievement of results is subject to risks, uncertainties and even less than accurate assumptions. Market data and information are gathered from various published and unpublished reports. Their accuracy, reliability and completeness cannot be assured.

Risk management

The sugar business is cyclical in nature and heavily dependent on abundant monsoons, specific climatic conditions, cane availability and governmental interventions. In such a scenario, prudent resource management and proactive decision-making helps ensure optimal production levels while protecting the bottom-line.

Raw material availability risk

RAW MATERIAL AVAILABILITY RISK: UNAVAILABILITY OF CANE IMPACTS SUGAR PRODUCTION.

Mitigation: Dwarikesh has chosen to set up mills in the major cane-growing region of Uttar Pradesh. The Company's command areas lie within a radius of 15 kilometers of its mills with minimal cane poaching. The use of early varietal cane ensures increased farm yield and improved sucrose content.

Policy risk

VULNERABILITY OF THE SUGAR INDUSTRY FROM POLICY INTERVENTIONS IN TERMS OF CANE AVAILABILITY, EXPORT-IMPORT POLICY AND REALISATIONS COULD IMPACT OPERATIONS

Mitigation: The Central Government has undertaken numerous initiatives in favor of sugar manufacturers. Post the implementation of SAP, the Central Government has re-introduced MSP to ensure fair price. The government has also provided soft loans at subsidised rates to help reduce cane arrears.

Farmer relationship risk

GROWTH OF THE SUGAR INDUSTRY IS DEPENDEND ON COLLABORATIVE RELATIONSHIPS WITH CANE FARMERS.

Mitigation: By ensuring fair payments, educating farmers, providing of seeds and insecticides at subsidised rates and fostering infrastructural development, Dwarikesh has forged enduring ties with nearly 1.20 lakh cane farmers.

Demand-supply risk

RISING SUGAR INVENTORIES COULD THREATEN SUGAR REALISATIONS.

Mitigation: Dwarikesh has always focused of producing lab-tested qualitatively consistent sugar. Likewise, prudent inventory management has helped the Company ensure steady offtake even during lean demand seasons.

Working capital risk

IN AN INDUSTRY MARKED BY HIGH INVENTORY MANAGEMENT, MAINTAINING OPTIMAL CAPITAL AVAILABILITY IS IMPERATIVE.

Mitigation: Dwarikesh's sugar division is complemented by the ethanol and co-generation divisions. This helps ensure consistent revenue generation in an otherwise volatile sugar market, guaranteeing the availability of adequate funds for running day-to-day operations. Moreover, a consistent focus on strengthening sugar sales of by ensuring qualitative consistency acts as an effective hedge against this risk.

Corporate Social Responsibility

The Dwarikesh Group believes that 'businesses cannot be successful when the society around them fails.'

At Dwarikesh, CSR is integral to its business. Through the R. R. Morarka Charitable Trust, the Narbada Devi Charitable Trust, Sewa Jyoti and its business unit CSR Programmes, the Company serves as a catalyst for the development of communities it is engaged with. The tagline 'Wherever DSIL goes development follows' illustrates how the Company's CSR engagement transforms communities.

SEWA JYOTI

Sewa Jyoti, a subdivision of the Company's charity organisation, commenced activities in July 2004 in Jhunjhunu district, Rajasthan. Working on a range of areas including education, health, rural development, self-employment training, women's empowerment, rehabilitation of the handicapped, agriculture, environment, preservation of art and culture, handicrafts, rural sports, flood relief, family planning and child labour welfare, the Company was recognised four times by the Rajasthan government with the prestigious Bhamashah Award in 2006, 2011, 2016 and 2018. Sewa Jyoti owes its genesis to two Sanskrit-Hindi words meaning 'flame of service', representing the Company's spirit, ideal, objective and philosophy. The Managing Trustee Mr. G. R. Morarka was honoured with the prestigious Swami Krishnanand Saraswati Award on 13th January, 2012 for social service and was also chosen for the prestigious Indira Gandhi Sadbhavana Award for his contribution to social development, peace and harmony.

Mission Education is a national programme under Sewa Jyoti, committed to providing basic and higher education with healthcare to underprivileged children. Sewa Jyoti believes that whether one is addressing healthcare, poverty, population control, unemployment or human rights, there is no better place to start than education.

Initiatives

- Established R. R. Morarka Public School in Bijnor, UP for providing the best in education.

- Established Radheshyam Morarka Saraswati Vidya Mandir in Madhav Kunj near Meerut to impart knowledge of traditional Indian sanskaras like patriotism, cooperation, coexistence, brotherhood and self-resilience. The school invites students from the North-East to promote cultural diversity in the school. The infrastructure includes an educational centre, hostel, dispensary and goshala.

- Constructed first government college building for Shri Radheshyam R. Morarka Government PG College, Jhunhunu and donated it in 2006.

- Provided deserving students with financial rewards and scholarships.

- Supported underprivileged girls under the Beti Bachao–Beti Padhao programme.

- Constructed a second government college building for Mr. Radheshyam R. Morarka Govt. College, Nawalgarh, Jhunjhunu (to be inaugurated in July 2019).

- Provided coolers, computers, printers, sound systems and book cases to Sh. Radheshyam R. Morarka Govt. PG College Jhunjhunu.

- Constructed and repaired toilets and urinals in schools and BEEO office under Awachata Abhiyan.

The Dwarikesh Group believes that serving mankind is equivalent to serving God, bringing quality healthcare services to those in need. Providing services to meet the immediate health care needs of the rural marginalised is the primary objective.

Initiatives

- Organised multi-disciplinary projects with gynaecological, paediatric, ophthalmology and surgical services.
- Organised general health care camps to provide diagnosis, treatment and follow-up services.
- Started a state-of-the-art hospital in Nawalgarh under the Rural Health Programme.
- Organised a number of eye and ENT camps, blood donation camps and infertility counselling camps.
- Organised a mega polio correction surgery camp.
- Organised a handicap camp and provided amenities to the physically handicapped which included handicapped inspection / registration, polio corrective surgery, tricycles, wheel chairs, crutches, prosthesis (artificial limbs), callipers, ear machine, bling stick (elbow + walking) etc.
- Organised cataract operation camps.
- Organised Bhamsha Swasthya Beema Yojna Competition.
- Organised a campaign to spray mosquito-repellents and insecticides.
- Distributed free medicines to those in need.

INFRASTRUCTURE

Infrastructural development helps foster economic growth and poverty mitigation. Through their efforts, the organisation helped the tourism department, traffic situations, connectivity, employment etc.

Initiatives

- Built a roadways bus terminal in Nawalgarh for tourism development and to promote self-employment.
- Built roads connecting many villages in the vicinity of the Company's sugar mills.
- Constructed a 40,000 sq. ft. road inside the Sh. Radheyshyam R. Morarka Bus Terminal, Nawalgarh.
- Constructed two buildings for Shri Radheshyam Morarka Govt. PG College for Nawalgarh and Jhunjhnu
- Constructed and repaired toilets of government schools in Nawalgarh.

To eradicate poverty, it is imperative to create a healthy environment, increase literacy, improve sanitation and increase livelihoods.

Initiatives

- Developed self-help groups to inculcate savings and credit among villagers.
- Developed a SHG-E Shakti digitisation programme.
- Provided training in stitching readymade garments, making soft toys and leather products.
- Organised skill upgradation programmes in farm and non-farm activities.
- Promoted farmers' clubs to adopt agricultural technologies, provide training to run these technologies and teach techniques like greenhouse, horticulture, vermi-compost etc.
- Organised CAT/farmer exposure visits to renowned institutions like Buffalo Research Institute (Hissar), Charan Singh Agriculture University (Hissar), NDRI (Karnal) etc.
- Organised an organic farming mela, focusing on organic farming, soil health and government schemes.
- Promoted a Farmers' Producer Organisation (FPO) to form groups registered under the Indian Companies Act and aimed at engaging farmer companies to procure agricultural products and sell them at a remunerative price.
- Adopted village Rajjupura in Bijnor, evolving it into a model village through development activities including the construction of a community centre, launching of a safe drinking water project and construction of a drainage system.
- Organised educational workshops on knowledge about farming techniques, provided seeds and equipment for farmers.
- Formed Siromani Milk Producer Company Ltd. with 500 shareholders.
- Helped organise self-help groups an implement micro-enterprises development programme, Youth Skill Building Programme, Financial Literacy Awareness Programme, Water Management and Conservation under Mukhya Mantri Jal Swavlamban Programme and Apparel and Retails Trainee Associates.
- Contributed to Financial Literacy Awareness Programme, opened bank accounts and enhanced financial literacy.
- Trained women under MEDP programme, who participated in the Shekhawati Handicraft Mela Abusar (products displayed and sold).
- Formed and strengthened children clubs.
- Distributed soil health cards.

Environment management

Benchmarks	
Benchmark BOD of treated water	≤ 30 PPM
Benchmark COD of treated water	≤ 250 PPM
Benchmark suspended solids of treated water	≤ 30 PPM

Achievements	
BOD achieved	≤ 20
COD achieved	≤ 100
Suspended solids achieved	≤ 30

The changing business model of sugar companies has made it imperative for them to comply with stricter regulations. At Dwarikesh, we do not just try to comply with them; we strive to stay ahead. Over the years, we have become more responsive through strategic investments, plantation campaigns, cleanliness drives, effluents management and the use of cutting-edge technologies.

We undertook decisive initiatives that strengthened our commitment towards the environment.

- The Company deployed ultra-modern technology in its distillery and is installing Condensate Polishing Unit (CPU) from Paques, a renowned Dutch company.
- The Company utilised the condensate of the distillation process for fermentation in the cooling tower leading to zero water discharge.
- The Company installed ESP / Wet Scrubbers / bag filters to control air pollution due to Suspended Particulate Matter (benchmark below 150 PPM and target below 100 PPM)
- The Company modified its Effluent Treatment Plant in 2017. Earlier, blow-down water (water with high sulphur content) was a major concern. The Company installed an effluent treatment plant in 2017 to remove the sulphur content in water with 100% success.
- The Company installed sewage treatment plants across all three units, viz., Dwarikesh Dham, Dwarikesh Nagar and Dwarikesh Puram. The STP comprises an equalisation tank, sewage tank, aeration tank etc. which restricts the discharge of untreated sewage in the colonies.
- The Company implemented rain-water harvesting to raise the ground water level. Three pits were dug in the colonies surrounding the three plants.
- The Company held regular seminars during the non-crushing season to educate, enlighten and inspire employees about environmental policies.
- The Company planted saplings on World Environment Day, covering an approximate area of 33%.

How Dwarikesh's distinctive business model is strengthening environment sustenance

Conventional approach

Sugarcane juice comprises 70-75% water content, which evaporates during the sugar production process. This water content and bagasse that is generated during cane crushing is disposed off while effluents are discharged untreated or semi-treated.

Dwarikesh's differentiated approach

The Company's integrated business model utilises by-products and cane residues for downstream processes (co-generation and distillery). The distillery operations address manufacture ethanol, addressing vehicular pollution. The ETP resulted in zero liquid discharge, helping the Company reutilise water, reducing water requirement from external sources. Cane juice is processed in the boiler, which produces steam. This can be done either by creating pressure directly or with the help of a turbine. The evaporation required for sugar manufacture happens alongside the production of power, making it possible to replace the consumption of electricity from fossil fuel-derived sources and market excess power to the State's discom.

NOTICE

NOTICE is hereby given pursuant to the relevant provisions of the Companies Act, 2013 (the "Companies Act") read with the Companies (Management and Administration) Rules, 2014 (the "Management Rules"), and other applicable provisions, if any, that the Twenty fifth (25th) Annual General Meeting of the Company will be held on Thursday, September 05, 2019, at 12.30 p.m. at the Registered Office of the Company at Dwarikesh Nagar - 246 762, Dist. Bijnor, Uttar Pradesh, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements for the year ended 31st March, 2019 together with the Directors' Report and the Auditors' Report thereon.

2. To declare dividend on 8% Cumulative Redeemable Preference Shares (Series II).

3. To declare dividend of ₹1 per equity share (i.e,100%), for the year ended March 31, 2019.

4. To appoint a Director in place of Shri Vijay S. Banka, who retires by rotation and being eligible offers himself for re-appointment.

SPECIAL BUSINESS:

5. To alter the Articles of Association of the Company and in this regard pass, with or without modification(s), the following resolution as **Special Resolution:**

   "RESOLVED THAT pursuant to the provisions of Section 14 read with the Companies (Incorporation) Rules, 2014 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), consent of the members be and are hereby accorded for alteration of the Articles of Association of the Company by substituting *'Article 86(1)'* under the heading *'Board of Directors'* as follows:

   "86 (1) Executive Chairman & Independent Directors shall be a Director not liable to retire by rotation. The Board shall have the power to determine the Directors, whose period of office, is or is not liable to retire by rotation which also includes the Executive Directors of the Company."

   RESOLVED FURTHER THAT the Shri B.J. Maheshwari, be and is hereby authorized to do all such acts, deeds, matters and things and take all such steps as may be necessary, proper or expedient to give effect to the aforesaid resolutions and for matters connected therewith or incidental thereto."

6. To appoint Shri G.R. Morarka (DIN: 00002078) as Executive Director of the Company and in this regard pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

   "RESOLVED THAT pursuant to the provisions of Sections 152 and 160 read with Companies (Appointment and Qualification of Directors) Rules, 2014 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modifications or re-enactment(s) thereof and any rules made thereunder, for the time being in force), Shri G.R. Morarka **(DIN: 00002078)**, who was appointed as an Additional Director of the Company with effect from January 01, 2019, and whose term expires at this AGM, and in respect of whom the Company has received a notice in writing along with a deposit from a member proposing his candidature for the office of Executive Director be and is hereby appointed as a Executive Director of the Company;

   RESOLVED FURTHER THAT the Shri B.J. Maheshwari, Managing Director & CS cum CCO be and is hereby authorized to do all such acts, deeds, matters and things and take all such steps as may be necessary, proper or expedient to give effect to the aforesaid resolutions and for matters connected therewith or incidental thereto."

7. To appoint Shri G.R. Morarka (DIN: 00002078) as Whole Time Director Designated as Executive Chairman of the Company and in this regard pass, with or without modification(s), the following resolution as **Special Resolution:**

   "RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 read with Schedule V of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirements), 2015 and the rules made thereunder (including any statutory modifications or re-enactment(s) thereof and any rules made thereunder, for the time being in force), consent of the Members be and are hereby accorded to appoint Shri G.R. Morarka **(DIN-00002078)** as Whole Time Director designated as Executive Chairman of the Company for a period of 3 (Three) years with effect from January 1, 2019 on the terms and conditions including remuneration as set out in the Statement annexed to this notice with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall include the Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said appointment and/or remuneration as it may deem fit;

RESOLVED FURTHER THAT in the event of any loss, absence or inadequacy of profits of the Company in any financial year during the term of the office of Shri G.R. Morarka, the remuneration as mentioned in the Explanatory Statement shall be paid to him as Minimum Remuneration;

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts, deeds, matters, things and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

8. To appoint Cost Auditor for the Financial Year 2019-20 and in this regard pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

   "RESOLVED THAT pursuant to the provisions of Section 148 of the Companies Act, 2013 and all other applicable provisions (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. Ramanath Iyer & Co., Cost Accountants (Firm Reg. No.000019) who has been appointed by the Board as Cost Auditors of the Company, be and is hereby approved to conduct audit of cost records of the Company for the financial year ending 31st March, 2020, for remuneration as set out in the explanatory statement annexed hereto."

By the Order of the Board,
For Dwarikesh Sugar Industries Limited

B.J. Maheshwari
Managing Director & CS cum CCO
(DIN - 00002075)

Place: Mumbai
Date: May 23, 2019

Registered Office:
Dwarikesh Sugar Industries Limited
Dwarikesh Nagar-246762, Dist: Bijnor, Uttar Pradesh
CIN: L15421UP1993PLC018642
Web: www.dwarikesh.com
E-mail: investors@dwarikesh.com
Tel: 01343-267061/64 Fax: 01343-267065

NOTES:

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to the Special Business to be transacted at the Annual General Meeting (AGM) is annexed hereto.

2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS/HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as a proxy on behalf of Members not exceeding fifty in number and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. Members holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as a proxy and such person shall not act as proxy for any other member. If a Proxy is appointed for more than fifty Members, the Proxy shall choose any fifty Members and confirm the same to the Company not later than 48 hours before the commencement of the meeting. In case, the Proxy fails to do so, only the first fifty proxies received by the Company shall be considered as valid.

3. Proxies, in order to be effective, should fill in attached proxy form duly completed, stamped and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting. Proxy Form is annexed to this Report. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution / letter of authority, as applicable.

4. Corporate Members intending to send their authorised representatives to attend the AGM, pursuant to Section 113 of the Companies Act, 2013, are requested to send to the Company, a certified copy of relevant Board Resolution together with the respective specimen signatures of those representative(s) authorised under the said resolution to attend and vote on their behalf at the meeting.

5. The Register of Members & Share Transfer Books of the Company will be closed from Friday, August 30, 2019 to Thursday, September 05, 2019 (both days inclusive) for the purpose of identification of members who shall be entitled for preference dividend and/or equity dividend for the financial year ended

March 31, 2019 and attend Annual General Meeting of the Company.

6. Dividend on Equity Shares and Preference shares (Series II), if declared, shall be payable to those members, whose name appear in Register of Members as on Thursday, August 29, 2019 within a period of 30 days from the date of declaration.

   a. As beneficial owners at the end of business hours on August 29, 2019, as per the lists to be furnished by Depositories in respect of the shares held in electronic form,

   b. As members in the Register of Members of the Company after giving effect to valid transfers in physical form lodged with the Company on or before August 29, 2019.

   c. Members are requested to update their Bank details with their Depository Participants in case of shares held in demat mode else with Company or Registrar of Transfer Agents if share are held in Physical mode to facilitate smooth payment of dividend as when declared by the Company and approved by the shareholders.

7. Members are requested to notify any change in their address immediately to the Company.

8. Members/proxies are requested to bring their copy of Annual Report, while attending the Annual General Meeting.

8. Members are entitled to make nomination in respect of shares held by them in physical form. Members desirous of making nominations are requested to send their requests in Form SH-13 which can be obtained from the Company's Registrar & Transfer Agents (RTA) M/s. Universal Capital Securities Pvt. Ltd.

9. Members desirous of getting any information about the accounts and operations of the Company are requested to address their queries to the Registered Office well in advance so that the same reaches the Company at least ten days before the date of the meeting to enable the Management to keep the information required readily available.

10. Pursuant to the provisions of Section 124 of the Companies Act, 2013 read with The Investors Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 and subsequent amendments thereto, the amount of dividend remaining unpaid or unclaimed for a period of seven consecutive years from the date of its transfer to the Unpaid dividend account of the Company is required to be transferred together with the unclaimed shares of such dividend to the Investor Education and Protection Fund (IEPF) established by the Central Government. No dividend has been declared for the accounting years 2009-10 thus no amount is to be transferred to the Investor Education and Protection Fund. No claim shall lie against the Company for the amount of dividend transferred earlier. Investors can claim the unpaid dividend/shares so transferred to IEPF by filing form IEPF 5.

11. Pursuant to the green initiatives by the Ministry of Corporate Affairs, the Company proposes to send all documents like Notice of AGM, Audited Financial Statements, Directors Report, Auditors Report etc. henceforth to Members in electronic form, who have made available either directly or through their DP their email addresses so as to receive the same in electronic form on their email addresses. Members may also download these documents from Company's Website www.dwarikesh.com. The physical copy of Annual Report will also be made available free of cost to the members on their written request. Members who have not given specific consent for receipt of these documents in electronic form hitherto are requested to register their email addresses by sending their details to their Depository participants or Company or its RTA & also their consent by e-mail to investors@dwarikesh.com or by a written consent to Company's Corporate Office or to it's RTA.

12. SEBI has mandated the submission of PAN by every participant in securities market. Members who are holding the shares in electronic mode are therefore requested to submit the PAN to their depository participants with whom they are having their demat accounts. Members having shares in physical form can submit their PAN details to the Company or its RTA.

13. Securities and Exchange Board of India (SEBI) vide its notification dated 08th June, 2018 has notified all listed Companies and Registrar & Transfer Agents that transfer of securities shall be carried out only in dematerialised form.

    Accordingly, attention of all shareholders holding shares in physical form, is brought to the following:

    - Company & RTA shall not effect transfer of securities held in physical form from April 01, 2019.
    - This restriction shall not be applicable for transmission or transposition of securities held in physical form.

14. Other Disclosures:
    Other Disclosures are given in Corporate Governance Report.

15. In compliance of provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management & Administration) Rules 2014, the Company is pleased to provide its members facility to exercise their votes by electronic means (remote e-voting) and the business may be transacted through e-voting as per the instructions below:

    Details of Scrutinizer: Shri D P Agarwal, Chartered Accountants, has been appointed as the Scrutinizer to scrutinize e-voting in a fair and transparent manner.

    The Scrutinizer shall, within a period not exceeding three working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two witnesses (not in the employment of the Company) and make out a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman.

16. A Member can opt for only one mode of voting i.e. either through e-voting or in physical form at AGM. If a Member casts his / her vote by both modes, then voting done through e-voting shall prevail and the vote by ballot shall be treated as invalid. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.dwarikesh.com and on the website of CDSL www.evotingindia.com in two days of the passing of the Resolutions at the 25th AGM of the Company and communicated to BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.

17. The Notice is being sent to all the Members, whose names appear on the Register of Members / List of Beneficial Owners as received from the Central Depository Services Limited (CDSL) as on 02nd August, 2019.

    The instructions for members voting electronically are as under:

    (i) The voting period begins on 02nd September, 2019 at 9.00 a.m. and ends on 04th September, 2019 at 5.00 p.m. During this period Shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut- off date (record date) of 29th August, 2019 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

    (ii) The shareholders should log on to the e-voting website www.evotingindia.com.

    (iii) Click on Shareholders / Members

    (iv) Now Enter your User ID

    a. For CDSL: 16 digits beneficiary ID,

    b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

    c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

    (v) Next enter the Image Verification as displayed and Click on Login.

    (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used.

    (vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number which is mentioned in address label as Sr. No affixed on annual report in the PAN Field. • In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN Field.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login. • If both the details are not recorded with the depository or Company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

    (viii) After entering these details appropriately, click on "SUBMIT" tab.

    (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN for the relevant DWARIKESH SUGAR INDUSTRIES LIMITED on which you choose to vote.

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on"OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take a print of the votes cast by clicking on "Click here to print"option on the Voting page.

(xvii) If a demat account holder has forgotten the changed login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xviii) **Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.**

(xix) **Note for Non – Individual Shareholders and Custodians**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.

ITEM NO. 5

The existing clause 86(1) of the Articles of Association (AoA) of the Company provided that the *"Managing Director & Independent Director shall not be liable to retire by rotation"* which is in conflict with the provisions of Section 152 (6) of the Companies Act, 2013. As the Company Board Comprises of 3 Executive Directors and 3 Independent Directors (which are not liable to retire by rotation) and out of 3 Executive Directors 2 are Managing Directors and 1 Executive Chairman who shall not be liable to retire by rotation.

So in order to bring AoA of the Company in line with provisions of Section 152 (6) of Companies Act, 2013 and to ensure compliance of all the applicable provisions of the Companies Act, 2013, the Board recommends the resolution set forth in Item No. 5 for the approval of members by way of Special Resolution. Copy of existing AoA is available for inspection at the Registered Office of the Company and can be obtained by any shareholders on demand.

None of the Directors/Managers/Key Managerial Personnel and their relatives have any material pecuniary interest in this resolution except to the extent of their interest as members of the Company pursuant to their shareholding.

ITEM NO. 6

The Board of Directors, at its meeting held on December 17, 2018, approved the appointment of Shri G.R. Morarka as an Additional Director, on the Board of the Company with effect from January 1, 2019, subject to the shareholders' approval. The details of Shri G.R. Morarka, as required to be given pursuant to the Listing Regulations and the Secretarial Standards, are attached to the Notice.

The Board of Directors recommend the Ordinary Resolution as detailed in Item No. 6 of the Notice for the approval of the shareholders.

Except Shri G.R. Morarka and his relatives, none of the other Directors/Managers/Key Managerial Personnel and their relatives are concerned or interested, financially or otherwise, in the resolution.

ITEM NO. 7

Shri G.R. Morarka, who had stepped down from the position of Managing Director and as Director from the Board of the Company on April 18, 2018 owing to his health issue, had consented to rejoin the Board.

The Board of Director, in its meeting held on December 17, 2018, subject to approval of members, had appointed Shri G.R. Morarka **(DIN-00002078)** as a Whole Time Director, designated as Executive Chairman of the Company, for a period of 3 years with effect from January 1, 2019, on terms and conditions including remuneration as recommended by the Nomination and Remuneration Committee of the Board and approved by the Board.

It is proposed to seek the members' approval for the appointment of and remuneration payable to Shri G.R. Morarka as a Whole Time Director, designated as Executive Chairman of the Company, in terms of applicable provisions of the Act.

Broad particulars of the terms of appointment of and remuneration payable to Shri G.R. Morarka are as under:

SECTION 1

Remuneration payable when the Company has Profits:

Remuneration by way of salary, perquisites, commission, allowances and other benefits subject to the condition that the total remuneration payable to both the Managing Directors and a Whole Time Director shall not exceed 10% of the Net Profit of the Company for the year, however the maximum amount that can be paid as commission to Shri G.R. Morarka in a year shall not exceed ₹5 crores. Net Profits is required to be computed u/s 198 of the Companies Act, 2013.

SECTION 2

Remuneration payable when the Company has no profits or inadequate profits:

Minimum Remuneration

Category A

I) Remuneration:

a) **Salary:** ₹20,00,000/- per month.

b) **Perquisites and allowances:**

i) **Other Allowances:** Allowances for conveyance, Children Education allowance and such other allowances as per rules of the Company.

ii) **Other Perquisites:** Subject to overall ceiling on remuneration mentioned here in below, the Executive Chairman may be given other allowances, benefits and perquisites as the Board of Directors may decide from time to time.

iii) **Explanation:** Perquisites shall be evaluated as per Income-tax Rules, 1962 wherever applicable and in absence of any such rule, perquisites shall be evaluated at actual cost.

Category B

c) Others:

i) **Contribution to Provident Fund:** Company's contribution to Provident Fund to the extent the same is not taxable under the Income-tax Act, 1961.

ii) **Gratuity:** Gratuity payable to the extent permitted under the Payment of Gratuity Act, 1972.

iii) **Leave:** Encashment of leave at the end of the tenure as per the Rules of the Company.

iv) **Conveyance:** The Company shall provide him with car, expenses relating to fuel, maintenance and Provision of Driver or remuneration of driver will be reimbursed on actuals.

v) **Communication:** Further the Company shall also provide telephones, telefax, mobile and other communication facilities for official purposes.

Explanations:

I. Provision of Chauffer driven car or reimbursement of Driver's remuneration on Company's business and Telephone, telefax, mobile and other communication facilities at residence for official purposes will not be considered as perquisites. Personal Long distance calls and use of car for private purpose shall be billed by the Company to the Executive Chairman.

Perquisites or amenities specified in Category B are not to be included in the computation of ceiling on minimum remuneration specified herein above.

II. Overall remuneration:

The aggregate of salary, perquisites, benefits and other allowances or remuneration in any other form in any Financial Year shall not exceed the limits prescribed from time to time under Sections 196, 197 and other applicable provisions of the Companies Act, 2013.

III. Minimum remuneration:

In the event of loss or inadequacy of profits, in any financial year, the payment of salary, perquisites and other allowances shall be governed by the provisions of Section II (A) of Part II of Schedule V to the Companies Act, 2013 including any statutory modification(s) or re-enactment thereof, as may, for the time being, be in force such as not to exceed two times the limits provided in Table A of section II of Schedule V of Companies Act, 2013.

IV. Other Terms and Conditions:

Other terms and conditions of appointment of Shri G.R. Morarka, Executive Chairman are as under:

a. The Executive Chairman shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.

b. The Executive Chairman shall not, so long as he functions as such, become interested or otherwise concerned directly or through his wife and/or minor children in any selling agency of the Company in future without prior approval of the Central Government.

c. The Executive Chairman shall not be liable to retire by rotation.

Details of Shri G.R. Morarka are provided in "Annexure" to the Notice pursuant to the provisions of (i) the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India.

The Board recommends the same to the members for their approval by means of an Ordinary Resolution.

Except Shri G.R. Morarka and his relatives, none of the other Directors/Managers/Key Managerial Personnel and their relatives are concerned or interested, financially or otherwise, in the resolution.

ITEM NO. 8

The Board, on the recommendation of the Audit Committee, had approved the appointment and remuneration of M/s. Ramanath Iyer & Co., Cost Accountants (Firm Regn. No.000019) as the Cost Auditors to conduct the audit of the cost records of the Company relating to Sugar (including Industrial Alcohol) and Electricity for the financial year ending 31st March, 2020 at a remuneration of ₹1,55,000/- p.a. plus Good & Service Tax at the applicable rate and reimbursement of travelling expenses. In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be approved by the members of the Company.

Accordingly, consent of the members is sought for passing an ordinary resolution as set out at Item No. 8 of the Notice for approval of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2019.

The Board recommends the ordinary resolution for approval by the shareholders.

None of the Directors, Key Managerial Personnel of the Company and their relatives, in any way, are concerned or interested, financially or otherwise, in the proposed resolution.

DETAILS OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT IN ANNUAL GENERAL MEETING

[Pursuant to Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

Name of the Director	**Shri Vijay S. Banka**	**Shri G.R. Morarka**
Date of Birth	June 10, 1958	January 1, 1962
Nationality	Indian	Indian
Director since	May 1, 2009	January 01, 2019
Qualifications	Chartered Accountant	B.Com. ICWA Inter
Experience & Expertise	He has more than three decades of experience in handling Finance, Accounts and Treasury Functions.	He is founder-promoter of the Company and is a sugar industry veteran with over two decades of Sectoral Experience. He is also recipient of Indira Gandhi Priyadarshini Award for Management, coveted Bhamasha Award, Indira Gandhi Sadbhavna Award and Swami Krishnanand Saraswati Purashkar.
	Expertise: Finance & Strategy	Expertise: Finance & Strategy
Shareholding of Directors in Company	Nil	2,82,66,590
Directorship held in other public companies excluding foreign and private companies	Morarka Finance Limited Faridpur Sugars Limited	Morarka Finance Limited Faridpur Sugars Limited Dwarikesh Agriculture Research Institute Dwarikesh Informatics Limited Dwarikesh Trading Company Limited
Chairmanship / Memberships of committees*	Chairmanship: (0) Membership: (2)	Chairmanship: (0) Membership: (1)
Relationship between Directors inter-se	Nil	Nil

*Committee Membership or Chairmanship includes only Audit Committee and Stakeholders' Relationship Committee of Public Limited Companies (Whether listed or not)

By the Order of the Board,
For **Dwarikesh Sugar Industries Limited**

B.J. Maheshwari
Managing Director & CS cum CCO
(DIN - 00002075)

Place: Mumbai
Date: May 23, 2019

Registered Office:
Dwarikesh Nagar – 246762, Dist: Bijnor, Uttar Pradesh

DIRECTORS' REPORT

Dear members

Your Directors take pleasure in presenting their 25th (Twenty Fifth) Annual Report together with the Audited Accounts for the year ended 31st March, 2019.

FINANCIAL RESULTS

₹ in Lakhs

Particulars	Year Ended 31.03.2019	Year Ended 31.03.2018
Gross profit before depreciation, interest & tax	16,515.27	15,997.16
Less: Depreciation	3,294.99	3,250.37
Finance Costs	2,126.01	2,531.14
Profit / (Loss) before tax and exceptional items	11,094.27	10,215.65
Profit / (Loss) before tax	11,094.27	10,215.65
Tax expenses	1,583.65	70.90
Profit /(Loss) after tax	9,510.62	10,144.75
Total comprehensive income / (loss)	9,778.35	10,246.64

DIVIDEND

Your Directors recommend Preference dividend on 8% Cumulative Preference Shares (Series II) & equity dividend of 100% i.e ₹1/- per Equity Share of Face value of ₹1/- each. The outgo on account of equity dividend & Preference Dividend (series II) including Dividend distribution tax (DDT) shall be ₹24,14,74,019/-.

In August 2018, at the time of redemption, an amount of ₹21,23,226/- (inclusive of [DDT]) was paid to preference shareholders of 12% Cumulative Preference Shares (Series I).

TRANSFER TO RESERVES

During the year, a sum of ₹1,10,00,000/- has been transferred to Capital Redemption Reserves in terms of the requirement of section 55(2)(c) of Companies Act, 2013 consequent to redemption of Preference Shares (series I) during the financial year.

YEAR IN RETROSPECT

Operations:

Distinguishing features of the crushing operations in your Company are given in the succeeding paragraphs

Metrics of sugarcane crushed, sugar produced and recovery achieved during the year is given hereunder:

(FY 2018-19 (From 01.04.2018 to 31.03.2019), includes a small part of season 2017-18 and a major part of season 2018-19)

Particulars	2018-19	2017-18	% Change
Crushing (Lakhs/Quintals) – total at all three units	331.16	323.81	2.27
Recovery % (Combined)	12.29	11.84	
Production (Lakhs/Quintals) – total at all three units	40.68	38.33	6.13

Comparison of sugar season 2018-19 & 2017-18 is as below:

Particulars	2018-19	2017-18	% Change
Crushing (Lakh/Quintals) – total at all three units	306.84	363.40	(15.57)
Recovery % (Combined)	12.31	11.88	
Production (Lakh/Quintals) – total at all three units	37.77	43.16	(12.49)

Highlights- FY 2018-19

- Sugarcane crushing up by 2.27%.
- Smart increase in recovery by 0.45% (from 11.84% to 12.29%)
- Sugar production up by 6.13%
- Impressive recoveries on account of superior varietal mix, with increasing thrust on early maturing varieties such as Co 0238.
- During the season of 2018-19 just concluded both DN & DD units have clocked their highest ever recovery.
- Group recovery of SS 2018-19 at 12.31% is poised to be the highest in North India.

Performance of cogeneration division: Metrics of power sold:

Unit	2018-19 (01.04.2018 to 31.03.2019)		2017-18 (01.04.2017 to 31.03.2018)	
	Power sold in lakhs units	Amount in ₹/ Lakhs	Power sold in lakhs units	Amount in ₹/ Lakhs
DN	301.38	1,500	308.19	1,470
DP	675.73	3,392	682.62	3,283
DD	1,043.16	5,237	946.51	4,553
Total	**2,020.27**	**10,129**	**1,937.32**	**9,306**

Performance of Distillery:

During the year 76.91 lakh liters of industrial alcohol (previous period 86.90 lakh liters) was produced and 90.17 lakh liters of the same was sold aggregating to ₹36.32 crores (previous period 64.06 lakh liters aggregating to ₹ 24.91 crores) at Dwarikesh Nagar unit of the Company.

A SUGAR INDUSTRY OVERVIEW

Global sugar industry scenario

Decline in the sugar production in key sugar producing countries like Thailand and Brazil generated a lower global sugar output in 2018-19 at 179 million tons, a decline of 4 million tons compared to the previous year (Source: International Sugar Organization). Although the contribution of India's sugar production increased (even as consumption remained relatively flat), the global sugar surplus is expected to be around 1 to 2 million tons.

Raw sugar prices averaged at 12.76 cents per pound during 2018-19, a 26% decline compared to 2014 and a 37% decline compared to 2016-17, largely on account of increased supply countered by flat demand.

Correspondingly, the London White sugar variety that was transacted around 540 USD PMT in September 2016, declined to 346 USD PMT. This scenario could well reverse with a deficit likely to emerge in the season ahead (2019-20) marked by deficit forecasts of between 4 and 6 million tons.

The Indian sugar industry review

India's sugar production of 32.5 million tons in 2017-18 was followed by an estimated 33 million tons in sugar season 2018-19 on account of a number of downward and upward output revisions. Maharashtra's sugar output was in excess of 10 million tons-plus for the second consecutive year; Uttar Pradesh, which had reported an impressive output of 12.05 million tons in 2017-18, was projected to produce in excess of 11.8 million tons in season 2018-19 coupled with an exceptionally high (11% plus) recovery.

Barring unforeseen climatic conditions, the Indian sugar production seems to have graduated into a new sustainable production orbit of more than 30 million tons a year. There are a number of reasons for this, comprising attractively remunerative cane prices paid year-on-year, which encouraged farmers to plant increasing cane quantities season-after-season (over alternative crops).

In addition to increased planting, farmers capitalized on higher yields, assured cane off-take and guaranteed payment, graduating cane into possibly India's most remunerative cash crop. Besides, the use of the early sugarcane maturing variety and improved plant efficiencies ensured higher recoveries for sugar mills. In view of these realities, India's sugar industry is reconciled to an annual sugar output in excess of 30 million tons barring unforeseen climatic aberrations.

A record sugar output on the one hand and near-stagnant national consumption is expected to result in India carrying its highest inventory (> 14 million tons) by the end of Sugar Season 2018-19. But for the intervention of the Central Government, sugar realisations would have crashed. The Indian government responded with timely policy introductions that improved the retail pricing sentiment, strengthening sugar realisations to ₹3100-plus per quintal, barely adequate for most sugar mills to recover their costs.

The timely measures by a proactive Central Government comprise the following:

- The Government announced a minimum selling price of ₹2900 per quintal for sugar to be sold ex-factory, which was subsequently increased to ₹3100 per quintal.
- The Government reintroduced the monthly release mechanism through which it sight to regulate the quantum of sugar in the marketplace
- The Government created a buffer stock of 3 million tons with the notification of a corresponding stock limit for each sugar mill and the Government reimbursing sugar mills the carrying cost of this buffer stock.
- The Government ordered a compulsory export of 5 mill tons; a minimum indicative export quota was notified for each sugar mill
- A transport subsidy of ₹1,000 per tonne was allocated for mills located <100 kilometres from ports, ₹2,500 per tonne for mills located >100 kilometres from ports in coastal states and ₹3,000 per tonne for mills located in landlocked states (or actual expenditure, whichever was lower) to defray the transportation cost incurred by sugar mills to transport their sugar from their mill to port for export.
- A production subsidy of ₹13.88 per quintal cane crushed during SY2018-19 was announced to offset the cost of cane. This subsidy was made available to sugar mills on the fulfilment of certain conditions (compared to a subsidy of ₹5.50 per quintal of cane crushed for SS2017-18).
- The Central Government announced a ₹8,500-crore package for the Indian sugar industry, comprising ₹4,440 crore in soft loans to mills to enhance ethanol manufacturing capacity and a related interest subvention of ₹1,332 crore.
- The Central Government announced an attractive price for ethanol manufactured from C heavy molasses, B heavy molasses and directly from sugarcane juice. The government raised the procurement price of ethanol derived out of C heavy molasses from ₹40.85 per litre to ₹43.70 per litre. It also facilitated the provision of B heavy molasses use and direct cane juice for ethanol production, which marginally reduced sugar production. This flexibility holds out attractive prospects as the government plans to enhance ethanol blending in automotive fuel to 20% by 2030 (currently 7%).
- The Central Government promulgated a scheme under which soft loans would be given to sugar mills on which interest subvention (@ 7% per annum) would be provided by the Government, expected to improve cash flows and moderate cane arrears payable to farmers.

The outlook for Sugar Season 2019-20 appears mixed. While on the one hand the overhang of a large sugar inventory appears daunting and poses serious realisation challenges, the unusually dry weather in Maharashtra and South India indicates that the production of Sugar Season 2019-20 will not be able to cross the threshold of 30 million tons. However, another steroidal dose of compulsory sugar export can help create a balance in the season-end stock position. An impending deficit in the global sugar production could help the country emerge as a bigger participant in the global sugar trade.

While the short-term problem of stock overhang can be addressed with policy initiatives to encourage exports, a long-term solution lies in increasing the ethanol blending program. If this blending program accelerates and if the country follows the Brazilian example where the sugar production is sacrificed in favour of ethanol, it will ensure that India's sugar industry embarks on a journey of sustained multi-year growth benefiting all stakeholders. A combination of multipronged ethanol exports to address the overhang of stock and a larger sacrifice of sugar in favour of ethanol can prove to be the sectoral game-changer.

The Uttar Pradesh sugar industry report card

- The SAP for Sugar Season 2018-19, announced by the government, remained unchanged whereas SAP for the general variety was ₹315 per quintal, the early variety was ₹325 per quintal and the rejected variety was ₹310 per quintal. The Society commission was pegged at 2% of FRP (or ₹5.50 per quintal), a marginal increase of ₹0.40 per quintal.
- Even as SAP for Sugar Season 2018-19 remained unchanged, it proved disproportionate high.. As it turned out, the cost of

sugarcane constituted more than 90% of the amount realized on the sale of sugar for a usual sugar mill, leaving barely any margin to absorb other production costs and expenses. Higher SAP announced in the earlier years continued to affect the viability of the sugar industry.

- Though unseasonal rains and pest infection impacted ratoon crop yield, the yield from the plain cane crop proved satisfactory. During the Sugar Season 2018-19, the State reported a recovery of 11%-plus for the first ever time due to improved cane management and increased use of the early cane variety (around ~70% of the sown area). SS 2018-19 is expected to be yet another season of bumper production with projected State production a shade less than 12 million tons.
- During the year under review, the State government announced and paid a subsidy of ₹4.50 per quintal of cane crushed during the SS 2017-18; it also announced and disbursed a soft loan (at ROI of 5% per annum and repayable over sixty monthly instalments commencing from July 2019) to sugar mills to help them clear sugarcane dues of SS 2017-18
- However, unviable operations continue to debilitate the sugar industry. The State witnessed cane price arrears rising to alarming levels in spite of measures by Central Government and State Governments to improve mill cash flows. Presently, the sugar mills have arrears payable to farmers in excess of ₹10000 crores in respect of sugarcane supplied during Sugar Season 2018-19. However, cane price arrears and viability of sugar mills is now proving to be a pan-India challenge (its roots and probable remedies already discussed in the preceding paragraphs).
- Molasses, which was sold virtually free in 2017-18, reported a realization of ₹80-100 per quintal on the back of increased ethanol consuming capacities, providing some relief to sugar producers. The solution does not lie in an improvement of molasses realisations but in sugar mills integrating their plants to the point that they consume all the molasses within leaving them with nothing for sale.

Your Company is better equipped to capitalize on its strengths. Your Company has been recording impressive recovery; its consistent process enhancement and cane development have made it one of the most efficient sugar producers in India. The Company's quest to integrate operations would be complete with the addition of a 100 KLPD distillery plant, maximizing byproduct optimization and facilitating substantial value-addition.

Your Company also completed accelerated debt prepayment. The new debts are under a subvention scheme and one of them is to be used for funding its distillery expansion project. Your Company endeavors to judiciously manage its funds to minimize its interest outflow.

Dwarikesh - Financial Scorecard:

Particular	2018-19		2017-18	
	₹Lakhs	%	₹ Lakhs	%
Gross revenue	108,412		145,828	
less: Excise duty	---		2,833	
Net revenue (from operations)	108,412	100.00	142,995	100.00
EBIDTA	16,515	15.23	15,997	11.19
EBDTA	14,389	13.27	13,466	9.42
EBT	11,094	10.23	10,216	7.14
EAT	9,511	8.77	10,145	7.09
Total comprehensive income	**9,778**	**9.02**	**10,247**	**7.17**

- There is substantial decline in the revenue from operations during the year under review. The same is attributable to the operation of monthly release mechanism administered by the Central Government, which resulted in lesser quantity of sugar sold and also on account lesser average realization on sale of sugar
- EBIDTA, during FY 2018-19 both in absolute numbers and in % terms is better as compared to the EBIDTA during previous period. Margin of EBIDTA is 15.23% vis- à-vis margin of 11.19% in the previous year. In absolute numbers the EBIDTA amount is ₹16,515 lakhs (15.23%) as compared to EBIDTA amount of 15,997 lakhs (11.19%) in the previous FY. While power & distillery segments have clocked better EBIDTA, the sugar segment has reported lesser EBIDTA mainly on account of lesser average realization on

sale of sugar as compared to the average realization during FY 2017-18.

- During the year under review your Company earned EBDTA of ₹14,389 lakhs as compared to ₹13,466 lakhs earned in the previous FY.
- Earning before tax at ₹11,094 lakhs when viewed in conjunction with that of the previous FY (₹10,216 lakhs) has also improved
- Earnings after tax at ₹9,511 lakhs as compared to the earnings after tax of previous FY of ₹10,145 is lower on account of higher provisioning of taxes. In % the same is 8.77% of the net revenue

Salient features:

- Sugar prices were trending low throughout the year. But for the intervention of Central Government the price fall would have been much more steeper. The average realization on sale of sugar during the year under review is nearly 15% less than the realization on sale of sugar during the previous FY.
- During the year under review your Company exported a part of its contracted export obligation under the MIEQ. Balance quantity was exported during FY 2019-20.
- Your Company has embarked up on project of distillery expansion, the benefits of which will start accruing from the 4th quarter of 2019-20
- Your Company strives to raise the bar of efficiency continuously. The benchmark numbers of recoveries / process losses challenged season after season with a view to better the previous benchmarks and set the new ones. In an industry where most factors are beyond the realm of Company's control, your Company strives to ruthlessly attack costs and keep the same under control.
- Another area of focus for your Company has been to rein in the interest costs. Its aggressive policy of accelerated debt repayment has paid dividends and the Company squared up all its earlier debts. The long term debts presently carried in the Company's books are those on which interest subvention will be available to the Company and the debt to fund the distillery project. Interest outgo would have been much lesser but for the fact that the Company was compelled to carry higher inventory under monthly release mechanism and therefore its working capital requirement was higher. The Company has also had the benefit of lower rate of interest on account of its improved credit rating. The long term loans of the Company are rated A+ with stable outlook and commercial paper program (short term) has been accorded the highest rating of A1 + by ICRA.

CANE & SUGAR POLICY

The main policies of the government in relation to the sugar industry during the year were:

a) Hitherto applicable levy and free sale sugar ratio of 10:90 for the period up to 31st March, 2013 has since been abolished pursuant to adoption of recommendations contained in the report of Dr. Rangarajan. The sugar mills are now eligible to sell their entire production as free sale sugar.

b) The Fair & Remunerative Price (FRP) for the crushing season 2017- 18 was ₹255 per quintal which has been increased to ₹275 per quintal for 2018-19, where the season 2017-18 was linked to recovery @ 9.50% and the season 2018-19 is linked to recovery rate @10%

c) Chronology of SMP/FRP announced by the Central Government on the basis of recovery is given herein under:

Season	SMP/F&RP H/ Quintal
2000-01(SMP)	59.50*
2001-02	62.05*
2002-03	64.50*
2002-03 (Revised)	69.50*
2003-04	73.00*
2004-05	74.50*
2005-06	79.50&
2006-07	80.25&
2007-08	81.18&
2008-09	81.18&
2009-10 (SMP since replaced by F&RP)	129.84@
2010-11	139.12@
2011-12	145.00@
2012-13	170.00@
2013-14	210.00@
2014-15	220.00@
2015-16	230.00@
2016-17	230.00@
2017-18	255.00@
2018-19	275.00#

* Linked to recovery of 8.50%

& Linked to recovery of 9%

@ Linked to recovery of 9.50%

Linked to recovery of 10%

d) The Company is required to pay State Administered Price (SAP) for the crushing season 2018-19, the State Government of Uttar Pradesh announced SAP, which remains unchanged as compared to previous season of 2017-18, i.e, ₹315 per quintal for general variety of Sugarcane, ₹10 per quintal is extra payable for early variety & ₹5 per quintal is less payable for rejected variety.

CHANGE IN NATURE OF BUSINESS

There is no change in nature of business of the Company.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

During the financial year, Company has undertaken to expand the Distillery capacity at its Dwarikesh Nagar Plant, Bijnor by adding a new 100 Kilo Litres Per Day (KLPD) capacity plant which will help in mitigating the risk associated with sugar business.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

No significant & material orders have been passed impacting the going concern status & Company's operations in future.

INTERNAL FINANCIAL CONTROLS

Your Company has in place adequate internal financial controls commensurate with its size, scale and operations. Such controls have been assessed during the year under review taking into consideration the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. Based on the results of such assessments carried out by the management, no reportable or significant deficiencies, no material weakness in the design or operation of any control was observed. Nonetheless your Company recognizes that any internal control framework, no matter how well designed, has inherent limitations and accordingly, regular audits and review processes ensure that such systems are re-enforced on an ongoing basis. The internal financial controls with reference to the Financial Statements are commensurate with the size and nature of business of the Company.

SHARE CAPITAL

The paid up Equity Share Capital as at March 31, 2019 stood at ₹18.83 crores. During the year under review, the Company has not issued shares or convertible securities or shares with differential voting rights nor has granted any stock options or sweat equity or warrants. As on March 31, 2019, none of the Directors of the Company hold instruments convertible into Equity Shares of the Company.

During the year, 12% Preference shares (Series I) were redeemed in August 2018 together with accrued dividend till the date of redemption.

EXTRACT OF THE ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013, an extract of the annual return in the prescribed format is appended as **Annexure I** to the Board Report.

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

The Board of Directors of the Company met five (5) times during the year, on May 07, 2018; August 07, 2018; November 01, 2018, December 17, 2018 and February 02, 2019.

SUBSIDIARY COMPANY'S REPORT

The Company does not have any subsidiary in terms of provisions of Companies Act, 2013.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All Related Party Transactions entered during the financial year were in the ordinary course of business and at arm's length basis. There were no materially significant Related Party Transactions with the Company's Promoters, Directors, Management or their relatives, which could have had a potential conflict with the interests of the Company. Transactions with related parties entered by the Company in the normal course of business are periodically placed before the Audit Committee for its omnibus approval and the particulars of contracts entered during the year as required to be provided under Section 134(3)(h) of the Companies Act, 2013 are disclosed in Form AOC-2 as **Annexure II**.

The Board of Directors of the Company has, on the recommendation of the Audit Committee, adopted a policy to regulate transactions between the Company and its Related Parties, in compliance with the applicable provisions of the Companies Act 2013, the rules thereunder and the Listing Regulations.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company has not made any loans or investments or given guarantees or provided securities under Section 186 of the Act during the year.

PUBLIC DEPOSITS

The Company did not have any fixed deposits at the beginning of the year nor has it accepted any deposited during the year in terms of Section 74 of the Companies Act, 2013.

PARTICULARS OF EMPLOYEES AND RELATED INFORMATION

In terms of the provision of Section 197(12) of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement containing the disclosures pertaining to remuneration and other details as required under the Act and the above rules are provided in **Annexure III**.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Changes in Directors and Key Managerial Personnel

Shri G.R. Morarka (DIN: 00002078) who had earlier resigned from the Board on April 18, 2018, owing to his health issue, had been re-appointed as Additional Director and Whole Time Director designated as Executive Chairman of the Company, with effect from January 01, 2019 for a period of 3 years in the Board Meeting held on December 17, 2018 after the recommendation of Nomination & Remuneration Committee, whose appointment is to be regularized by Members of the Company as mentioned in Item No. 5 & 6 of the Notice.

Shri Vijay S. Banka (DIN: 00963355), Director liable to retire by rotation and being eligible offers himself for re-appointment. Detailed profile of the Directors seeking re-appointment and appointment along with other details as may be required are provided at the end of Notice.

B. Declaration by an Independent Director(s), Re-Appointment & Meeting

Pursuant to the requirements of Section 149(7) of the Companies Act, 2013, the Company has received the declarations from all the Independent Directors confirming the fact that they all are meeting the eligibility criteria as stated in Section 149(6) of the Companies Act, 2013.

All the three independent directors are appointed/re-appointed in the meeting of Board of Directors held on August 13, 2014 for a period of 5 years as per the requirements of Section 149 of the Companies Act, 2013.

The Independent Directors met once, i.e, on February 02, 2019. The Meeting was conducted without the presence of the Chairman, Executive Directors and any other Managerial Personnel.

C. Formal Annual Evaluation

Pursuant to the requirements of Section 134(3)(p) of the Companies Act, 2013 read with Regulation 17 of the Listing Regulations, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of its Committees.

A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgement, safeguarding the interest of the Company and its minority shareholders etc.

The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors were carried out by the Independent Directors who also reviewed the performance of the Secretarial Department. The Directors expressed their satisfaction with the evaluation process.

D. Policy on Directors' Appointment and Remuneration Including Criteria for Determining Qualifications, Positive Attributes, Independence of a Director, Key Managerial Personnel and Other employees

In line with the principles of transparency and consistency, your Company has adopted the following policies which, inter alia includes criteria for determining qualifications, positive attributes and independence of a Director.

Policy on Directors appointment and remuneration is available on Company's website at http://www.dwarikesh.com/pdf/2018/Policy-on-Directors-Appointment-and-Remuneration.pdf

E. Statement of Director's Responsibilities

As required under the provisions of Section 134(3)(c) of the Companies Act, 2013, your Directors confirm that:

(a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that year;

(c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) the directors had prepared the annual accounts on a going concern basis;

(e) the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively,

(f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Pursuant to Regulations 34 of SEBI (Listing Obligation and Disclosure Requirement), Management Discussion and Analysis Report for the year under review is presented in a separate segment which is forming part of the Annual Report.

CORPORATE SOCIAL RESPONSIBILITY

Dwarikesh has been an early adopter of CSR initiatives. The Company works primarily through its CSR trust, viz R R Morarka Charitable Trust, towards supporting projects in eradication of hunger and malnutrition, promoting education, art and culture, healthcare, destitute care and rehabilitation, environmental sustainability, disaster relief and rural development projects.

Details of the CSR policy are available on our website at http://www.dwarikesh.com/pdf/2018/Policy-on-Corporate-Social-Responsibility.pdf and a brief outline of the CSR Policy and the CSR initiatives undertaken by the Company during the year as prescribed under the Companies (Corporate Social Responsibility) Rules, 2014 is annexed herewith as **Annexure IV**.

RISK MANAGEMENT POLICY

Company has voluntarily formed a Risk Management Committee so as to review and combat the risk on periodical basis. A detailed note on Risk Management policy, elements of risk and its mitigation is comprised in Corporate Governance Report.

VIGIL MECHANISM

The Company has adopted a Whistle Blower Policy, as envisaged in the Companies Act, 2013, the Rules prescribed thereunder and the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, in the Board meeting held on May 9, 2014 so as to enable the Directors, Employees and all Stakeholders of the Company to report genuine concerns, to provide for adequate safeguards against victimization of persons who use such mechanism and make provisions for direct access to the Chairman of Audit Committee. The details of the said policy is explained in the Corporate Governance Report and has been uploaded on the website of the Company at http://www.dwarikesh.com/pdf/2018/Whistle-Blower-Policy.pdf.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has put in place a policy on Anti Sexual harassment in line with the requirements of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

No complaints have been received during the year under review.

CORPORATE GOVERNANCE

As per Regulation 34 of SEBI (Listing Obligation and Disclosure Requirement), a report on Corporate Governance together with the Auditors Certificate regarding compliance of the conditions of corporate governance is provided under **Annexure V**.

BOARD COMMITTEE

The Company has following mandatory Committees, viz,

1. Audit Committee
2. Stakeholders' Relationship Committee
3. Nomination and Remuneration Committee
4. Corporate Social Responsibility Committee

The details of the Committees along with their composition, number of meetings and attendance at the meetings are provided in the Corporate Governance Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, the particulars in respect of conservation of energy, technology absorption and foreign exchange earnings & outgo are furnished in **Annexure VI** and form a part of this report.

AUDITORS

A. STATUTORY AUDITORS & AUDITOR'S REPORT

Pursuant to the provisions of Section 139(2) of the Companies Act, 2013 and rules made thereunder, **M/s. NSBP & Co.**, Chartered Accountants, New Delhi **(Firm Registration No. 001075N)** were appointed as Statutory Auditors of the Company for period of 5 years, to hold office upto the conclusion of 28th Annual General Meeting of the Company, subject to ratification of their appointment at every subsequent Annual General Meeting.

The Auditors' Report for the financial year March, 2019 is unmodified, i.e, it does not contain any qualification, reservation, adverse remark or disclaimer. The Statutory Auditors have not reported any incident of fraud to the Audit Committee of the Company during the financial year under review.

B. COST AUDITORS

Pursuant to the provisions of Section 148 of the Companies Act, 2013 and rules made thereunder, the Board on the recommendation of the Audit Committee has re-appointed **M/s. Ramanath Iyer & Co**, Cost Accountants **(Firm Regn No. 000019)**, as Cost Auditors to conduct cost audits relating to sugar, electricity and industrial alcohol for the year ended March 31, 2019. The Cost Accountants have confirmed that their appointment is within the limits of Section 141(3)(g) of the Act and free from any disqualifications specified under Section 141(3) and proviso to Section 148(3) read with Section 141(4) of the Companies Act, 2013.

The Cost Audit Report for the financial year March, 2019 did not contain any qualification, reservation, adverse remark or disclaimer. The Cost Audit Report for year end March, 2019 shall be made available by Cost Auditors on or before September 30, 2019.

C. SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed **M/s. VKM & Associates**, a Practising Company Secretary **(Certificate of Practice no. 4279)**, Secretarial Auditor to undertake the Secretarial Audit of the Company for the year ended March 31, 2019. The Secretarial Audit Report is appended to this Report as **Annexure VII**.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark or disclaimer.

ACKNOWLEDGEMENT

Your directors wish to place on record their sincere gratitude and appreciation to its members, sugar cane growers, employees, bankers, financial institutions, Central & State Government Agencies for their valuable contribution in the growth of the organization.

By Order of the Board
For DWARIKESH SUGAR INDUSTRIES LIMITED

B.J. Maheshwari	**Vijay S. Banka**
Managing Director & CS cum CCO	Managing Director
(DIN - 00002075)	(DIN - 00963355)

Place: Mumbai
Dated: May 23, 2019

ANNEXURE - I

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2019

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

1.	CIN	L15421UP1993PLC018642
2.	Registration Date	November 1, 1993
3.	Name of the Company	Dwarikesh Sugar Industries Limited
4.	Category/Sub-category of the Company	Company limited by shares/ Non-government company
5.	Address of the Registered office & contact details	Dwarikesh Nagar, Dist. Bijnor, Uttar Pradesh – 246762
6.	Whether listed company	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	**Universal Capital Securities Pvt. Ltd.** 21, Shakil Niwas, Mahakali Caves Road, Andheri (East), Mumbai - 400 093. Tel: 28207201 / 7203 / 7204 / 7205 Fax: 28369704 / 28207207 E-mail: info@unisec.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10% or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Manufacture and refining of Sugar from sugarcane	10721	90.49

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

S. No.	Name & Address of the co.	CIN / GLN	Holding / subsidiary / Associate	% of shares held	Applicable section
NONE					

IV. SHARE HOLDING PATTERN

(Equity Share Capital Breakup as percentage of Total Equity)

A) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31- March-2018]				No. of Shares held at the end of the year [As on 31-March-2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter's									
(1) Indian									
a) Individual/ HUF	3,09,93,440	–	3,09,93,440	16.46	3,09,93,440	–	3,09,93,440	16.46	–
b) Central Govt									
c) State Govt(s)									
d) Bodies Corp.	4,78,40,070	–	4,78,40,070	25.41	4,78,40,070	–	4,78,40,070	25.41	–

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31- March-2018]				No. of Shares held at the end of the year [As on 31-March-2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
e) Banks / FI									
f) Any other									
Total shareholding of Promoter (A)	**7,88,33,510**	**–**	**7,88,33,510**	**41.87**	**7,88,33,510**	**–**	**7,88,33,510**	**41.87**	**–**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	32,09,344	–	32,09,344	1.70	49,78,525	-	49,78,525	2.64	0.94
b) Banks / FI	8,31,722	–	8,31,722	0.44	9,23,035	-	9,23,035	0.49	0.05
c) Central Govt	2,50,000	–	2,50,000	0.13	2,50,000	–	2,50,000	0.13	–
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies	–	–	–	–					–
g) FIIs	1,06,16,866	–	1,06,16,866	5.64	1,18,106	-	1,18,106	0.06	(5.58)
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1):-	**1,49,07,932**	**–**	**1,49,07,932**	**7.91**	**62,69,666**	**-**	**62,69,666**	**3.32**	**(4.59)**
2. Non-Institutions									
a) Bodies Corp.	1,05,80,025	–	1,05,80,025	5.62	1,50,68,947	-	1,50,68,947	8.00	2.38
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	4,08,84,109	1,88,880	4,10,72,989	21.81	4,71,77,979	1,57,880	4,73,35,859	25.14	3.33
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	2,41,18,102	–	2,41,18,102	12.80	2,29,49,741	-	2,29,49,741	12.19	(0.61)
c) Others (specify)	1,25,41,019	–	1,25,41,019	1.59	95,07,304	-	95,07,304	5.05	3.46
Non Resident Indians	29,02,371	1,24,300	30,26,671	1.61	35,63,378	1,13,000	36,76,378	1.95	0.34
Overseas Corporate Bodies									
Foreign Nationals									
Clearing Members	30,43,322	–	30,43,322	1.62	29,72,829	-	29,72,829	1.58	(0.04)
Trusts / LLPs	1,77,900	–	1,77,900	0.09	16,87,236	-	16,87,236	0.90	0.81
Foreign Bodies - D R									
Sub-total (B)(2):-	**9,42,46,848**	**3,13,180**	**9,45,60,028**	**50.22**	**10,29,27,414**	**2,70,880**	**10,31,98,294**	**54.81**	**4.59**
Total Public Shareholding (B)= (B)(1)+ (B)(2)	**10,91,54,780**	**3,13,180**	**10,94,67,960**	**58.13**	**10,91,97,080**	**2,70,880**	**10,94,67,960**	**58.13**	
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	**18,79,88,290**	**3,13,180**	**18,83,01,470**	**100**	**18,80,30,590**	**2,70,880**	**18,83,01,470**	**100**	**–**

B) Shareholding of Promoter-

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in shareholding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	G.R. Morarka	2,82,66,590	15.01	–	2,82,66,590	15.01	–	–
2	Pranay Gautam Morarka	12,49,710	0.66	–	12,49,710	0.66	–	–
3	Priyanka G Morarka	5,12,360	0.27	–	5,12,360	0.27	–	–
4	S G Morarka	9,01,780	0.48	–	9,01,780	0.48	–	–
5	Dwarikesh Trading Co. Ltd	2,62,48,890	13.94	–	2,62,48,890	13.94	–	–
6	Morarka Finance Limited	2,15,91,180	11.47	–	2,15,91,180	11.47	–	–
7	Gautam Morarka- Karta – C/o Gautam R Morarka HUF	63,000	0.03	–	63,000	0.03	–	–

C) Change in Promoters' Shareholding (please specify, if there is no change)

SN	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
	Add purchase	NO CHANGE	NO CHANGE	NO CHANGE	NO CHANGE
	Less sale				
	At the end of the year				

D) Shareholding Pattern of top ten Shareholders:

(Other than Directors, Promoters and Holders of GDRs and ADRs):

SN	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	ANIL KUMAR GOEL	78,20,000	4.15	78,20,000	4.15
2.	INDIANIVESH CAPITALS LIMITED	94,28,441	5.01	55,70,240	2.96
3.	DSP SMALL CAP FUND	32,09,344	1.70	49,78,525	2.64
4.	SEEMA GOEL	37,20,000	1.98	37,20,000	1.98
5.	IL AND FS SECURITIES SERVICES LTD	12,84,196	0.68	18,59,851	0.99
6.	PREMIER CREDIT CAPITAL LIMITED	17,53,890	0.93	17,53,890	0.93
7.	AADI FINANCIAL ADVISORS LLP	0	0	15,00,000	0.80
8.	BLUE DAIMOND PROPERTIES PVT.LTD.	0	0	15,00,000	0.80
9.	MARVEL BUSINESS PVT.LTD.	0	0	9,26,595	0.49
10.	USHA R BHAT	9,00,000	0.48	9,00,000	0.48

E) Shareholding of Directors and Key Managerial Personnel:

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year (01/04/2018)		Shareholding at the end of the year (31/03/2019)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	G.R. Morarka	2,82,66,590	15.01	2,82,66,590	15.01
	B.J. Maheshwari	–	–	–	–
	Vijay S. Banka	–	–	–	–

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment Amount in ₹

Particulars of Remuneration	Secured Loans excluding deposits	*Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year as on April 1, 2018				
i) Principal Amount	3,26,30,25,845	16,11,26,211	-	3,42,41,52,056
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	29,58,115	-	-	29,58,115
Total (i+ii+iii)	**3,26,59,83,960**	**16,11,26,211**	**-**	**3,42,71,10,171**
Change in Indebtedness during the financial year				
* Addition	3,77,04,91,073	-		3,77,04,91,073
* Reduction	54,04,99,989	1,11,26,211		55,16,26,200
Indebtedness at the end of the financial year as on 31st March, 2019				
i) Principal Amount	6,49,30,16,929	15,00,00,000		6,64,30,16,929
ii) Interest due but not paid	-	-		-
iii) Interest accrued but not due	61,21,626	-		61,21,626
Total (i+ii+iii)	**6,49,91,38,555**	**15,00,00,000**		**66,49,91,38,555**

** As per IND-AS, unsecured loans include preference shares.*

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: Amount in ₹

SN	Particulars of Remuneration	Name of MD/WTD/ Manager			
		Shri G.R. Morarka*	Shri Vijay S. Banka	Shri B.J. Maheshwari	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	72,00,600	1,30,88,302	1,29,99,616	
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	8,52,120	3,44,556	3,44,556	
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	1,10,76,923			
2	Stock Option				
3	Sweat Equity				
4	Commission - as % of profit-5%	1,15,76,645			
5	Others, please specify				
	Total (A)	3,07,06,288	1,34,32,858	1,33,44,172	
	Ceiling as per the Act				116,50,8828

* Remuneration payable to Shri G.R. Morarka is for such period of his service as he was employed with the Company during the year i.e (from 1st April, 2018 to 17th April, 2018 and 1st January, 2019 to 31st March, 2019).

B. Remuneration to other Directors Amount in ₹

SN	Particulars of Remuneration	Name of Directors			Total Amount
		Shri B K Agarwal	Shri K N Prithviraj	Ms. Nina Chatrath	
1	Independent Directors				
	Fee for attending board committee meetings	3,20,000	2,65,000	2,90,000	8,75,000
	Commission				
	Others, please specify				
	Total (1)	**3,20,000**	**2,65,000**	**2,90,000**	**8,75,000**
2	Other Non-Executive Directors	Not Applicable			
	Fee for attending board committee meetings				
	Commission				
	Others, (Salaries, allowances, Bonus, Leave encashment, Co's contribution to EPF)				
	Total (2)				
	Total =(1+2)	**3,20,000**	**2,65,000**	**2,90,000**	**8,75,000**
	Total Managerial Remuneration	**3,20,000**	**2,65,000**	**2,90,000**	**8,75,000**
	Overall Ceiling as per the Act				

** Overall ceiling is within the ceiling of remuneration as defined u/s 198 of the Companies Act, 2013*

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

We have Whole Time Director acting as Executive Chairman, Managing Director and another Managing Director acting as CS cum CCO, details of which are already provided in Table VI A, hence -NOT APPLICABLE

SN	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961				
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961				
2	Stock Option				
3	Sweat Equity				
4	Commission				
	- as % of profit				
	others, specify…				
5	Others, please specify				
	Total				

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY:					
Penalty					
Punishment			NIL		
Compounding					
B. DIRECTORS					
Penalty					
Punishment			NIL		
Compounding					
B. DIRECTORS					
Penalty					
Punishment			NIL		
Compounding					

By Order of the Board
For DWARIKESH SUGAR INDUSTRIES LIMITED

B.J. Maheshwari
Managing Director & CS cum CCO
(DIN - 00002075)

Vijay S. Banka
Managing Director
(DIN - 00963355)

Place: Mumbai
Dated: May 23, 2019

ANNEXURE - II

FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms-length transactions under third proviso thereto

DETAILS OF CONTRACTS OR ARRANGEMENTS OR TRANSACTIONS NOT AT ARM'S LENGTH BASIS – NOT APPLICABLE

DETAILS OF MATERIAL CONTRACTS OR ARRANGEMENT OR TRANSACTIONS AT ARM'S LENGTH BASIS:

(a)	Name(s) of the related party and nature of relationship	Moraka Finance Limited
(b)	Nature of contracts/ arrangements/ transactions	Lease of office premises
(c)	Duration of the contracts arrangements/transactions	Five years
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	For Company's Mumbai based corporate office, the premises of related party – Morarka Finance is taken on Leave & License for five years, rent of ₹18,28,764/- paid for the year ended March 31, 2019 with clause of increasing the same at an interval of 1 year.
(e)	Date(s) of approval by the Board, if any:	
(f)	Amount paid as advances, if any:	Nil

(a)	Name(s) of the related party and nature of relationship	Morarka Finance Limited
(b)	Nature of contracts/ arrangements/ transactions	Management consultancy services
(c)	Duration of the contracts arrangements/transactions	--
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	To assist the Company in corporate advisory services, arrangement of finance from other banks, NBFCs, financial institutes, NBFIs etc at the fees of ₹39,64,800/- paid for the year ended March 31, 2019
(e)	Date(s) of approval by the Board, if any:	
(f)	Amount paid as advances, if any:	Nil

(a)	Name(s) of the related party and nature of relationship	Dwarikesh Trading Company Limited
(b)	Nature of contracts/ arrangements/ transactions	Lease of premises
(c)	Duration of the contracts arrangements/transactions	
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	For Company's Mumbai based operations, the premises of related party – Dwarikesh Trading Co Ltd is taken on Leave & License, rent of ₹80,28,720/- paid for the year ended March 31, 2019 with clause of increasing the same at an interval of 1 year.
(e)	Date(s) of approval by the Board, if any:	
(f)	Amount paid as advances, if any:	Nil

(a)	Name(s) of the related party and nature of relationship	Dwarikesh Trading Company Limited
(b)	Nature of contracts/ arrangements/ transactions	Lease of premises
(c)	Duration of the contracts arrangements/transactions	
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	Lease of Company's premises at Jorbagh, New Delhi to Dwarikesh Trading Company Ltd given on 99 years lease from June 1, 2011 at rent of ₹2,40,000/- p.a. received during the year ended March 31, 2019.
(e)	Date(s) of approval by the Board, if any:	
(f)	Amount paid as advances, if any:	Nil

(a) Name(s) of the related party and nature of relationship	Dwarikesh Informatics Limited
(b) Nature of contracts/ arrangements/ transactions	Website updates and maintenance
(c) Duration of the contracts arrangements/transactions	
(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	Company's website www.dwarikesh.com being maintained and updated with regular updates pertaining to company's operations and other shareholders information and regulatory updates at ₹37,76,000/- for the year ended March 31, 2019.
(e) Date(s) of approval by the Board, if any:	
(f) Amount paid as advances, if any:	Nil

(a) Name(s) of the related party and nature of relationship	Priyanka G. Morarka
(b) Nature of contracts/ arrangements/ transactions	Appointment and remuneration as Vice President Corporate Affairs
(c) Duration of the contracts arrangements/transactions	-
(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	She has been appointed as Vice President Corporate Affairs at the remuneration of ₹31,23,440/- paid for the year ended March 31, 2019
(e) Date(s) of approval by the Board, if any:	
(f) Amount paid as advances, if any:	Nil

(a) Name(s) of the related party and nature of relationship	R R Morarka Charitable Trust
(b) Nature of contracts/ arrangements/ transactions	Construction/Acquisition of Assets
(c) Duration of the contracts arrangements/transactions	--
(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	For construction/ acquisition of assets Company has paid ₹4,04,04,943/- for the year ended 31st March, 2019
(e) Date(s) of approval by the Board, if any:	
(f) Amount paid as advances, if any:	Nil

By Order of the Board

For DWARIKESH SUGAR INDUSTRIES LIMITED

B.J. Maheshwari
Managing Director & CS cum CCO
(DIN - 00002075)

Vijay S. Banka
Managing Director
(DIN - 00963355)

Place: Mumbai
Dated: May 23, 2019

ANNEXURE – III

Statement of Disclosure of Remuneration under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

A) Details of the ratio of the remuneration of each director to the median employee's remuneration and other details as required pursuant to Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given below:

Name of Director	Designation	Ratio to median employees remuneration
Shri G.R. Morarka	Executive Chairman	82.43:1
Shri Vijay S. Banka	Managing Director	36.14:1
Shri B.J. Maheshwari	Managing Director & CS cum CCO	35.89:1
Shri B.K. Agarwal	Independent Director	0.88:1
Shri K.N. Prithviraj	Independent Director	0.73:1
Ms. Nina Chatrath	Independent Director	0.80:1

a) Percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer and Company Secretary in the financial year 2018-19:

Name of Director	Designation	Percentage increase/(decrease) in remuneration
Shri G.R. Morarka	Executive Chairman	(40)%*
Shri Vijay S. Banka	Managing Director	20%
Shri B.J. Maheshwari	Managing Director & CS cum CCO	18%

* Remuneration payable to Shri G.R. Morarka is for such period of his service as he was employed with the Company during the year i.e (from 1st April, 2018 to 17th April, 2018 and 1st January, 2019 to 31st March, 2019).

b) Percentage increase in median remuneration of employee in the financial year 2018-19:

There is increase of 1.62% in median remuneration of employee during the current accounting year of 12 months over the previous accounting period consisting of 12 months. The increase looks marginal on account of various reasons such as induction of new employees, confirmation of employees from wage board to management grade etc.

c) Permanent employees

As on 31st March, 2019, the Company has on its payroll **646** permanent employees excluding seasonal employees.

d) Affirmation that the remuneration is as per the remuneration policy of the Company

Remuneration paid to Managing Director & Whole Time Director is as per approved policy of the Company.

e) A statement showing the name of every employee of the Company, who-

- If employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than One crore & twenty lakh rupees; **2 (Shri Vijay S. Banka, Managing Director & Shri B.J. Maheshwari, Managing Director & CS cum CCO).**
- If employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than Eight lakh fifty thousand rupees per month: **1 (Shri G.R. Morarka, Executive Chairman).**

- If employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the Company: **NIL**

B. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

There is increase of 8% to 10% in average amongst employees & increase of 18% to 20% in managerial remuneration of Managing Directors. The increase in managerial remuneration is commensurate with the increase in peer groups as well as considering the efforts, time, skill put in by employees & Managing Directors.

C. Details of remuneration with break-up of components paid to Executive Chairman & Managing Directors, terms of appointment are stated in Corporate Governance Report.

By Order of the Board
For DWARIKESH SUGAR INDUSTRIES LIMITED

	B.J. Maheshwari	**Vijay S. Banka**
Place: Mumbai	Managing Director & CS cum CCO	Managing Director
Dated: May 23, 2019	(DIN - 00002075)	(DIN - 00963355)

ANNEXURE - IV

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITIES (CSR) ACTIVITIES

1. **A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:**

   The Board of Directors (Board) adopted the CSR Policy on May 09, 2014 which is available on the Company's website. The Company has been doing innumerable works for social cause in the sphere of education, health and other charitable activities even before this clause had come into force. The vision is to empower the community through socio- economic development of under-privileged and weaker sections.

   Company has been carrying out its various CSR activities through its trust R.R. Morarka Charitable Trust, which is a registered trust. There has always been main interest in Children Education which has led to the establishment of R R Morarka School at Bijnor and also of R Moraka Rajkiya Mahavidhyalaya at Rajasthan, which is successfully managed and run by us.

   The CSR policy of the Company has been disclosed on the website of the Company and is available at the following web link: http://www.dwarikesh.com/pdf/2018/Policy-on-Corporate-Social- Responsibility.pdf

2. **The composition of the CSR Committee:**

   Your Company's CSR Committee comprises of:

   Shri B.K. Agarwal – Chairman

   Shri G.R. Morarka – Member *

   Shri B.J. Maheshwari – Member

   Shri Vijay S. Banka – Member

   Shri K.N. Prithviraj - Member#

   * appointed as member of the Committee from January 01, 2019.

   # appointed as member of the Committee from February 02, 2019.

3. **Average net profit of the Company for last three financial years:** ₹12022.55 lakhs

4. **Prescribed expenditure (two percent of the amount as in item 3 above):** ₹240.45 lakhs

5. **Details of CSR spent during the financial year:**

   (a) Total amount to be spent for the financial year- ₹240.45 lakhs

   (b) Amount spent, if any: ₹423.92 lakhs

(c) Manner in which the amount spent during the financial year is detailed below:

S. N	CSR project or activity identified	Sector in which the Project is covered	Projects or Programs 1. Local area or other 2. Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects Or programs Sub - heads: 1.Direct expenditure on projects or programs 2. Overheads:	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through implementing agency
1.	Promoting Education	Promoting education, employment, vocational skills in children, women, elderly and disabled persons and livelihood enhancement projects	Local area- Bijnor, Uttar Pradesh		88,62,838	88,62,838	Refer Note. 2
2	Promoting Education	promoting education, employment, vocational skills in children, women, elderly and disabled persons and livelihood enhancement projects	Jhunjhunu, Rajasthan		3,15,68,105	3,15,68,105	Refer Note. 2
3.	Promoting health care	Eradicating hunger, poverty and malnutrition, promoting health care including preventinve health care"] and sanitation [including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation] and making available safe drinking water	Local area- Bijnor, Uttar Pradesh		19,60,590	19,60,590	Refer Note. 2
			Total		423,91,533	423,91,533	

Notes:

1. The programs and projects identified are restricted not only to manufacturing state of the Company but also to other state.
2. The Company spends the amounts allocated for CSR activities either by itself or through its implementing agency R R Moraka Charitable Trust.
3. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report: Not Applicable.

A responsibility statement of the CSR Committee: The Committee confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

By Order of the Board
For DWARIKESH SUGAR INDUSTRIES LIMITED

B.J. Maheshwari
Managing Director & CS cum CCO
(DIN - 00002075)

Vijay S. Banka
Managing Director
(DIN - 00963355)

Place: Mumbai
Dated: May 23, 2019

Annexure V

Corporate Governance Report

Introduction: Corporate Governance is the mechanism by which the values, principles, management policies and procedures of a corporation are made manifest in the real world. It contemplates fairness, transparency accountability and responsibility in the functioning of the Management and the Board of Companies. Corporate Governance is based on preserving core beliefs and ethical business conduct while maintaining a strong commitment to maximize long-term stakeholder value.

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Your Company has implemented and continuously tries to improve the Corporate Governance Practices with an attempt to meet stakeholders' expectations' and Company's societal commitments through high standards of ethics, sound business decisions, prudent financial management practices, professionalism in decision making and conducting the business and finally with strict compliance of regulatory guidelines on Corporate Governance.

"Transparency, honesty, efficiency, complete and timely disclosure and sustained enhancement of shareholders value, justice to vendors, employees and the society at large are the cardinal principles of Corporate Governance for your Company."

A Report on compliance with the principles of Corporate Governance as prescribed by The Securities and Exchange Board of India (SEBI) in Chapter IV read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time (hereinafter referred to as "Listing Regulations") is given below:

2. BOARD OF DIRECTORS

Composition of Board of Directors and Category:

In compliance with provision of Companies Act, 2013, as amended from time to time (hereinafter referred to as "the Act") and Regulation 17 of Listing Regulations, the Board has an optimum combination of Executives and Non-Executive Directors with an Executive Chairman and not less than half of the Board comprising of Non- Executive Independent Director including woman Independent Director to maintain the independence of the Board.

As on 31st March, 2019 the Board consisted of 6 Directors as follows:

Name of the Director	Category	No. of other Directorship@	No. of membership of other Board committee@	No. of Board Committee for which Chairman@	No. of Equity shares held
Shri G.R. Morarka #	Executive Chairman (Addl. Director)	4	1	–	2,82,66,590
Shri B.K. Agarwal	Non-Executive Independent Director	–	–	–	–
Shri K.N. Prithviraj	Non-Executive Independent Director	5	-	–	–
Ms. Nina Chatrath	Non-Executive Independent Director	–	–	–	–
Shri B.J. Maheshwari#	Managing Director	3	2	1	–
Shri Vijay S. Banka #	Managing Director	2	2	–	–

@ *In accordance with Listing Regulations, directorships of only public limited companies have been considered. The directorships in section 8 companies and private companies have been excluded. Further, memberships & chairmanships of only Audit committee and Stakeholders Relationship Committee of all Public Limited Companies (excluding Dwarikesh Sugar Industries Limited) have been considered.*

Shri G.R. Morarka had resigned from the post of Managing Director & all committees of the board on April 18, 2018 due to health issues but continued to remain on board as Chief Mentor and thereafter in the meeting of Board of Directors of the Company held on December 17, 2018, Shri G.R. Morarka was appointed as Addl. Director till the ensuing General Meeting of the Co. and Whole Time Director designated as Executive Chairman subject to confirmation of Members, w.e.f. 01.01.2019.

Shri B.J. Maheshwarihad been re-designated as Managing Director & CS cum CCO of the Company w.e.f. May 07, 2018.

Shri Vijay S. Banka had been re-designated as Managing Director & CFO of the Company w.e.f. May 07, 2018 and thereafter in the meeting of Board of Directors of the Company held on August 07, 2018 he was re-designated as Managing Director.

As required under Schedule V of Listing Regulations, following is the List of Listed Entities where the person is a Director and the category of its Directorship:

Director	Listed Entity	Category of Directorship
Shri G.R. Morarka	Morarka Finance Limited	Executive Director
Shri B.J. Maheshwari	Morarka Finance Limited	Independent Non Executive Director
Shri Vijay S. Banka	Morarka Finance Limited	Independent Non Executive Director

As mandated by Regulation 26 of Listing Regulations, none of the directors are Members of more than 10 Committees nor are they Chairperson of more than 5 committees in which they are Directors.

Attendance of each Director at the Board Meetings and the Last Annual General Meeting:

During the year ended 31st March, 2019, 5 **(Five)** Board Meetings were held: on; **May 07, 2018; August 07, 2018; November 1, 2018; December 17, 2018 & February 02, 2019**. The attendance of each director at these Board meetings and the last Annual General Meeting (AGM) was as follows:

Name of the Directors	No. of Board meeting attended	Attendance at Last AGM held on August 31, 2018
Shri G.R. Morarka	2	No
Shri B.K. Agarwal	3	Yes
Shri B.J. Maheshwari	5	Yes
Shri Vijay S. Banka	5	Yes
Shri K.N. Prithviraj	5	No
Ms. Nina Chatrath	5	Yes

Inter-se relationship:

There are no inter-se relationship between the Board members.

Number of shares held by Non- Executive Directors:

The non-executive directors of the Company do not hold any shares in the Company.

Familiarization Programme:

In terms of Regulation 25 of the Listing Regulations, the Company is required to conduct various programmes for the Independent Directors of the Company to familiarize them with their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc.

The details of such programmes for familiarisation of the Independent Directors are put on the website of the Company at the following web-link: http://www.dwarikesh.com/pdf/2018/Familiarisation-Programme-for-Independent-Directors.pdf.

Skills/Expertise/Competence of Board of Directors:

In order to ensure effective functioning of the Company, the Board requires specialized knowledge, experience and expertise in the areas such as:

Nomination and Remuneration Committee while considering of appointment of any person as Director ensure that he possess the skills as required for the efficient functioning of the Company and all other qualifications as prescribed under Listing Regulations and the Act and also such other skills, positive attributes etc which may be fruitful in enhancing the growth of Company, which is then recommended to Board for their approval.

Independent Directors:

A statement, in connection with fulfilling the criteria of Independence and directorships as per the requirement of the provisions of the Act and Regulation 25 of Listing Regulations received from each of Independent Directors, is disclosed in the Board's Report. Your Company had also issued formal appointment letters to all the Independent Directors in the manner provided under the Act. Terms and Conditions for appointment of Independent Directors are available on the website of the Company at http://www.dwarikesh.com/pdf/2018/Terms-of-Appointments-of-Independent-Directors.pdf

During the year under review, no Independent Director had resigned from the Company.

3. COMMITTEES OF BOARD

A. *AUDIT COMMITTEE*

Pursuant to Regulation 18 of Listing Regulations read with provisions of Section 177 of the Act, the Committee was constituted on 13th January, 2001 with three members being Independent, Non-Executive Directors and one Executive Director, names of which are specified below. All members are eminent in their field and also financially literate. Shri B.K. Agarwal is Chairperson of the Audit Committee. The Chairman of the Audit Committee was present at the last Annual General Meeting to answer queries of Shareholders.

During the year under review, Shri G.R. Morarka ceased to be Member of the Committee with effect from 18th April, 2018.

Shri B.J. Maheshwaribeing a Company Secretary of the Company acts as the Secretary to the Committee.

Terms of Reference:

The terms of reference of the Audit Committee includes matters which are set out in Regulation 18 read with Part C of Schedule II of the Listing Regulations read with Section 177 of the Companies Act, 2013 which inter alia consist of the following:

a) oversight the Company's financial reporting procedure and the disclosure of its financial information;

b) to examine the Financial Statement and the Auditor's Report on it;

c) recommendation for appointment, remuneration and terms of appointment of Auditors of the Company;

d) to review and monitor the Auditor's independence and performance, effectiveness of the audit process;

e) approval or any subsequent modification of the transactions of the Company with related parties;

f) to scrutinize inter corporate loans and investments;

g) valuation of undertakings or assets of the Company, wherever it is necessary;

h) to evaluate the Internal Financial Controls and Risk Management System;

i) to monitor the end use of funds raised through public offers and related matters.

The Committee also reviews the observations of the Internal and Statutory Auditors, along with the comments and action taken thereon by the Management and invites senior executives to its Meetings as necessary.

Constitution of Audit Committee as on 31st March, 2019:

1.	Shri B.K. Agarwal	(Chairperson)	Non-Executive Independent Director
2.	Shri Vijay S. Banka	(Member)	Managing Director
3.	Shri K.N. Prithviraj	(Member)	Non-Executive Independent Director
4.	Ms. Nina Chatrath	(Member)	Non-Executive Independent Director

Meeting and Attendance

During the period ended March 31, 2019, five (5) Audit Committee Meetings were held **May 07, 2018; August 7, 2018; November 1, 2018; December 17, 2018 & February 02, 2019;**

Name of the Directors	No of meeting attended
Shri Vijay S. Banka	5
Shri K.N. Prithviraj	5
Shri B.K. Agarwal	3
Ms. Nina Chatrath	5

B. *NOMINATION AND REMUNERATION COMMITTEE*

In terms of Section 178 of the Act and Regulation 19 of the Listing Regulations, the Nomination & Remuneration Committee was formed on 22nd October, 2001 comprising of three members as Independent Directors, including its Chairman, namely Shri K.N. Prithviraj (Chairman of the Committee).

Shri B.J. Maheshwari, the Company Secretary of the Company acts as the Secretary to the Committee.

Terms of Reference:

The terms of reference of the Nomination and Remuneration Committee are in line with the regulatory requirements mandated in the Act and Part D of Schedule II of the Listing Regulations, which are as follows:

- to formulate criteria for determining qualifications, positive attributes and independence of a director
- to recommend the Board a policy, relating to the remuneration of the Directors, Key Managerial personnel and other employees;

- to formulate the criteria for evaluation of Independent Directors and the Board;
- to devise a policy on Board diversity;
- to identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal, etc

The non-executive directors do not draw any remuneration from the Company except payment by way of sitting fees for attending the board / committee meetings.

Composition of Nomination & Remuneration Committee as on 31st March, 2019:

1.	Shri K.N. Prithviraj	(Chairperson)	Non-Executive Independent Director
2	Shri B.K. Agarwal	(Member)	Non-Executive Independent Director
3	Ms. Nina Chathrath	(Member)	Non-Executive Independent Director

Meeting and Attendance:

During the year ended 31st March, 2019, four (4) Nomination and Remuneration committee meetings were held on **May 07, 2018, August 07, 2018, December 17, 2018 & February 02, 2019**.

Name of the Directors	No of meeting attended
Shri B.K. Agarwal	3
Shri K.N. Prithviraj	4
Ms. Nina Chathrath	4

Performance Evaluation Criteria for Independent Directors:

The performance evaluation of Independent Directors were based on various criteria, inter alia, including attendance at Board and Committee Meetings, skill, experience, ability to challenge views of others in a constructive manner, knowledge acquired with regard to the Company's business, understanding of industry and global trends etc.

The manner in which the annual performance evaluation is done by the Board including the criteria for the same is discussed in detail in Directors Report.

C. STAKEHOLDERS RELATIONSHIP COMMITTEE

In terms of Section 178 of the Act and Regulation 20 of the Listing Regulations, Stakeholders' Relationship Committee was constituted on 17th March, 2001 to oversee the matters relating to redressal of Stakeholder complaints pertaining to issue of duplicate shares, transfer of shares, non-receipt of Annual Report, non-receipt of declared dividends etc.

It consist of five members, out of which three are Independent Director, including the Chairman of the Committee, namely Shri B.K. Agarwal and two Executive Director of the Company.

Shri B.J. Maheshwari, Company Secretary is designated as Chief Compliance officer of the Company.

Composition of Stakeholders' Relationship Committee as on 31st March, 2019:

1.	Shri B.K. Agarwal	(Chairperson)	Non-Executive Independent Director
2.	Shri Vijay S. Banka	(Member)	Managing Director
3.	Shri B.J. Maheshwari	(Member)	Managing Director & CS cum CCO
4.	Ms. Nina Chatrath	(Member)	Non-Executive Independent Director
5.	Shri K.N. Prithviraj*	(Member)	Non-Executive Independent Director

** Shri K.N. Prithviraj was inducted as Member of the Committee as on February 02, 2019.*

The role of the Stakeholders Relationship Committee shall, inter-alia, include the following:

1. To consider and resolve investors grievances or shareholders grievances.
2. To appoint Registrars and Share Transfer Agent.
3. To transfer, transmit, consolidate, issue duplicate share certificates, split share certificates, etc.
4. To consider and resolve complaints of Shareholders regarding non-receipt of Annual Report and non-receipt of Declared dividend etc.
5. To perform all functions relating to the interest of the

stakeholders of the Company as may be required by the provisions of the Act and the rules made thereunder, Listing Regulations and the guidelines issued by SEBI or any other regulatory authority.

6. To approve share transfers and/or delegation thereof.

The Stakeholders Relationship Committee is also required to submit their reports / suggestions to the Board of Directors of the Company from time to time.

Meeting and Attendance

During the year ended 31st March, 2019, four (4) Stakeholder and Relationship committee meetings were held on **May 07, 2018, August 07, 2018, November 1, 2018 & February 02, 2019.**

Name of the Directors	No of meeting attended
Shri B.K. Agarwal	2
Shri Vijay S. Banka	4
Shri B.J. Maheshwari	4
Ms. Nina Chatrath	4
Shri K.N. Prithviraj*	0

** Shri K.N. Prithviraj was inducted as Member of the Committee as on February 02, 2019.*

As per Section 178(7) of the Act and Secretarial Standards, the Chairman of the Committee attended the Annual General Meeting of the Company held on August 31, 2018.

Complaints & Share Transfer:

During the period ended 31st March, 2019, no complaint was received during the period. No compliant was pending at the beginning or at the end of the year. The Company has acted upon all valid requests for share transfer received during the year and no such transfer is pending.

D. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The Committee was constituted, under the provision of Section 135 of the Act and Listing Regulations, on 13th August, 2014 so as to assist the Board in discharge its social responsibilities by way of formulating and monitoring implementation of the framework of CSR Policy as specified in Schedule VII of the Act and recommending the amount of expenditure to be incurred.

The Committee comprises of two Independent Director, out of which one being Chairman of the Committee, namely Shri B.K Agarwal and three Executive Director as follows:

Composition:

1.	Shri B.K. Agarwal	(Chairperson)	Non-Executive Independent Director
2.	Shri Vijay S. Banka	(Member)	Managing Director
3.	Shri B.J. Maheshwari	(Member)	Managing Director & CS cum CCO
4.	Shri G.R. Morarka #	(Member)	Executive Chairman (Addl. Director)
5.	Shri K.N. Prithviraj #	(Member)	Non-Executive Independent Director

 # Shri G.R. Morarka was inducted as Member in the committee w.e.f. January 01, 2019.

 # Shri K.N. Prithviraj was inducted as Member in the committee w.e.f. February 02, 2019.

Meeting and Attendance

During the year ended 31st March, 2019, four (4) Corporate Social Responsibility committee meetings were held on **May 07, 2018, August 07, 2018, November 1, 2018 & February 02, 2019**.

Name of the Directors	No of meeting attended
Shri B.K. Agarwal	2
Shri Vijay S. Banka	4
Shri B.J. Maheshwari	4
Shri G.R. Morarka	1
Shri K.N. Prithviraj #	0

 # Shri K.N. Prithviraj was inducted as Member in the committee w.e.f. February 02, 2019.

The details of CSR initiatives undertaken by the Company are provided in the CSR Report annexed to the Directors Report.

4. REMUNERATION OF DIRECTORS

The details of remuneration paid or provided to the Directors of the Company for the period ended 31st March, 2019 are provided below:

A. EXECUTIVE DIRECTORS:

Shri G.R. Morarka is appointed as Whole Time Director designated as Executive Chairman (Additional Director) of the Company, w.e.f. January 01, 2019 in the Board Meeting held on December 17, 2018.

Shri Vijay S. Banka is Managing Director of the Company and Shri B.J. Maheshwari is Managing Director & CS cum CCO of the Company

1. Remuneration to Managing Directors

Particulars	(₹ in lakhs)
Salary	191.61
Ex Gratia & Interim Bonus	50.00
Leave Encashment	19.27
Commission	-
Total	**260.88**
Company's Contribution to P.F. (exempted allowance)	6.89

2. Remuneration to Executive Chairman (Addl. Director)

Particulars	(₹ in lakhs)
Salary	72.01
Other Allowances	-
Gratuity	110.77
Leave Salary	-
Commission	115.77
Interim Bonus	-
Total	**298.55**
Company's Contribution to P.F. (exempted allowance)	8.52

1. In the Board Meeting held on May 07, 2018 Shri B.J Maheshwari & Shri Vijay S. Banka had been re-designated from Whole Time Directors to Managing Directors of the Company for residual period of 3 years, i.e, till April 30, 2021.
2. Shri G.R. Morarka is appointed for a period of 3 years from the date of his appointment, subject to members' approval.
3. The remuneration of the Executive Directors of the Company is fixed by the Board of Directors of the Company on the recommendation of Nomination and Remuneration Committee of the Company and also approved by Shareholders of the Company.

B. NON EXECUTIVE DIRECTORS: *(₹ in lakhs)*

Name of the Director	Sitting fees	Commission Payable	Total Payments paid / Payable in 2018-19
Shri B.K. Agarwal	3.20	---	3.20
Shri K.N. Prithviraj	2.65	---	2.65
Ms. Nina Chatrath	2.90	---	2.90

1. Shri B. K Agarwal, Shri K.N Prithviraj & Ms. Nina Chatrath, Independent Non- Executive Directors of the Company, have a term of appointment of five years.
2. They were paid sitting fees of ₹40,000/- for attending every meeting of Board of Directors of the Company and ₹5,000 for attending every Committee Meeting of the Company. However, w.e.f. February 02, 2019, sitting fees for attending Board Meeting & Committee Meeting had been increased to ₹50,000/- & ₹10,000/- respectively.
3. None of the Non-Executive Directors of the Company had any pecuniary relationship or transactions vis-à-vis the Company.

Notes:

1. There is no notice period for Directors of the Company.
2. No stock options have been granted to any directors of the Company.
3. Severance fees is nil.
4. For Executive Directors of the Company, Performance Pay is the only component of remuneration that is performance-linked. All other components are fixed.

5. GENERAL BODY MEETINGS

Location and time, where last Annual / Extra Ordinary General Meetings were held during last 3 years is given below:

Financial Year	Date	Location of the Meeting	Time	AGM/ EGM
2015-16	August 05, 2016	Dwarikesh Nagar – 246 762 District : Bijnor, Uttar Pradesh	10.00 a.m.	AGM
2016-17	August 19, 2017	Dwarikesh Nagar – 246 762 District : Bijnor, Uttar Pradesh	10.00 a.m.	AGM
2017-18	August 31, 2018	Dwarikesh Nagar – 246 762 District : Bijnor, Uttar Pradesh	12.30 p.m.	AGM

Special resolutions passed in General Meetings during last 3 years:

Date	Particulars	
5th August, 2016	a.	Adoption of new Articles of Association.
	b.	Approval for remuneration of Shri G.R. Morarka for two years.
	c.	Approval for amendment of capital clause.
	d.	Approval for preferential allotment of securities.
19th August, 2017	a.	Re-appointment & fixation of remuneration of Shri G.R. Morarka (DIN 00002078).
	b.	Re-appointment & fixation of remuneration of Shri B.J. Maheshwari(DIN 00002075).
	c.	Re-appointment & fixation of remuneration of Shri Vijay S. Banka (DIN 00963355).
31st August, 2018	a.	Re-designation of Shri Vijay S. Banka from Whole Time Director & CFO to Managing Director & CFO.
	b.	Re-designation of Shri B.J. Maheshwari from Whole Time Director & CS cum CCO to Managing Director & CS cum CCO.
	c.	Approval for continuation of holding of office of Shri B.K. Agarwal (Non-Executive Independent Director).

Details of Special Resolution Passed through Postal Ballot

No Special Resolution was passed through postal ballot for year ended 31st March, 2019 and no special resolution is proposed to be conducted through Postal Ballot.

6. MEANS OF COMMUNICATION

Quarterly Results: The Company's quarterly results as prescribed by the Stock Exchanges pursuant to Regulation 33, 47 of the Listing Regulations are approved and taken on record by the Board within the prescribed time frame, and sent forthwith to all Stock Exchanges on which the Company's shares are listed. These results are being published in leading newspapers i.e, Business Standard for English and Shah times for Hindi.

Website: As per the requirements of Regulation 47 of the Listing Regulations, all the data related to quarterly financial results, shareholding pattern, presentation made to institutional investors or to the analysts etc. is filed with stock exchanges and also displayed on the Company's website: **(www.dwarikesh.com)** within the time prescribed in this regard. The Company's website also displays the official news releases.

Annual Report: Annual Report containing, inter alia, Audited Annual Accounts, Financial Statements, Directors' Report, Auditors' Report and other important information is circulated to members and others entitled thereto. The Management Discussion and Analysis (MD&A) Report forms part of the Annual Report.

7. GENERAL SHAREHOLDER INFORMATION

Annual General Meeting	25th Annual General Meeting
Date, Time and Venue	Thursday, September 05, 2019 at 12.30 p.m. at Dwarikesh Nagar – 246 762 District : Bijnor, Uttar Pradesh
Financial Calendar Particulars (April - March) (tentative and subject to change)	The financial year of the Company is from 1st April to 31st March every year
First Quarter Results	On or before 14th August, 2019
Second Quarter Results	On or before 14th November, 2019
Third Quarter Results	On or before 14th February, 2020
Last Quarter Results	On or before 30th May, 2020
Dates of Book Closure	Friday, August 30, 2019 to Thursday, September 05, 2019 (both days inclusive).
Dividend Payment Date	Will be paid within 30 days of AGM
Listing Details	As mentioned below

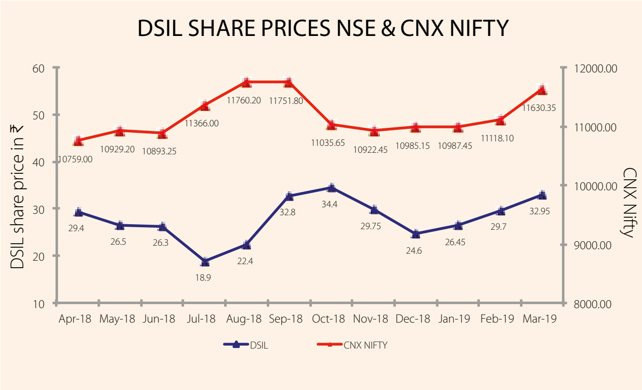
The details of the Stock Exchanges on which the Company's shares are listed are as under:

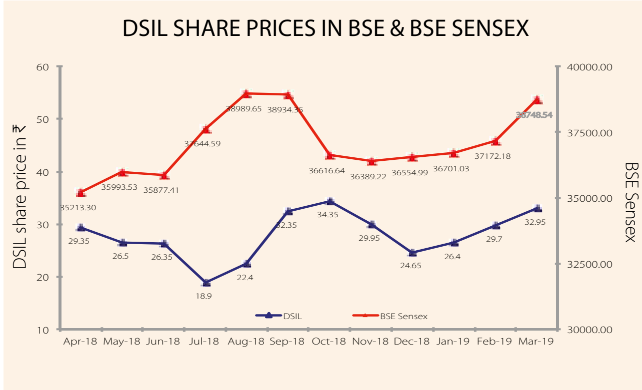
Name	Address	Stock Code
BSE Limited (BSE)	PhirozeJeejeebhoy Towers, Dalal Street, Mumbai - 400 001	532610
The National Stock Exchange of India Ltd. (NSE)	"EXCHANGE PLAZA", Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051	"DWARKESH"
International Securities Identification Number (ISIN)		INE366A01041

Payment of Listing Fees: Annual listing fee for the year 2019-20 (as applicable) has been paid by the Company to BSE & NSE.

MARKET PRICE DATA: Monthly high/low of market price of the Company's equity shares traded on the Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE) during the last financial year was as under:

Month	NSE			BSE		
	High	Low	Total Volume	High	Low	Total Volume
	₹	₹	Quantity No.	₹	₹	Quantity No.
Apr-18	29.40	23.20	2,17,79,023	29.35	23.05	39,92,184
May-18	26.50	17.85	3,28,02,714	26.5	17.80	48,24,206
Jun-18	26.30	16.10	3,74,93,141	26.35	16.10	43,67,904
Jul-18	18.90	14.00	3,44,96,161	18.90	14.05	58,20,664
Aug-18	22.40	18.55	2,01,49,914	22.40	18.55	34,43,647
Sep-18	32.80	17.40	8,34,44,593	32.35	17.50	1,13,14,572
Oct-18	34.40	19.20	4,39,29,341	34.35	19.15	72,68,428
Nov-18	29.75	22.30	66,99,301	29.95	21.70	15,13,611
Dec-18	24.60	20.75	34,08,795	24.65	20.55	7,33,456
Jan-19	26.45	21.25	70,05,870	26.40	21.50	16,65,970
Feb-19	29.70	22.15	1,82,61,913	29.70	22.10	20,13,445
Mar-19	32.95	27.40	2,24,85,209	32.95	27.50	25,18,206





REGISTRAR & SHARE TRANSFER AGENTS (RTA):

The Company has appointed **M/s. Universal Capital Securities Pvt. Ltd.** as Registrar and Share Transfer Agent, who have adequate infrastructure and VSAT connectivity with both the depositories, which facilitate better and faster service to the investors.

Universal Capital Securities Pvt. Ltd.
21, Shakil Niwas, Mahakali Caves Road, Andheri (East),
Mumbai - 400 093.
Tel: 28207201 / 7203 / 7204 / 7205,
Fax: 28369704 / 28207207
E-mail: info@unisec.in

SHARE TRANSFER SYSTEM:

Trading in equity shares of the Company is permitted only in dematerialised form.

All valid share transfer requests / demat requests are processed and put into effect within a maximum period of 15 days from the date of receipt.

M/s. Universal Capital Securities Pvt. Ltd. is acting as RTA of the Company for servicing all matters relating to physical and demat shares such as transfer, transmission, dematerialisation, rematerialisation, dividend etc. Accordingly, members may please address all correspondence and requests relating to the Shares of the Company to M/s. Universal Capital Securities Pvt. Ltd. at the above mentioned address.

Securities and Exchange Board of India (SEBI) vide its notification dated 08th June, 2018 has notified all listed Companies and Registrar & Transfer Agents that transfer of securities shall be carried out only in dematerialised form.

Accordingly, attention of all shareholders holding shares in physical form if brought to the following:

- Company & RTA shall not effect transfer of securities held in physical form from April 01, 2019.
- This restriction shall not be applicable for transmission or transposition of securities held in physical form.

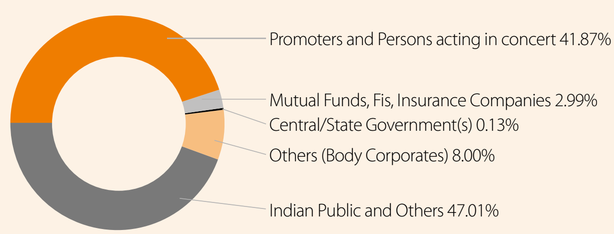
Change of Address:

The shareholders holding shares in Physical form should contact the share transfer agent of the Company for change of address. The shareholders holding shares in Dematerialised form should contact their depository participants for change of address.

Shareholding pattern of the Company as on 31st March, 2019.

Sr. No.	Particulars	Percentage
1	Promoters & Persons Acting in concert	41.87
2	Mutual Funds, Fis, Insurance Companies	2.99
3	Central/State Government(s)	0.13
4	Others (Body Corporates)	8.00
5	Indian Public & Others	47.01
	Total	100

Shareholding pattern as on March 31, 2019



Distribution of Shareholding as on 31st March, 2019:

Sr. No.	No. of Equity Shares Held in the range of	No. of Shareholders	Percentage	No. of Shares	Total Percentage
1	1 – 500	25874	63.770	4943202	2.625
2	501 – 1000	6319	15.574	5418146	2.877
3	1001 – 2000	3570	8.799	5645151	2.998
4	2001 – 3000	1411	3.478	3668796	1.948
5	3001 - 4000	687	1.693	2506583	1.331
6	4001 – 5000	678	1.671	3270361	1.737
7	5001-10000	1019	2.511	7720400	4.100
8	10,001 & above	1016	2.504	155128831	82.383
	Total	40574	100.00	188301470	100.00

Dematerialisation of Shares:

The Company has signed an agreement with the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As intimated by SEBI, trading in the shares of the Company is compulsorily to be in the dematerialised form for all the investors. As on 31st March, 2019, 99.86% of the total shares of the Company have been dematerialised.

Outstanding ADRs/GDRs/Warrants or any convertible instruments, conversion date and likely impact on equity:

Not Applicable.

Commodity Price Risk or Foreign Exchange Risk and Hedging Activities:

The Company does not have any exposure hedged through commodity derivatives.

During the year under review, the Company had managed the foreign exchange risk and hedged to the extent considered necessary. The Company enters into forward contracts for hedging foreign exchange exposures against exports and imports. The details of foreign currency exposure are disclosed in Note No. 52 to the Annual Financial Statements.

Location of Plants:

Sugar Mills:

- Dwarikesh Nagar – 246 762, Village: Bundki & Rajupura, Dist: Bijnor, Uttar Pradesh.
- Dwarikesh Puram – 246 722, Village: Bahadarpur, Dist: Bijnor, Uttar Pradesh.
- Dwarikesh Dham – 243 503, Village: Bhagwanpur Fulwa, Bakarganj, Dist: Bareilly, Uttar Pradesh.

Distillery:

- Dwarikesh Nagar – 246 762, Village: Bundki & Rajupura, Dist: Bijnor, Uttar Pradesh.

Co generation:

- Dwarikesh Nagar – 246 762, Village: Bundki & Rajupura, Dist: Bijnor, Uttar Pradesh.
- Dwarikesh Puram – 246 722, Village: Bahadarpur, Dist: Bijnor, Uttar Pradesh.
- Dwarikesh Dham – 243 503, Village: BhagwanpurFulwa, Bakarganj, Dist: Bareilly, Uttar Pradesh.

Address for Correspondence:

Compliance Officer

The Board has designated Shri B.J. Maheshwari, Managing Director and CS as the Chief Compliance Officer (CCO).

Corporate Secretarial Department

The Corporate Secretarial Department is located at the Company's Corporate Office situated at 511, Maker Chambers - V, 221, Nariman Point, Mumbai - 400 021. Tel: 022 22832468; Fax: 022 22047288; email: investors@dwarikesh.com

The Shareholders may address their communications/grievances/ queries to Shri B.J. Maheshwari, Managing Director and CS cum CCO at the above mentioned address.

List of all Credit Ratings:

During the year under review, the Company had been assigned Credit Ratings from ICRA Limited for its Long Term Outstanding Borrowings & Commercial Paper as follows:

- Long Term Outstanding Borrowing for ₹824.99 crores- **[ICRA]A+ with outlook being stable.**
- Commercial Paper for ₹300 crores- **[ICRA]A1+ indicating very strong degree of safety.**

8. OTHER DISCLOSURES

A. TRANSACTIONS DURING THE PERIOD:

- All related party transactions have been entered into in the Ordinary course of business and were placed periodically before the Audit Committee and the Board. All transactions with the related parties or others are on an arm's length basis. The Company does not have any material related party transactions except the ones disclosed in Note no. 50 in Notes to Accounts, which may have potential conflict with the interest of the Company at large. The policy on dealing with related party transaction can be viewed at http://www.dwarikesh.com/pdf/2018/Related-Party-Transactions-Policy.pdf.
- No penalty or strictures have been imposed on the Company by Stock Exchanges, SEBI or any Statutory Authority on any matter during last 3 years.
- The Compliance Reports of all laws applicable to the Company are periodically reviewed by the Board.

B. VIGIL MECHANISM

The Company has established a whistle blower mechanism to provide an avenue to raise concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy. The mechanism provides for adequate safeguards against victimization of directors / employees / customers who avail of the mechanism. The Company has adopted policy on Vigil Mechanism in the Board Meeting held on May 9, 2014. No complaints were received under this policy during the year. The policy is available on the Company's website at http://www.dwarikesh.com/pdf/2018/Whistle-Blower-Policy.pdf

C. DISCLOSURE OF ACCOUNTING TREATMENT:

All Accounting Standards mandatorily required have been followed in preparation of financial statements and no deviation has been made in following the same.

D. SUBSIDIARY COMPANIES:

The Company presently do not have any subsidiary in terms of provisions of Companies Act, 2013 and therefore corresponding disclosures have not been made.

E. CODES' AND POLICIES' WEBLINK:

Details of various policies and codes required to be framed under the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 are given on the website of the Company on weblink: http://www.dwarikesh.com/policies.html

F. INSIDER TRADING

The Company has adopted new Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information with effect from April 01, 2019, so as to bring it in line with amended SEBI (Prohibition of Insider Trading) Regulations, 2018 wherein some new requirements are brought in and the companies are required to revise its existing code of conduct on prohibition of Insiders Trading by a new set of Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI).The Company Secretary is responsible for the implementation of the code. All Board of Directors, designated employees and connected persons have been informed about the new policy and has affirmed compliance with the code.

G. UTILIZATION OF FUNDS RAISED THROUGH PREFRENTIAL ALLOTMENT

During the year under review, the Company has not raised funds through preferential allotment. Hence, Not Applicable.

H. CERTIFICATE FROM PRACTISING COMPANY SECRETARY FOR NON-DISQUALIFICATION OF DIRECTORS:

The Certificate of Company Secretary in practice is annexed herewith as a part of the report.

I. WHERE THE BOARD HAD NOT ACCEPTED ANY RECOMMENDATION OF ANY COMMITTEE OF THE BOARD WHICH IS MANDATORILY REQUIRED, IN THE RELEVANT FINANCIAL YEAR: Not Applicable

J. TOTAL FEES FOR ALL SERVICES PAID BY THE LISTED ENTITY AND ITS SUBSIDIARIES, ON A CONSOLIDATED BASIS, TO THE STATUTORY AUDITOR AND ALL ENTITIES IN THE NETWORK FIRM/NETWORK ENTITY OF WHICH THE STATUTORY AUDITOR IS A PART:

Details relating to fees paid to the Statutory Auditors are given in Note 45(a) to the Audited Financial Statements of the Company.

K. DISCLOSURE IN RELATION TO SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

As per the requirement of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013(POSH), your Company has a robust mechanism in place to redress complaints reported under it. The Company has complied with provisions relating to the constitution of Internal Complaints Committee under POSH. The Internal Committee (IC) is composed of internal members and an external member who has extensive experience in the field. All employees (permanent, contract, temporary, trainees) are covered under this policy. The policy is gender neutral. Status of complaints during the year under review is as follows:

No. of complaints filed during the financial year: **NIL**

No. of complaints disposed of during the financial year: **NIL**

No. of complaints pending as on end of the financial year: **NIL**

L. Corporate Benefits:

Financial Year	Equity Dividend Rate	Dividend Declaration Date
1997-1998	15%	30/03/1999
1998-1999	15%	28/03/2000
1999-2000	15%	19/06/2001
2000-2001	15%	27/03/2002
2001-2002	5%	31/05/2003
2002-2003	5%	29/03/2004
2003-2004	20%	01/11/2004
2004-2005	60%	16/01/2006
2005-2006	60%	23/03/2007
2006-2007	NIL	---
2007-2008	NIL	---
2008-2009	15%	16/03/2010
2009-2010	NIL	---
2010-2011	NIL	---
2011-2012	NIL	---
2012-2013	NIL	---
2013-2015	NIL	---
2015-2016	NIL	---
2016-2017	100%	19/08/2017
2017-2018	NIL	---

STATUS OF UNPAID DIVIDEND & SUSPENSE ACCOUNT:

Dividend for the year	Amount of Dividend (₹)	Amount of unpaid dividend as on 31.03.2019 (₹)	Due Date of transfer to IEPF
2016-17	188301470	8,33,380	22/09/2024

The Company sends reminders to the shareholders for the unpaid dividend. In terms of Section 125 of the Act, read with rules made thereunder, the Company is required to transfer the unpaid dividend amounts which remained unclaimed for 7 years from the date of transfer of such amounts to Unpaid Dividend A/C to Investor Education and Protection Fund.

Pursuant to Section 124, shares in respect of such dividends which have not been claimed for a period of 7 consecutive years are also liable to be transferred to the demat account of the IEPF Authority. In the interest of the shareholders, the Company sends periodical reminders to the shareholders to claim their dividends in order to avoid transfer of dividends/shares to IEPF Authority.

However, for the financial year 2009-10, no dividend had been declared by the Company. Thus no unclaimed shares or dividend amount is transferred to IEPF during the year 2018-19

EQUITY SHARES IN SUSPENSE ACCOUNT

No shares of the Company are lying in Equity Suspense Account.

K. COMPLIANCE

Mandatory Requirements:

The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations.

The Corporate Governance Report of the Company for the year ended March, 2019 are in compliance with the applicable requirements of SEBI as per Listing Regulations.

Non-Mandatory Requirements:

The status of compliance with discretionary recommendations of the Regulation 27 of the SEBI (LODR), Regulations is provided below:

Chairman's Office: Shri G.R. Morarka has been appointed as Addl. Director till the ensuing General Meeting of the Company and Whole Time Director designated as Executive Chairman subject to confirmation of Members, w.e.f. 01.01.2019.

Separate posts of Chairman and CEO: Shri G.R. Morarka is holding the position of Whole Time Director designated as Executive Chairman. Shri B.J. Maheshwari and Shri Vijay S. Banka are the Managing Directors of the Company. So there exists separate posts for Chairman & CEO of the Company.

Shareholders rights: The Company has not adopted the practice of sending out half-yearly declaration of financial performance to shareholders. Quarterly results as approved by the Board are disseminated to Stock Exchanges and updated on the website of the Company.

Modified Opinion in Auditors Report: The Company's financial statement for the year ended March 31, 2019 are unqualified.

Reporting of Internal Auditor: In accordance with the provisions of Section 138 of the Companies Act, 2013, the Company has appointed an Internal Auditor who reports to the Audit Committee. Quarterly internal audit reports are submitted to the Audit Committee which reviews the audit reports and suggests necessary action.

For & on behalf of the Board of Directors

B.J. Maheshwari
Managing Director & CS cum CCO
(DIN - 00002075)

Place: Mumbai.
Dated: May 23, 2019.

CODE OF BUSINESS CONDUCT AND ETHICS

The Board at its meeting held on 24th January, 2005 adopted the Code of Business Conduct and Ethics for Directors and Senior Management ('the Code'). This code is a comprehensive code applicable to all Directors, Executive & Non-Executive and members of senior management. However, in the light of changing scenario of corporate functioning, the same has been modified & adopted by the Board at its meeting held on May 14, 2013.

A copy of the Code has been put on the Company's website: www.dwarikesh.com.

The code has been circulated to all the members of the Board and Senior Management and the compliance of the same has been affirmed by them. A declaration signed by Shri B.J. Maheshwari, Managing Director & CS cum CCO is given below:

I hereby confirm that:

The Company has obtained from all the members of the Board and Senior Management, affirmation that they have complied with the Code of Business Conduct and Ethics for Directors and Senior Management in respect of the Accounting period 2018-19.

For & on behalf of the Board of Directors

B.J. Maheshwari
Managing Director & CS cum CCO
(DIN - 00002075)

Place: Mumbai.
Dated: May 23, 2019

CERTIFICATE

{This Certificate is being issued in pursuance with Para 3(x) (c) (iii) of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018.}

We have examined and verified the records of the Board of Directors available and maintained on the online portal of Ministry of Corporate Affairs of **DWARIKESH SUGAR INDUSTRIES LIMITED** (hereinafter will be known as "the Company"), having its Registered Office at Dwarikesh Nagar, Bijnore, Uttar Pradesh-246762 India incorporated vide its Company Registration Number ***L15421UP1993PLC018642*** on 1st November, 1993 under the jurisdiction of Registrar of Companies, Kanpur.

On the basis of examination and verification, *we hereby state that none of the directors on the board of the Company have been debarred or disqualified from being appointed or continuing as the directors of companies by the Securities Exchange Board of India / MCA or any such statutory authority.*

The Board of Directors of the Company comprises of 6 (Six) Directors and the Board is composed as follows:

Sr. No.	Name of the Director	DIN	Type of the Director	Date of Appointment	Status of the Director
1	Balkumar Agarwal	00001085	Independent Director	19/09/2015	Active
2	Balkishan Maheshwari	00002075	Managing Director (Executive Director)	07/05/2018	Active
3	G.R. Morarka	00002078	Executive Director	01/01/2019	Active
4	Prithviraj Kokarrane	00115317	Independent Director	19/09/2015	Active
5	Vijay Banka	00963355	Managing Director (Executive Director)	07/05/2018	Active
6	Nina Chatrath	07700943	Independent Director	04/02/2017	Active

This Certificate is being issued at the request of the Company for the rightful compliance with Para 3(x) (c) (iii) of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018.

For VKM & ASSOCIATES
Company Secretaries

(Vijay Kumar Mishra)
Partner
M. No. F-5023
COP No.4279

Place: Mumbai
Date: 15/05/2019

CEO AND CFO CERTIFICATION

To.
The Board of Directors,
Dwarikesh Sugar Industries Limited.

We hereby certify that:

a) We have reviewed Financial Statements and the Cash Flow Statement for the year ended 31st March, 2019 and that to the best of our knowledge and belief:

   i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.

   ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal and violating the Company's code of conduct.

c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d) We have indicated to the auditors and the audit committee

   i. Significant changes in internal control over financial reporting during the year.

   ii. Significant changes in accounting policies, if any during the year and that the same have been disclosed in the notes to the financial statements, and

   iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

	Vijay S. Banka	**Alok Lohia**
Place : Mumbai	**Managing Director**	**Chief Financial Officer**
Date : May 23, 2019	**DIN No. 00963355**	

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To The Members of
Dwarikesh Sugar Industries Limited.
Dwarikesh Nagar, Bijnor
Uttar Pradesh- 246 762.

1. This certificate is issued in accordance with the terms of our engagement letter with Dwarikesh Sugar Industries Limited (the "Company").

2. We, VKM & Associates, Practicing Company Secretary, have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on March 31, 2019, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations").

Management's Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

Auditor's Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

Opinion

6. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V to the Listing Regulations during the year ended March 31, 2019.

7. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Restriction on use

8. The certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirement of the Listing Regulations, and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For VKM & Associates.
Practising Company Secretary

Vijay Kumar Mishra
Partner
M.No: F-5023
P No: 4279

Place: Mumbai,
Dated: May 23, 2019

ANNEXURE - VI

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS & OUTGO

[Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of Companies (Accounts) Rules, 2014]

1. CONSERVATION OF ENERGY

Energy conservation is an on-going activity in the Company and the efforts to conserve energy through improved operational methods and other means are continuing. Details of total energy consumption and energy consumption per unit of production are furnished in the prescribed Form 'A' below.

FORM 'A'

Form for Disclosure of Particulars with Respect to Conservation of Energy

A. POWER AND FUEL CONSUMPTION

	Current Year 2018-19	Previous Year 2017-18
1. Electricity		
a) Purchased		
Unit – KWH	8,30,574	6,99,750
Total amount (₹)	93,46,998	89,99,379
Rate / Unit (₹)	11.25	12.86
b) Own Generation		
i) Through Diesel Generator		
Unit –KWH	1,07,272	1,56,731
Unit Per Ltr of Diesel	3.17	3.20
Oil cost/Unit(₹)	21.64	19.91
ii) Through Steam Turbine/Generator		
Unit –KWH	31,65,17,804	30,56,18,424
Unit per Ltr of fuel		
Oil/Gas		
Cost/Unit (₹)		
2. Coal (Specify quantity and where used)		
Quantity (Tons)	NIL	NIL
Total Cost	N.A.	N.A.
Average Rate	N.A.	N.A.
3. Furnace Oil		
Quantity (Kilo Ltrs.)	NIL	NIL
Total amount	N.A.	N.A.
Average Rate	N.A.	N.A.
4. Other / internal Generation		

	Bagasse (Qtls.)		Firewood (Qtls.)		Diesel (Ltrs.)	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Quantity	93,45,877.27	88,39,637.23	-	-	33,791	48,919
Total Cost (C)	Own generation	Own generation	–	–	23,20,898.6	31,20,335
Rate/Unit (C)			–	–	21.64	19.91

B. CONSUMPTION PER UNIT OF PRODUCTION

PRODUCT – SUGAR (Unit Qtls.)

Total Sugar Produced = 40,68,056 Qtl

	Standards (if any)	Current Year 2018-19	Previous Year 2017-18
Electricity (KWH)	N.A.	–	–
Furnace Oil	N.A.	–	–
Coal (Specify Quantity)	N.A.	–	–
Others (Specify)	N.A.	–	–
Firewood (MT)	N.A.	–	–
G.N. Husk (MT)	N.A.	–	–
Bagasse (MT)		0.24 MT/Qtl of Sugar	0.23 MT/Qtl of Sugar

2. **Steps taken by the Company for utilizing alternate sources of energy:**

The Company is producing renewable energy from Bagasse, which is eco-friendly & meets it's captive requirement of power from such energy & sells surplus power to state Grid.

3. **Capital Investment on energy conservation equipment:** NIL

TECHNOLOGY ABSORPTION

FORM 'B'

Form for Disclosure of Particulars in Respect of Technology Absorption

I RESEARCH AND DEVELOPMENT:

A. FOCUS AREA

To increase the per unit production and productivity of cane, interaction with the cane growers of our reserved area, sugar cane scientists/ research stations and Cane Development Council / Cane Co- operative Societies of the reserved zone to educate the cane cultivators and field staff members to disseminate the new and improved cane cultivation technology, innovation in sugarcane research and modern farming package of practices. Educating farmers for adoption of crop rotation, ratoon management technology, intercropping, establishment of cane seed nurseries for multiplication of seed as well as for commercial cultivation, use of Bio-agents, adoption of cultural practices and plant protection measures from insect, pest and diseases. Time to time we also disseminate the new technology and different information on website of the Company as well as through SIS, SMS and mobile app on mobiles of the cane suppliers.

1. SOIL HEALTH:-

To know about the soil health we use to collect the representative soil samples of the whole village (10 to 15 soil samples) from each & every villages (representative sample of the whole village) from farmer's field, got analyzed the samples of almost all villages of our reserved zone; prepared the soil fertility map with the technical guidance of nearest research station for finding the NPK availability as well as pH and organic matter in the soil and requirement for cane cultivation along with data of pH, organic carbon etc. Growers are advised to use inputs as per requirements of soil, so that optimum fertilizer dose can be given to increase the quality & yield of cane crop and other major crops. As per reports of soil analysis of different villages and centres, recommendation is given to the cane growers, so that concept and use of balance fertilizer could be maintained, availability of organic manures in the soil is scarce, to fulfill the requirement of organic matter in the soil, we are providing bio-fertilizer/ bio-compost to the farmers free of cost for sugar cane cultivation and encouraging the farmers to keep the ratoon through trash mulching. Approx. 97% ratoon is kept through trash mulching resulting increase in organic matter in the soil. For mulching of dry traces we are providing the facility of trash Mulchers to the farmers free of cost. It will facilitate for drenching of Coragen and other intercultural operation in ratoon crop. In our reserved zone where there are heavy soils we are providing fly ash (boiler ash) free of cost to the farmers which is being added in the field resulting the soil structure and water holding capacity of soil has increased.

2. PLANT PROTECTION:-

Under plant protection measures, timely arrangement of quality agrochemicals for soil treatment, seed treatment and control of other insect, pests & diseases affecting the sugarcane crop in our area. Agrochemicals and fertilizers are provided on subsidised rates. In autumn and spring planted cane mild incidence of first brood of Top Borer appeared in general in all cane varieties and we have got drenching of Coragen which has successfully controlled the incidence of Top borer. Technical guidance in respect of identification of insect, pest and diseases & its control measures is being provided to the farmers through our trained agriculture officers free of cost. The quality pesticides & fungicides are provided to the farmers on subsidized rates. To control of incidence of red rot disease as precautionary measure we have provided Thiophinate Methyale (Hexastop) at the time of plating on 50 % subsidy for seed treatment.

3. VARIETAL IMPROVEMENT:-

Distribution of nuclear/ certified cane seeds of different improved sugarcane varieties like Cos-08272, Co-98014, Colk-94184, Cose- 03234, Co 0238, 0118, CoJ- 85, Co 5011 & CoH-160 etc. for raising the foundation seed nurseries and subsequent multiplication in primary and secondary nurseries. Allotted nuclear cane seed of different cane varieties obtained from research stations / centres distributed among the farmers on subsidized rates. All these varieties have been found suitable and are under further multiplication in the command area.

4. TECHNICAL GUIDANCE:-

Proper supervision of cane seed nurseries/commercial cane crop is provided by our technically trained staff. As and when required, Sugarcane Scientists are invited to provide technical guidance to the farmers for propagation and multiplication of better quality cane seed. Time to time identification of insect, pest & diseases in the field and its control measures through application of agrochemicals provided by our trained staff.

5. **MANAGEMENT OF DISEASES:-**
Management of common diseases is continue through cane seed treatment of improved varieties with M.H.A.T. units to control seed born diseases like Grassy shoot disease, Ratoon stunting disease, Red leaf strip and leaf stripe diseases etc. In new cane varieties like- Co-0238, 0239, 0118, CoJ-85 and in some other broad leaved varieties the incidence of Pokka boeng, Top-rot have also observed during past 3-4 years in the rainy season, farmers had advised to rough out the affected clumps, however, its impact has been non-significant on the crop. Fungo super and Saffilizer was provided on subsidized rates for control of Pokka Boeng disease. For future as precautionary measures, we have planned timely spray of Saffilizer and Hexastop, to stop the occurrence of Pokka boeing and Top rot disease. For management of GSD farmers are being advised for roughing and destroy of the affected clumps followed by spray of Sugron-H. In ratoon crop of Co-0238 and Cos-08272 Chlorosis disease observed, we have advised the farmers for spray of Ferous Sulphate and Nano Zinc to control the same and significant result observed.

6. **STAFF / FARMER'S TRAINING & VISITS:-**
To educate the farmers regarding intercultural practices in sugar cane crop to achieve higher profitability with proper yield and good quality of cane. We conducts farmer's seminars/Goshti and arranged farmer's trainings & tours at Sugarcane Research stations and at other progressive farmers' fields, also arranged staff trainings through in house refresher training programme. Small growers have taken interest for intercropping of pulses crops with sugarcane. Concept of mixed cropping is being propagated in entire command area. Farmers are being encouraged through Kisan Goshthi for planting of cane in the month of Sept. to get maximum yield of sugar cane and intercrops. Farmers are being advised to reduce the area under cane and to plant the cane in the month of September so that they may get more production per unit area with minimum land, it will help in maintaining the soil health and by adoption of crop rotation occurrence of weeds and insects may be minimized.

7. **INFRA-STRUCTURE DEVELOPMENT:-**
To facilitate the farmers for smooth transportation of cane and other agriculture produce, we take up construction, repairing and maintenance of link roads in our reserved zone to facilitate easy transportation of sugarcane from the respective fields/ villages of farmers to centres and from centres to Mills, we facilitate the same with the help of Cane Development Councils' and contribution of 25% share. Construction/ major repairing of link road are undertaken on priority basis and Govt. authorities are being followed up for the same on regular basis.

8. **DEMONSTRATION & TRIALS:-**
Conduct demonstrations / trials of different cane varieties like Co 0238, 0118 and CoJ 85, Cose-03234, Co-98014, Cos-08272, CoH-160 and Colk-94184 effectiveness of fertilizers/ manures and effect of different agrochemicals in different soil conditions, topography and means of irrigation to determine the best means for its general adoption. We are providing the service of agriculture implements to the cane growers free of charges to popularize deep ploughing of soil for better tillage operations through M.B. Plough, Disc plough and for proper depth and width of sugar cane planting Paired row Trench planter and spaced row trench planters in our command area for spaced row / deep cane planting. Farmers are being encouraged for laser leveling of the land before planting / sowing of any crops, so that proper use of fertilizers may be ensured. It also saves the time and money about 35% incurred for irrigation.

9. **DEVELOPMENT OF IRRIGATION FACILITIES:-**
To develop the new cane area in rain fed zone a large number of Deep tube well boring is being undertaken. We are providing financial help to the growers by providing bore-well charges, all material cost is borne by the growers themselves. This scheme continued in our dry belt and rain fed area in the past 12 years which is about 25% of the total reserved area. All the deep bore wells are running well. Farmers are being encouraged to adopt the facility of drip irrigation on subsidized rate as it will save the water and macro and micro nutrient may also be given in the root zone of the crop.

10. **MECHENIZATION IN CANE LOADING:-**
In order to reduce dependability on manual loading labourers and to reduce time between harvesting and crushing of cane, we introduced mechanical cane loaders for loading of cane at out cane purchasing centres. We have hired sufficient nos. of cane loader for smooth cane loading at out cane purchasing centres. The working of cane loader found satisfactory. Sometimes it rains during in winter season due to this out cane purchasing centre's plots become muddy resulting disturbance in cane loading through cane loader and some quantum of mud/ wet soils come with the cane. Which is directly financial

lose. Mud/wet soils reduce of efficiency of machinery also. To overcome from this problem we have planned for brick soling at out cane purchasing centre plots so that cane loading may not held up and lose of machinery may also be avoided.

B. BENEFITS DERIVED

1. IMPROVEMENT IN VARIETAL BALANCE:-

Area under Early and improved varieties has increased. Under early cane varieties it has increased from 97 to 100 %. New improved sugarcane varieties like- Co-0238, 0118, Co- 98014, Coj-85, Colk-94184, Cos-08272 and Coh-160 multiplied fast, since it helps increase in cane yield as well as sugar recovery. Unsuitable and rejected cane varieties have been replaced with early and new improved cane varieties.

2. INCREASE IN CANE QUALITY & PRODUCTION:-

Distribution of cane seed of improved varieties, Bio-agents/ Agrochemicals, bio fertilizers & other developmental activities have improved cane production, productivity and sugar recovery also. **Since last two years has a group we are on top in sugar recovery not only in UP, but also in India.**

3. SAVING OF TIME & MONEY:-

Use of improved agricultural implements, use of sprayers in protection of cane crops from insect, pests & diseases and cane loading by mechanical cane loader at centres helped in mechanization of cane cultivation as well as cane marketing, which has helped in increasing of cane yield and made sugar cane cultivation easy and economical.

4. FARMERS AWARENESS:-

Exhibition/demonstration, farmers meeting, training and tour programmes have been very useful in imparting improved technical know-how of sugar cane cultivation to cane growers as well as staff members. Awareness about improved technology of sugarcane cultivation, adoption of package and practices of sugarcane cultivation has helped increase in cane yield, quality of cane as well as sugar recovery.

5. INCREASE IN IRRIGATION FACILITY:-

Developed irrigation facility through deep tube well boring scheme supported by the factory in rain fed area. This has helped the growers to increase area under cane as well as improvement in cane production. We have established 140 borings at farmers' fields under this scheme and all are successful by which farmers are able to grow cane even in rain fed area. Drip irrigation has helped in water saving, application macro and micro nutrients become easy.

6. SUGARCANE INFORMATION SYSTEM:-

Cane commissioner UP, Lucknow has introduced SIS (sugar cane information system) which helped in providing different type of information like – cane area, varieties, Basic quota, no. of supply tickets, cane supply position, cane price payment and all other information related to cane supply / cane area of the farmers. Apart from this, it helps in providing cane development activities information like- improved cane varieties, cane planting methods, incidence of insect/ pest and diseases, information related to agrochemicals for control of pest and diseases etc through SMS, on website the information are updated on daily basis. This has facilitated the cane growers/ suppliers. Cane area survey conducted with GPS Machine & its display on website and availability of all information related with cane on website or through SMS, IVRS & Quarry SMS, also create awareness among the cane growers. We have launched our Company mobile app by which farmers may have the inquiries related with their Satta i.e. Culturable land, cane area, varieties, Basic Quota and cane price payment etc. Progressive farmers of our reserved cane area are included in whatsApp group of Kisaan Mitra Club and important information related with incidence of insect, pests, diseases and their controls measures are shared on this group.

C. ACTION PLAN:

1. For proper varietal balance, replacement of old & unsuitable cane varieties with new & improved cane varieties to be continued and we will try to minimize the area not more than 40% under a single cane variety.
2. To maintain new improved cane seed nurseries like –Co-0238, Cos-08272, Colk-94184, Co-0118, CoJ-85, etc under supervision of our trained cane staff so as to achieve the results of low fibre, high sugar, high juice and high yield from these cane varieties. New cane variety Co-0238 is multiplying at fast speed and the present area under this variety is about 99 % in early group of cane varieties.
3. Conduct more and more Farmers meeting & Seminars with a view to educate the farmers on new Technology, and advance packages and practices in sugarcane cultivation, ratoon management etc, which have proven to be very useful through creating positive impact on the cane growers to maintain better relation, and to get higher cane yield and sugar recovery.
4. Focus on construction of link roads for easy and smooth transportation of sugar cane at mills gate as well as at out

centres, to facilitate sugarcane suppliers as well as cane transporters with a view to reduce cane transportation cost.

5. Support for deep bore well facility and drip irrigation facility in rain fed area to be continued.
6. Mechanization in sugar cane cultivation & cane loading at out centres.
7. Introduction of mini tractor for inter-cultural operation in sugarcane.
8. Introduction of cane harvesters.

II TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

EFFORTS MADE:

1. Raising of seed nurseries of new and promising cane varieties, seed multiplication programme, establishment of demonstration plots and distribution of quality agrochemicals has helped in improvement in proper varietal combination, significant improvement in cane yield as well as sugar recovery.
2. In view of labour scarcity in future, the Company is making efforts to introduce more mechanization in cane cultivation i.e. automatic cane planter, cane harvesters, small tractors for inter cultural operations, new trench planters etc.
3. In order to improve monitoring of cane yard, CCTV camera has been installed at gate W/Bs and GPS system has been installed at Company vehicle used for field activities.
4. We are conducting demonstration and trials of different fertilizer and agro-chemicals at our campus so that we may know best product which may be recommended for sugarcane cultivation to the farmers.
5. In order to disseminate information, sugar cane information system (Cane Website, IVRS, SMS, QSMS, mobile app) is being updated regularly.
6. New and improved agricultural implements like- Trench Ridger, M.B. plough, Disk plough, Sugarcane cultivator, Sugarcane planter etc. have come in the market. These are cost effective and given better performance. Such implements have been purchased and their services are being provided to the cane planters free of charge.
7. The Company has carried out the survey of the cane area through satellite mapping. This will facilitate the better estimation of cane area, cane production and condition of the cane crop which may further help in arriving at the tentative estimation of sugar production in the ensuing season.
8. Online weighment of cane at out cane purchasing centres through HHC, Challan Generation to the trucks from out centres through HHC has helped in smooth and transparent working.
9. Brick soling at out cane purchasing centre will help in the loading of cane during rains in the running crushing season and quantity of mud/wet soil could be avoided at brick soling plots.
10. To save the wonder cane variety Co-0238 for long time/ to increase of the longevity of the same a special programme of cane seed treatment and soil treatment will be carried out on war footing basis.

III THE COMPANY HAS NOT IMPORTED ANY TECHNOLOGY.

IV EXPENDITURE INCURRED ON R&D

Sr. No.	Particulars	Amount (₹/Lacs)
a)	Capital	Nil
b)	Recurring	146.92
c)	Total	146.92
d)	Total R&D expenditure as percentage of total turnover	0.14%

FOREIGN EXCHANGE EARNINGS & OUTGO

Sr. No.	Particulars	Amount (₹/Lacs)
a)	CIF VALUE OF IMPORTS	Nil
b)	**EXPENDITURE IN FOREIGN CURRENCY (on accrual basis)**	
	Foreign Travelling Expenses	0
	Interest on Foreign Currency Term Loans	Nil
	Bank Charges on Foreign Remittances	0.08
	Computer Software Purchase	0.03
c)	**EARNINGS IN FOREIGN CURRENCY**	
	FOB value of export sales	2,798.47
	Other Income	6.44

On behalf of the Board of Director

B.J. Maheshwari
Managing Director & CS cum CCO
(DIN - 00002075)

Vijay S. Banka
Managing Director
(DIN - 00963355)

ANNEXURE - VIII

FORM MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2019

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 09 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
DWARIKESH SUGAR INDUSTRIES LIMITED
Dwarikesh Nagar, Bijnore,
Uttar Pradesh-246762

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **"DWARIKESH SUGAR INDUSTRIES LIMITED"** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2019 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made there under;
2. The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made there under;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed hereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment and Overseas Direct Investment;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India, 1992 (SEBI Act):
   (a) The Securities and Exchange Board of India(Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 – Not applicable as the Company has not issued any shares during the year under review;
   (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 - Not applicable as the Company has not issued any shares/options to directors/employees under the said guidelines / regulations during the year under review;
   (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - Not applicable as the Company has not issued any debt securities which were listed during the year under review;
   (f) The Securities and Exchange Board of India (Registration to an Issue and Share Transfers Agents) Regulations, 1993;
   (g) The Securities and Exchange Board of India (Delisting of

Equity Shares) Regulations, 2009 - Not applicable as the Company has not delisted / propose to delist its equity shares from any Stock Exchange during the year under review;

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - Not applicable as the Company has not bought back or propose to buy-back any of its securities during the year under review;

6. Other Laws applicable to the Company ;

   i. The Payment of Wages Act, 1936.

   ii. The Minimum Wages Act, 1948.

   iii. The Employee Provident Fund and Miscellaneous Provisions Act, 1952.

   iv. The Payment of Gratuity Act, 1972.

   v. The Bombay Shops and Establishments Act, 1948.

   vi. The Maharashtra Labour Welfare Fund Act, 1953.

   vii. The Environment (Protection) Act, 1986.

   viii. The Factories Act, 1948.

We have also examined compliance with the applicable clause of the following:

I. The Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India.

II. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that:-

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. During the year under review following change took place in the composition of the Board of Directors of the Company :

  - Mr. G.R. Morarka resigned as Managing Director of the Company on 18/04/2018. In the Board Meeting held on December 17, 2018, subject to members approval he was appointed as Whole-time Director designated as Executive Chairman of the Company with effect from January 01, 2019.

  - Mr.Vijay Banka was re-designated as Managing Director and CFO of the Company in the Board Meeting held on 07/05/2018 and resigned from CFO post in the Board Meeting held on 07/08/2018.

  - Mr.Balkishan J Maheshwari was re-designated as Managing Director & CS cum CCO of the Company in the Board Meeting held on 07/05/2018.

  - Mr. Alok Lohia was appointed as CFO in the Board Meeting held on 07/08/2018.

The aforesaid mentioned changes were carried out in conformity and compliance with the provisions of the Act.

- Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaningful participation at the meeting.

- Decisions at the Board Meetings and Committee Meetings were taken unanimously and are captured and recorded as part of the minutes of the meetings.

We further report that there are adequate systems and processes in the Company, commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For VKM & Associates
Practicing Company Secretary

(Vijay Kumar Mishra)
Partner
FCS No. 5023
P No.: 4279

Place: Mumbai
Date: 03/05/2019

Note: This report is to be read with our letter of even date which is annexed as "ANNEXURE A" and forms an integral part if this report.

ANNEXURE - A

To,
The Member,
DWARIKESH SUGAR INDUSTRIES LIMITED
Dwarikesh Nagar-246762, Bijnor,
Uttar Pradesh

Our report of even date is to be read along with this letter.

MANAGEMENT'S RESPONSIBILITY

1. It is the Responsibility of Management of the Company to maintain Secretarial records, device proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

AUDITOR'S RESPONSIBILITY

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on the test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

4. Where ever required, we have obtained the Management representation about compliance of laws, rules and regulations and happenings of events etc.

5. The compliance of provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.

DISCLAIMER

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of efficacy or effectiveness with which the management has conducted the affairs of the Company.

For VKM & Associates
Practicing Company Secretary

(Vijay Kumar Mishra)
Partner
FCS No. 5023
C P No.: 4279

Place: Mumbai.
Dated: : 03/05/2019

Independent Auditors' Report

To The Members of

Dwarikesh Sugar Industries Limited

Report on the audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Dwarikesh Sugar Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and notes to the financial statements including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matters	Auditor's Response
1	**Recognition of Government Subsidies/ Impact of government policies/ notifications on recognition of subsidy accruals/ claims and their recoverability** During the year, the Company has recognised accruals/subsidy claims amounting to Rs. 9,183.56 lakhs as at March 31, 2019 the Company has receivables of Rs. 5,385.85 lakhs relating to such claims which is significant to the financial statements. We consider this as key audit matters because recognition of accruals/claims and assessment of recoverability of the claims is subject to significant judgement of the management. The area of judgement includes certainty in relation to the satisfaction of conditions specified in the notifications/policies, collections, provisions thereof, likelihood of variation in the related computation rates, and basis for determination of accruals/ claims	**Principal Audit Procedures** We understood and tested the design and operating effectiveness of controls as established by management in recognition and assessment of the recoverability of the claims. We evaluated the management's assessment regarding reasonable certainty for complying with the relevant conditions as specified in the notifications/policies and collections. We considered the relevant notifications/policies issued by various authorities to ascertain the appropriateness of the recognition of accruals/claims, adjustments to claims already recognised pursuant to changes in the rates and basis for determination of claims.

Sr. No.	Key Audit Matters	Auditor's Response
	For details: - Refer Note No 54, 55 and 56 to the Financial Statements..	We tested the ageing analysis and assessed the information used by the management to determine the recoverability of the claims by considering claim collection against historical trends. Based on the fulfilment of the conditions as precedent in relevant notification management is reasonably certain about the recoverability of the claims/ accrual. Based on the above procedures performed, the management's estimates related to recognition of subsidy accruals/claim and their recoverability are considered to be reasonable.
2	**Determination of net realizable value of inventory of sugar as at the year ended March 31, 2019** As on March 31, 2019, the Company has inventory of sugar with the carrying value 79,416.77 lakhs. The inventory of sugar is valued at the lower of cost and net realizable value. We considered the inventory valuation of sugar as a key audit matter given the relative size of the balance in the financial statements and significant judgement involved in the consideration of factors such as minimum sale price, monthly quota, fluctuation in selling prices and the related notifications of the Government in determination of net realizable value. For details: - Refer Note No 45 (c) to the Financial Statements.	**Principal Audit Procedures** We understood and tested the design and operating effectiveness of controls as established by the management in determination of net realizable value of inventory of sugar. Assessing the appropriateness of Company's accounting policy for valuation of finished goods and compliance of the policy with the requirements of the prevailing accounting standards. We considered various factors including the actual selling price prevailing around and subsequent to the year-end minimum selling price & monthly quota and other notifications of the Government of India, initiatives taken by the Government with respect to sugar industries. Compared the cost of the finished goods with the estimated net realizable value and checked if the finished goods were recorded at net realizable value where the cost was higher than the net realizable value. For the purpose of determination of cost, the Company has considered the prevailing market conditions. Based on the above procedures performed, the management's determination of the net realizable value of the inventory of sugar as at the year end and comparison with cost for valuation of inventory, is considered to be reasonable.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report and Corporate Governance but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended thereof.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonable ness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, based on our audit we report that:
    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid financial statements;
    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
    c) The balance sheet, the statement of profit and loss including other comprehensive income, the statement of cash flows and statement of changes in equity dealt with by this Report are in agreement with the books of account;
    d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended thereof;
    e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting;

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act; and

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations as at March 31, 2019 on its financial position in its financial statements – Refer Note 40, 41 and 42 to the financial statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; and

iii. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2019.

For **NSBP & CO.**
Chartered Accountants
Firm's Registration No. 001075N

Deepak K. Aggarwal
Partner
Membership No: 095541

Place: Mumbai
Date: May 23, 2019

"Annexure A" to the Independent Auditor's Report to the members of Dwarikesh Sugar Industries Limited on its financial statements dated May 23, 2019

Report on the matters specified in paragraph 3 of the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Companies Act, 2013 ("the Act") as referred to in paragraph 1 of 'Report on Other Legal and Regulatory Requirements' section

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) The fixed assets are physically verified by the management according to a phased program designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, the fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification, discrepancies have duly been adjusted in the financials.

(c) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the title deed of immovable properties is held in the name of the Company.

(ii) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnership or other parties covered in the registered maintained under section 189 of the Act. Accordingly, clauses 3 (iii) (a) to (c) of the Order are not applicable.

(iv) As per the information and explanation given to us and on the basis of our examination of the records, the Company has complied with provision of section 185 and 186 of the Act, with respect to the loans and investment made.

(v) In our opinion and according to explanation given to us, As the Company has not accepted deposits as per directives issued by the Reserve Bank of India and provisions of sections 73 to 76 or any other provisions of the Companies Act and rules framed there under.

(vi) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company as specified by the Central Government of India under section 148(1) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate and complete.

(vii) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of provident fund, income tax, sales tax, service tax, customs duty, excise duty, Value added tax, goods & service tax, cess and other material statutory dues as applicable with the appropriate authorities. Employees' state insurance is not applicable on the Company. Further, there were no undisputed amounts outstanding at the year-end for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and as per the books and records examined by us, there are no dues of Custom Duty, Income Tax, Goods & Service Tax and Cess which have not been deposited on account of any dispute, except the following in respect of disputed Excise Duty, Service Tax and Sales Tax along with the forum where dispute is pending:

Name of the statue	Nature of dues	Amount (₹ in Lakhs)	Period to which the amount pertains	Forum where dispute is pending
Central Excise Act, 1944	Excise duty and penalty	154.01	Jan-05 to Dec-05, June-07 to Nov -07, Jun-07 to Aug-08, March 09	CESTAT, Mumbai
Central Excise Act, 1944	Excise duty and penalty	15.02	Jun-05 to Mar-06, Apr-06 to Dec-06,,Jan-07 to Feb-07,01-03-2007,Jun-07 to Aug-08,Nov-07 to Aug-08,Jan-08 to Dec-08,Jan-07 to Oct-07	AC/DC
Finance Act, 1994	Service Tax	3.25	Jun-05 to Mar-06, Apr-06 to Dec-06,,Jan-07 to Feb-07,01-03-2007,Jun-07 to Aug-08,Nov-07 to Aug-08,Jan-08 to Dec-08,Jan-07 to Oct-07	AC/DC
Finance Act, 1994	Service Tax	3.48	Oct-09 to Mar-10, Feb-09 to Sep-09	Commissioner (Appeals), Meerut
Central Excise Act, 1944	Excise duty	29.42	Jan-07 to Oct-07,March 07,Apr-17 to Jun-17,Nov-07 to Aug-08,Apr-11 to Dec-11,Oct-10 to Mar-11, Apr-10 to Sep-10, Apr-09 to Sep-09, Nov-07 to Dec-07,Jan-16 to Dec-16, Nov-16 to Dec-16,Apr-16 to Mar-17,Apr-16 to Mar-17,Jan-17 to Jun-17, Oct-09 to Mar-10, Feb-09 to Sep-09,Apl-07 to Dec-07	Commissioner (Appeals), Meerut
Central Excise Act, 1944	Excise duty	1.21	Jun-05 to Mar-06	Transfer to AC/DC from CESTAT, Delhi

Name of the statue	Nature of dues	Amount (₹ in Lakhs)	Period to which the amount pertains	Forum where dispute is pending
Central Excise Act, 1944	Excise duty	10.79	Oct-09 to Aug-14, Jul-15 to May-16, Sep-14 to Jun-15	CESTAT, Allahabad
Finance Act, 1994	Service Tax duty and penalty	3.06	Oct-09 to Aug-14, Jul-15 to May-16, Sep-14 to Jun-15	CESTAT, Allahabad
UP VAT Act	VAT on Molasses	14.57	2016-17	Additional Commissioner (Appeal), Bijnor (UP)

* Net of amounts paid under protest.

(viii) According to the information and explanations given to us and as per the books and records examined by us, the Company has not defaulted in repayments of its dues to Governments, banks and financial institution. The Company does not have any debenture.

(ix) According to the information and explanations given by the management, the Company has not raised any monies by way of initial public offer or further public offer during the financial year, and the terms loans raised by the Company have been applied for the purpose for which they are obtained. Where such end use has been stipulated by the lender(s).

(x) In our opinion and on the basis of information and explanations given to us, no cases of fraud by the Company or fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanations given to us, the managerial remuneration has been paid and provided in accordance with the requisite approvals as mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) As the Company is not a Nidhi Company, hence clause (xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Act, as applicable and the details have been disclosed in these financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.

(xv) In our opinion and on the basis of information and explanations given to us, the Company has not entered into non-cash transactions with directors and persons connected with him. Hence, the provisions of section 192 of Act are not applicable.

(xvi) In our opinion and on the basis of information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **NSBP & CO.**
Chartered Accountants
Firm's Registration No. 001075N

Deepak K. Aggarwal
Partner
Membership No: 095541

Place: Mumbai
Date: May 23, 2019

"Annexure B" to the Independent Auditor's Report to the members of Dwarikesh Sugar Industries Limited on its financial statement dated May 23, 2019.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act") as referred to in paragraph 1(f) of 'Report on Other Legal and Regulatory Requirements' section

We have audited the internal financial controls over financial reporting of Dwarikesh Sugar Industries Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the "Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit.

We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

An audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Companys' internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Companys' internal financial control over financial reporting includes those policies and procedures that:

a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and

c) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India"

For **NSBP & CO.**
Chartered Accountants
Firm's Registration No. 001075N

Deepak K. Aggarwal
Partner
Membership No: 095541

Place: Mumbai
Date: May 23, 2019

Balance Sheet as at March 31, 2019

(₹ In Lakhs)

	Note No.	As at Match 31, 2019	As at Match 31, 2018
I. ASSETS			
1. Non - current assets			
(a) Property, plant and equipment	3	31,941.85	34,081.70
(b) Capital work - in - progress	4	1,614.84	19.47
(c) Intangible assets	3	-	-
(d) Financial assets			
(i) Investments	5	31.77	31.72
(ii) Loans	6	37.81	31.38
(iii) Others	7	38.65	16.17
(e) Deferred tax assets (net)	8	4,014.82	3,330.86
(f) Income tax assets (Net)	9	1,600.79	1,587.70
(g) Other non - current assets	10	2,265.97	215.59
		41,546.50	**39,314.59**
2. Current assets			
(a) Inventories	11	82,400.87	53,121.80
(b) Financial assets			
(i) Trade receivables	12	6,013.31	5,346.40
(ii) Cash and cash equivalents	13	51.17	246.87
(iii) Bank balances other than (iii) above	14	78.90	43.50
(iv) Loans	15	20.55	32.34
(v) Others	16	562.47	1.23
(c) Other current assets	17	5,837.57	252.70
		94,964.84	**59,044.84**
Total assets		**1,36,511.34**	**98,359.43**
II. EQUITY AND LIABILITIES			
1. Equity			
(a) Equity share capital	18	1,883.01	1,883.01
(b) Other equity	19	44,476.98	34,698.61
		46,359.99	**36,581.62**
2. Liabilities			
(I) Non - current liabilities			
(a) Financial liabilities			
Borrowings	20	13,960.55	5,198.26
(b) Provisions	21	1,751.80	1,555.61
(c) Other non-current liabilities	22	809.40	-
		16,521.75	**6,753.87**
(II) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	23	49,595.33	27,226.51
(ii) Trade payables	24		
(a) Total outstanding dues of the Micro and, Small Enterprises		44.77	55.61
(b) Trade payables other than (a) above		18,206.54	21,431.62
(iii) Other financial liabilities	25	3,936.23	3,637.73
(b) Other current liabilities	26	1,148.53	2,409.72
(c) Provisions	27	288.29	262.75
(d) Current tax liabilities (Net)	28	409.91	-
		73,629.60	**55,023.94**
Total equity and liabilities		**1,36,511.34**	**98,359.43**
Significant accounting policies	1 & 2		

The accompanying notes form an integral part of these financial statements

As per our report of even date

For **NSBP & Co.**
Chartered Accountants
Firm Regn. No. 001075N

Deepak K. Aggarwal
Partner
Membership No. 095541

Place: Mumbai
Date: May 23, 2019

For and on behalf of Board of Directors of **Dwarikesh Sugar Industries Limited**

Vijay S. Banka
Managing Director
DIN: 00963355

B.J. Maheshwari
Managing Director & CS cum CCO
DIN: 00002075

B.K. Agarwal
Independent Director
DIN: 00001085

Alok Lohia
Chief Financial Officer

Place: Mumbai
Date: May 23, 2019

Statement of Profit and Loss for the year ended March 31, 2019

(₹ In Lakhs)

	Note No.	Year ended March 31, 2019	Year ended March 31, 2018
I. Revenue			
Revenue from operations (including excise duty)	29	1,08,411.57	1,45,828.27
Other income	30	3,610.04	1,747.92
II. Total income		**1,12,021.61**	**1,47,576.19**
III. Expenses			
Cost of materials consumed	31	1,09,050.56	1,10,177.95
Changes in inventories of finished goods and work-in-progress	32	(29,154.09)	4,715.76
Excise duty on sales	33	-	2,833.43
Employee benefits expense	34	7,083.95	6,932.99
Finance costs	35	2,126.01	2,531.14
Depreciation and amortization expenses	36	3,294.99	3,250.37
Other expenses	37	8,525.92	6,918.90
IV. Total expenses		**1,00,927.34**	**1,37,360.54**
V. Profit/(Loss) before exceptional items and tax (II - IV)		**11,094.27**	**10,215.65**
VI. Exceptional items		**–**	**–**
VII. Profit/(Loss) before tax (V+VI)		**11,094.27**	**10,215.65**
VIII. Tax expense:			
(1) Current tax	38	2,426.04	2,058.95
(2) Prior year tax reversal		(13.05)	-
(3) Deferred tax	8	(829.34)	(1,988.05)
IX. Net Profit/(Loss) for the year from continuing operations (VII - VIII)		**9,510.62**	**10,144.75**
X. Other comprehensive income/(loss)			
A (i) Items that will not be reclassified to profit or loss	39	(145.12)	157.01
(ii) Income tax relating to items that will not be reclassified to profit or loss		49.69	(55.12)
B (i) Items that will be reclassified to profit or loss			
Fair value changes on derivatives designated as cash flow hedge		558.23	-
(ii) Income tax relating to items that will be reclassified to profit or loss		(195.07)	-
Total other comprehensive income/(loss), net of taxes		**267.73**	**101.89**
XI. Total comprehensive income/(loss) for the year (IX + X)		**9,778.35**	**10,246.64**
XII. Earning per equity share (face value ₹ 1 per share)			
(1) Basic		5.05	5.39
(2) Diluted		5.05	5.39
Significant accounting policies	1 & 2		

The accompanying notes form an integral part of these financial statements

As per our report of even date

For **NSBP & Co.**
Chartered Accountants
Firm Regn. No. 001075N

Deepak K. Aggarwal
Partner
Membership No. 095541

Place: Mumbai
Date: May 23, 2019

For and on behalf of Board of Directors of **Dwarikesh Sugar Industries Limited**

Vijay S. Banka
Managing Director
DIN: 00963355

B.J. Maheshwari
Managing Director & CS cum CCO
DIN: 00002075

B.K. Agarwal
Independent Director
DIN: 00001085

Alok Lohia
Chief Financial Officer

Place: Mumbai
Date: May 23, 2019

Cash Flow Statement for the year ended March 31, 2019

(₹ In Lakhs)

	Year ended March 31, 2019		Year ended March 31, 2018	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net profit before tax		11,094.27		10,215.65
Adjustments for :				
Depreciation and amortization expenses	3,294.99		3,250.37	
Loss/(surplus) on sale of property, plant and equipment	(20.41)		(12.48)	
Finance costs	2,126.01		2,531.14	
Provision for doubtful debts/ advances	2.16		4.14	
Interest income	(395.44)	5,007.31	(48.70)	5,724.47
Operating profit before working capital changes		**16,101.58**		**15,940.12**
Adjustments for changes in Working Capital :				
(Increase)/Decrease in :-				
Inventories	(29,279.07)		7,872.40	
Trade and other receivables	(6,307.95)		(40.73)	
Trade and other payables	(3,534.99)	(39,122.01)	10,380.12	18,211.79
Cash generated from operations		**(23,020.43)**		**34,151.91**
Direct taxes paid (Net of refund)		(2,016.17)		(4,328.87)
Net cash from operating activities		**(25,036.60)**		**29,823.04**
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment (including capital advances)	(4,804.83)		(4,163.84)	
Sale of property, plant and equipment	25.84		47.69	
Interest received	392.43		48.32	
Net cash used in investing activities		**(4,386.56)**		**(4,067.83)**
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds/(Repayment) of long term borrowings (net)	8,968.92		(10,500.43)	
Proceeds/(repayment) of short term borrowings (net)	22,368.82		(8,552.69)	
Finance costs	(2,110.28)		(4,262.71)	
Equity Dividend (including dividend distribution tax)	-		(2,266.35)	
Net cash used in financing activities		**29,227.46**		**(25,582.18)**
Net increase/(decrease) in cash and cash equivalents (A+B+C)		**(195.70)**		**173.03**
Cash and cash equivalents at the beginning of the year		246.87		73.84
Cash and cash equivalents at the end of the year		**51.17**		**246.87**

Cash Flow Statement for the year ended March 31, 2019

(₹ In Lakhs)

	Year ended March 31, 2019		Year ended March 31, 2018	
Notes:				
1. Cash and cash equivalents at the end of the year comprise:				
i) Current accounts	31.44		239.34	
ii) Cash on hand	19.73		7.53	
Total		**51.17**		**246.87**

2. Figures in bracket indicate cash outflow.
3. The above cash flow statement has been prepared under the indirect method set out in Ind AS 7 specified under section 133 of the Companies Act 2013
4. Previous period figures have been regrouped and recasted wherever necessary to confirm to the current year's classification.

Significant accounting policies 1 & 2

The accompanying notes form an integral part of these financial statements

As per our report of even date

For **NSBP & Co.**
Chartered Accountants
Firm Regn. No. 001075N

Deepak K. Aggarwal
Partner
Membership No. 095541

Place: Mumbai
Date: May 23, 2019

For and on behalf of Board of Directors of **Dwarikesh Sugar Industries Limited**

Vijay S. Banka
Managing Director
DIN: 00963355

B.J. Maheshwari
Managing Director & CS cum CCO
DIN: 00002075

B.K. Agarwal
Independent Director
DIN: 00001085

Alok Lohia
Chief Financial Officer

Place: Mumbai
Date: May 23, 2019

Statement of Change In Equity as at March 31, 2019

A. Equity Share Capital

(₹ In Lakhs)

	March 31, 2019	Change during the year	March 31, 2018	Change during the year	April 1, 2017
Balance of Equity Share Capital	1,883.01	-	1,883.01	-	1,883.01
	1,883.01	**-**	**1,883.01**	**-**	**1,883.01**

B. Other equity

(₹ In Lakhs)

	Reserves and surplus				Other comprehensive income			Total
	Capital reserve	Securities premium	Surplus / (Deficit) in Statement of Profit and Loss	Other reserve	Equity instruments through other comprehensive income	Cash flow hedging reserves	Other	
Balance as at April 01, 2017	**59.87**	**14,688.11**	**11,166.14**	**879.57**	**10.64**	**-**	**(86.03)**	**26,718.30**
Add : Change during the year	-	-	10,144.77	1,500.00	(0.73)	-	102.62	11,746.66
Less : Dividend (including dividend distribution tax) paid during the year	-	-	(2,266.35)	-	-	-	-	(2,266.35)
Less : Transfer during the year	-	-	(1,500.00)	-	-	-	-	(1,500.00)
Balance as at March 31, 2018	**59.87**	**14,688.11**	**17,544.56**	**2,379.57**	**9.91**	**-**	**16.59**	**34,698.61**
Add : Change during the year	-	-	9,510.64	110.00	0.05	363.16	(95.48)	9,888.37
Less : Dividend (including dividend distribution tax) paid during the year	-	-	-	-	-	-	-	-
Less : Transfer during the year	-	-	110.00	-	-	-	-	110.00
Balance as at March 31, 2019	**59.87**	**14,688.11**	**26,945.20**	**2,489.57**	**9.96**	**363.16**	**(78.89)**	**44,476.98**
Significant accounting policies	1 & 2							

Note:

(i) Securities premium: securities premium is credited when shares are issued at premium. It is utilised in accordance with the provisions of the Act, to issue bonus shares, to provide for premium on redemption of shares, write off equity related expenses like underwriting cost etc.

(ii) Retained earnings represents the undistributed profits of the Company.

(iii) General reserve represents the statutory reserve, this is in accordance with Indian corporate law wherein a portion of profit is appropriated to general reserve. Under the erstwhile Companies Act 1956, it was mandatory to transfer amount before a Company can declare dividend, however Companies Act 2013, transfer of any amount to general reserve is at the discretion of the Company.

(iv) Capital redemption reserve represents the statutory reserve created when capital is redeemed.

(v) Other comprehensive income(OCI) reserve represents the balance in equity for items to be accounted in other comprehensive income. OCI is classified in to i) items that will not be reclassified to statement of profit & loss and ii) items that will be reclassified to statement of profit & loss.

The accompanying notes form an integral part of these financial statements

As per our report of even date

For **NSBP & Co.**
Chartered Accountants
Firm Regn. No. 001075N

Deepak K. Aggarwal
Partner
Membership No. 095541

Place: Mumbai
Date: May 23, 2019

For and on behalf of Board of Directors of **Dwarikesh Sugar Industries Limited**

Vijay S. Banka
Managing Director
DIN: 00963355

B.J. Maheshwari
Managing Director & CS cum CCO
DIN: 00002075

B.K. Agarwal
Independent Director
DIN: 00001085

Alok Lohia
Chief Financial Officer

Place: Mumbai
Date: May 23, 2019

Notes to Financial Statement as at March 31, 2019

1. Company overview and significant accounting policies

A. Corporate Overview

Dwarikesh Sugar Industries Limited (DSIL) is a public limited company domiciled in India and was incorporated in the year 1993 under the provisions of the Companies Act, 1956 superseded by the Companies Act, 2013.

DSIL is integrated conglomerate, primarily engaged in manufacture of sugar and allied products. From a humble beginning in 1993, DSIL today is a multi-faceted, fast growing industrial group with the strong presence in diversified fields such as sugar manufacturing, power and Ethanol/Industrial Alcohol production.

The Company has three sugar manufacturing units, out of which 2 units namely Dwarikesh Nagar and Dwarikesh Puram are located in Bijnor District of Uttar Pradesh (U.P.) and one unit namely Dwarikesh Dham in Bareilly District (U.P.).

The Company is listed on the National Stock Exchange of India and Bombay Stock Exchange of India. These financial statements are presented in Indian Rupees (₹).

Registration details:

Registration No. CIN No. L15421 UP1993 PLC 018642
State code 20

B. i) Statement of compliance:

The Financial Statements have been prepared in accordance with Indian Accounting Standards (IND AS) as prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016 and relevant provisions of the Companies Act, 2013. The Financial Statements comply with IND AS notified by Ministry of Company Affairs ("MCA"). The Company has consistently applied the accounting policies used in the preparation for all periods presented.

These financial statements are approved and adopted by board of directors of the Company in their meeting held on May 23, 2019.

ii) Basis of preparation:

The financial statements have been prepared accrual basis on historical cost convention, except as stated otherwise.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

C. Operating cycle

All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle and other criteria set out above which are in accordance with the Schedule III to the Act. Based on the nature of services and time between the acquisition of assets for providing of services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current / non-current classification of assets and liabilities.

D. Functional and presentation currency

The financial statements are presented in Indian rupees, which is the functional currency of the Company. All the financial information presented in Indian rupees has been rounded to the nearest thousand.

E. Use of estimates

The preparation of financial statements in conformity with Ind AS requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities and contingent assets at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon the management's best knowledge of current events and actions, actual results could differ from these estimates. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(i) Property, plant and equipment

PPE represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual value of the asset are determined by the management when the asset is acquired and reviewed periodically including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their lives, such as change in technology.

(ii) Recognition and measurement of defined benefit obligations

The obligation arising from define benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumption includes discount rate, trends in salary escalation and attrition rate. The discount rate is determined by reference to market yields at the end of the reporting period on government securities. The period to maturity of the underlying securities correspond to the probable maturity of the post-employment benefit obligations.

(iii) Fair value measurement of financial instruments

When the fair value of the financial assets and liabilities recorded in the balance sheet cannot be measured based on the quoted market price in activate markets, their fair value is measured using valuation technique. The input to these models are taken from the observable market where possible, but if this is not feasible, a review of judgment is required in establishing fair values. Changes in assumption relating to these assumption could affect the fair value of financial instrument.

(iv) Intangibles

Intangible assets are amortized over their estimated useful life as estimated by management on straight line basis, commencing from the date, the asset is available to the Company for its use. Computers software are depreciated fully in the year of addition.

(v) Provision for contingencies

Provisions are recognised when the Company has a present obligation(legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date.

If the effect of the time value of money is material, provisions are discounted to reflect its present value using a current pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

F. Impairment of financial instruments

The Company measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

• In the principal market for the asset or liability, or

• In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets & liabilities on the basis of the nature, characteristics and the risks of the asset or liability and the level of the fair value hierarchy as explained above.

2. Significant accounting policies

A. Property, plant and equipment (PPE)

Property, plant and equipment are stated at original cost net of tax/ duty credit availed, less accumulated depreciation and accumulated impairment losses. When significant part of the property, plant and equipment are required to be replaced at intervals, the Company derecognized the replaced part and recognized the new parts with its own associated useful life and depreciated it accordingly. Likewise when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment if the recognition criteria are satisfied. All other repair and maintenance cost are recognized in the statement of the profit and loss as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Pre-operative expenditure incurred up to the date of commencement of commercial production is capitalized as part of fixed assets.

Emergency machinery spares of irregular use and critical insurance machinery spares are capitalized as part of relevant plant & machinery.

Capital work in progress includes property plant & equipment under installation/under development as at the balance sheet date.

Capital expenditure on tangible assets for research and development is classified under property and equipment and is depreciated on the same basis as other property, plant and equipment.

Property, plant and equipment are derecognised from the financial statement, either on disposal or when no economic benefits are expected from its use or disposal. Losses arising in the case of retirement of property, plant and equipment and gain or losses arising from disposal of property, plant and equipment are recognized in the statement of profit and loss in the year of occurrence.

B. **Investment properties**

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any. The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in the statement of profit & loss as & when incurred.

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in statement of profit & loss in the period of de-recognition.

C. **Intangible assets**

Intangible assets are amortized over their estimated useful life on straight line basis, commencing from the date, the asset is available to the Company for its use.

Items of expenditure that meet the recognition criteria as mentioned in Accounting Standard are classified as intangible assets and are amortized over the period of economic benefits not exceeding ten years, except Computers software which is depreciated fully in the year of addition.

D. **Depreciation and amortization**

The assets' residual values, useful lives and methods of deprecation are reviewed each financial year end and adjusted prospectively, if applicable.

Depreciation on tangible assets is provided on straight line method over the useful life of assets estimated by the Management. Property, Plant and Equipment which are added / disposed of during the year, deprecation is provided pro-rata basis with reference to the month of addition / deletion.

The management estimates the useful life for fixed assets as follows:

Asset*	Useful life (years)
Factory building	28.50
Non factory building	58.25
Plant & machinery other than sugar rollers	18 to 20
Plant & machinery – rollers	1
Office equipment	13.50
Furniture and fixture	15
Vehicles	10

(*) Based on technical evaluation, the management believes that useful life as given above represents the period over which management expects to use these assets. Hence, the useful life for these assets is different from the useful life as prescribed under Part C of Schedule II of the Companies Act, 2013.

Computers (including accessories and peripherals) and temporary structures are depreciated fully in the year of addition. All assets costing ₹ 5,000 or below are depreciated in one-year period.

Depreciation and amortization methods, useful life and residual values are reviewed periodically, including at the end of each financial year.

E. **Capital work-in-progress**

Capital work-in-progress/intangible assets under development are carried at cost, comprising direct cost, related incidental expenses and attributable borrowing cost.

F. **Impairment of Non-financial assets**

Property, plant and equipment, intangible assets and assets classified as investment property with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized in the statement of profit or loss.

An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years. Impairment losses on continuing operations, including impairment on inventories are recognized in the statement of profit and loss, except for properties previously revalued with the revaluation taken to other comprehensive income. For such properties, the impairment is recognized in OCI up to the amount of any previous revaluation surplus.

G. **Inventories**

Inventories are valued at lower of cost or net realizable value except in case of scrap which is taken at net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost necessary to make the sale. Cost for various items of inventory is determined as under:

Raw Materials & Components (including those in transit)	Purchase cost including incidental expenses on FIFO basis
Chemicals, packing material and other store & spares (including those in transit)	Purchase cost including incidental expenses on weighted average basis.
Work in progress	At raw material cost including proportionate production overheads.
Finished Goods :	
1. Sugar	1. At raw material cost including proportionate production overheads.
2. Molasses	2. At average net realizable price.
3. Industrial Alcohol	3. At value of molasses as determined above plus proportionate production overheads in distillery.
4. Traded Goods	4. Purchase cost including incidental expenses on FIFO basis.

H. **Cash and cash equivalents**

Cash and cash equivalents includes cash on hand and at bank, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consists of cash and short term deposits, as defined above, net of outstanding bank overdraft as they being considered as integral part of the Company's cash management.

I. **Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 April 2016, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Where the Company is the lessee

Finance leases are capitalized as assets at the commencement of the lease, at an amount equal to the fair value of leased asset or present value of the minimum lease payments, whichever is lower, valued at the inception date. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on borrowing cost. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an operating expense in the statement of profit and loss on a straight-line basis over the lease term.

Where the Company is the lessor

Rental Income from operating leases is recognized on a straight-line basis over the term of the relevant lease, costs including depreciation are recognized as an expense in the statement of profit and loss. Initial direct costs incurred in negotiating and arranging an operating lease are recognized immediately in the statement of profit and loss.

J. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all potential dilutive equity shares.

K. Provisions, contingent liabilities and contingent assets

General

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that the outflow of resources embodying economic benefits will be required to settled the obligation in respect of which reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the expense relating to provision presented in the statement of profit & loss is net of any reimbursement.

If the effect of the time value of money is material, provisions are disclosed using a current pre-tax rate that reflects, when appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as finance cost.

Contingent liability is disclosed in the notes in case of:

- There is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.
- A present obligation arising from past event, when it is not probable that as outflow of resources will be required to settle the obligation
- A present obligation arises from the past event, when no reliable estimate is possible
- A present obligation arises from the past event, unless the probability of outflow are remote.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets. Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

Onerous contracts

A provision for onerous contracts is measured at the present value of the lower expected costs of terminating the contract and the expected cost of continuing with the contract. Before a provision is established, the Company recognizes impairment on the assets with the contract.

Contingent assets

Contingent assets are not recognized in the financial statements.

L. Interest in Joint Ventures and associates

Investments in equity shares of Subsidiaries, Joint Ventures & Associates are recorded at cost and reviewed for impairment at each balance sheet date.

M. Taxes

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-Tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Current income tax relating to items recognized directly in equity is recognised in equity and not in the statement of profit and loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Minimum alternate tax

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

Deferred tax

Deferred tax is provided using the balance sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purpose at reporting date. Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow deferred tax assets to be recovered.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

N. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sale of goods

Sales includes excise duty and is accounted for upon dispatch of goods from the factory when the risks and rewards of ownership are transferred to the buyer. Gross sales and net sales are disclosed separately in Statement of Profit & Loss.

In March 2018, the Ministry of Corporate Affairs has notified the Companies (Indian Accounting Standards) amended rules, 2018 ("Amended Rules"). As per amended rules, Ind AS 115 "Revenue from Contracts with Customers" supersedes Ind AS 11, "Construction Contracts" and Ind AS 18, "Revenue" and is applicable for all accounting periods commencing on or after April 1, 2018.

Ind AS 115 introduces a new framework of five step model for the analysis of Revenue transactions. The model specifies that revenue should be recognised when (or as) an entity transfer control of goods or services to a customer at the amount to which the entity expects to be entitled. Further the new standard requires enhanced disclosures about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services.

The Company has evaluated the requirement of the amendment and the impact on the financial statements. The effect on adoption of Ind AS 115 was insignificant.

Renewable Energy Certificates (REC's)

Entitlement to Renewable Energy Certificates (REC) owing to generation of power are recognised to the extent sold and treated as capital receipt.

Interest

Interest is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividends

Revenue in respect of dividends is recognised when the shareholders rights to receive payment is established by the balance sheet date.

Insurance claim

Insurance and other claims are accounted for as and when admitted by the appropriate authorities in view of uncertainty involved in ascertainment of final claim.

O. Foreign currency translation/conversion

Standalone financial statements have been presented in Indian Rupees (₹), which is the Company's functional and presentation currency.

• Initial recognition

Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate at the date of the transaction.

• Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

• Exchange differences

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

P. Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of profit or loss as other gains/(losses).

Q. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

R. Employee benefits

Expenses and liabilities in respect of employee benefits are recorded in accordance with Indian Accounting Standard (Ind AS)-19 - 'Employee Benefits'.

Defined contribution plan:

Retirement benefits in the form of provident fund and superannuation scheme are a defined contribution scheme and the contributions are charged to the statement of profit and loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the provident fund/trust.

Defined benefit plan:

The Company's liabilities on account of gratuity and earned leaves on retirement of employees are determined at the end of each financial year on the basis of actuarial valuation certificates obtained from registered actuary in accordance with the measurement procedure as per Indian Accounting Standard (INDAS)-19- 'Employee Benefits'. Gratuity liability is funded on year-to-year basis by contribution to respective fund. The costs of providing benefits under these plans are also determined on the basis of actuarial valuation at each year end. Actuarial gains and losses for defined benefit plans are recognized through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Accumulated leaves, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method at the year-end.

S. Financial Instruments

(a) Financial Assets

i. Classification

The Company classified financial assets as subsequently measured at amortized cost, fair value though other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and contractual cash flow characteristics of the financial asset.

ii. Initial Recognition and Measurement

The Company recognizes financial assets when it becomes a party to the contractual provisions of the instrument. All financial assets are recognized initially at fair value plus transaction costs that are attributable to the acquisition of financial assets.

iii. Subsequent Measurement

For the purpose of subsequent measurement the financial assets are classified in three categories:

- Debt instruments at amortized cost
- Debt instrument at fair value through profit or loss
- Equity investments

iv. Debt instrument at amortized cost

A 'debt instrument" is measured at the amortised cost. Amortised cost if both the following condition are met.

- The assets is held within a business model whose objective is to hold assets for collecting contractual cash flow, and
- Contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principle and interest (SPPI) on the principle amount outstanding.

After initial measurement, such financial assets are subsequently measurement at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount and premium and fee or costs that are an integral part of an EIR. The EIR amortization is included in finance income in the statement of profit and loss. The losses arising from impairment are recognized in the statement of profit and loss.

v. Debt instrument at Fair value through Profit or loss

Debt instruments included within the fair value through profit or loss (FVTPL) category are measured at fair value with all changes recognized in the statement of profit and loss.

vi. Equity investments

All equity investments other than investment in subsidiaries, joint venture and associates are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at fair value through other comprehensive income (FVTOCI) or FVTPL. The Company makes such election on an instrument-by- instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then fair value changes on the instrument, excluding dividends, are recognized in other compressive income (OCI). There is no recycling of the amounts from OCI to statement of profit or loss, even on sale of such investments.

Equity instrument includes within the FVTPL category are measured at fair value with all changes recognized in the Statement of profit or loss.

vii. Derecognition

A financial assets (or, where applicable, a part of a financial asset) is primarily derecognized when:

- The right to receive cash flows from the assets have expired or

- The Company has transferred substantially all the risks and rewards of the assets, or
- The Company has neither transferred nor retained substantially all the risks and rewards of the assets, but has transferred control of the assets.

viii. Impairment of financial assets

The Company applies 'simplified approach' measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instrument and are measured at amortized cost e.g. loans, debt securities, deposits, and bank balance.
- Trade receivables

  The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognized impairment loss allowance based on lifetime expected credit loss at each reporting date, right from its initial recognition.

(b) Financial liabilities

i. Classification

The Company classifies all financial liabilities as subsequently measured at amortized cost.

ii. Initial recognition and measurement

All financial liabilities are recognized initially at fair value and, in the case of loan and borrowings and payables net of directly attributable transaction costs.

iii. Loan and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the Effective Interest Rate (EIR) Method. Gain and losses are recognized in statement of profit and loss when the liabilities are derecognized.

Amortized cost is calculated by taking into account any discount or premium on acquisition and transaction cost. The EIR amortization is included as finance cost in the statement of profit and loss.

This category generally applies to loans & Borrowings.

iv. Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lander on substantially different terms, or the terms of an existing liability are, substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amount recognized in the Statement of Profit and loss.

v. Offsetting of financial instrument

Financial Assets and Financial Liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

(c) Derivative financial instruments

The Company uses derivative instruments as a part of its management of exposure to fluctuations in foreign currency exchange rates. The Company does not acquire or issue derivative instruments for trading or speculative purposes. The Company does not enter into complex derivative transactions to manage the treasury.

All derivative financial instruments are recognised as assets or liabilities on the balance sheet and measured at fair value, generally based on quotation obtained from banks/financial institutions. The accounting for changes in the fair value of a derivative instruments depends on the intended use of the derivatives and the resulting designation.

The fair values of all derivatives are separately recorded in the balance sheet within current and non current assets and liabilities. Derivatives that are designated as hedges are classified as current and non current depending upon the maturity of the derivatives.

The use of derivative can give rise to credit and market risk. The Company tries to control credit risk as far as possible by only entering into the contract with reputable banks/ financial institution. The use of derivative instrument is subject to limits, authorities and regular monitoring by appropriate levels of management. The limits, authorities and monitoring systems are periodically reviewed by the management and board. The market risk on derivatives are mitigated by changes in the valuation of the underlying assets, liabilities or transactions, as derivatives are used only for risk management purposes.

Cash flow hedge

The Company designates certain foreign exchange forward as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions.

When a derivative is designated as a cash flow hedge instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in the cash flow hedge reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the net profit in the Statement of Profit and Loss. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognized in cash flow hedge reserve till the period the hedge was effective remains in cash flow hedge reserve until the forecasted transaction occurs. The cumulative gain or loss previously recognized in the cash flow hedge reserve is transferred to the net profit in the Statement of Profit and Loss upon the occurrence of the related forecasted transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedge reserve is reclassified to the Statement of Profit and Loss.

(d) Share capital

Ordinary equity shares

Incremental cost directly attributable to the issue of ordinary equity shares are recognized as a deduction from equity.

T. Segment accounting and reporting

The chief operational decision maker monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit and loss and is measured consistently with profit and loss in the financial statements.

The Operating Segments have been identified on the basis of the nature of products/ services.

i. Segment Revenue includes sales and other income directly identifiable with/ allocable to the segment including inter-segment revenue.

ii. Expenses that are directly identifiable with/ allocable to the segments are considered for determining the segment result. Expenses not allocable to segments are included under unallocable expenditure.

iii. Income not allocable to the segments is included in unallocable income

iv. Segment results includes margin on inter segment and sales which are reduced in arriving at the profit before tax of the Company.

v. Segment assets and Liabilities include those directly identifiable with the respective segments. Assets and liabilities not allocable to any segment are classified under unallocable category.

U. Government grants

Government grants are recognized at fair value when there is reasonable assurance that the grant would be received and the Company would comply with all the conditions attached with them.

Government grants related to PPE are treated as deferred income (included under non-current liabilities with current portion considered under current liabilities) and are recognized and credited in the Statement of Profit and Loss on a systematic and rational basis over the estimated useful life of the related asset and included under "Other Income".

Government grants related to revenue nature are recognized on a systematic basis in the Statement of Profit and Loss over the periods necessary to match them with the related costs which they are intended to compensate and are adjusted with the related expenditure.

If not related to a specific expenditure, it is taken as income and presented under "Other Income".

V "Recent accounting pronouncements

Ind AS 116 Leases:

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition:

- Full retrospective – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application.

Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:

- Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application.

Certain practical expedients are available under both the methods.

The Company is currently evaluating the effect of this amendment on the financial statements.

Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments:

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition - i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company will adopt the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives.

The effect on adoption of Ind AS 12 Appendix C would be insignificant in the financial statements.

Amendment to Ind AS 12 – Income taxes:

On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is currently evaluating the effect of this amendment on the financial statements.

Amendment to Ind AS 19 – plan amendment, curtailment or settlement-

On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not have any impact on account of this amendment.

3 Property, plant and equipment

(₹ In Lakhs)

	A. Tangible Assets								B. Intangible Assets		Total (A+B)
	Freehold Land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computers	Total (A)	Computer softwares (Bought out)	Total (B)	
Gross Block (at cost)											
As at 01.04.2018	818.70	11,634.53	61,112.03	394.18	505.58	155.35	405.45	75,025.82	197.09	197.09	75,222.91
Additions	-	719.45	352.27	17.47	0.40	11.11	44.39	1,145.09	15.48	15.48	1,160.57
Disposals	(1.10)	-	(21.02)	(2.44)	(0.08)	(11.35)	(22.51)	(58.50)	(7.30)	(7.30)	(65.80)
As at 31.03.2019	**817.60**	**12,353.98**	**61,443.28**	**409.21**	**505.90**	**155.11**	**427.33**	**76,112.41**	**205.27**	**205.27**	**76,317.68**
Depreciation/Amortisation											
As at 01.04.2018	-	4,844.01	35,119.77	274.13	209.16	91.60	405.45	40,944.12	197.09	197.09	41,141.21
Charge for the year	-	249.32	2,917.83	21.85	35.41	8.55	44.39	3,277.35	15.48	15.48	3,292.83
Disposals	-	-	(19.26)	(1.70)	(0.06)	(7.38)	(22.51)	(50.91)	(7.30)	(7.30)	(58.21)
As at 31.03.2019	**-**	**5,093.33**	**38,018.34**	**294.28**	**244.51**	**92.77**	**427.33**	**44,170.56**	**205.27**	**205.27**	**44,375.83**
Net Block as at 31.03.2019	**817.60**	**7,260.65**	**23,424.94**	**114.93**	**261.39**	**62.34**	**-**	**31,941.85**	**-**	**-**	**31,941.85**
Net Block as at 31.03.2018	**818.70**	**6,790.52**	**25,992.26**	**120.05**	**296.42**	**63.75**	**-**	**34,081.70**	**-**	**-**	**34,081.70**

Note: Refer note no 44 for charges.

Notes to Financial Statement for the year ended March 31, 2019

(₹ In Lakhs)

		As at March 31, 2019
4 Capital work in progress:		
Opening As at 01.04.2018		**19.47**
Additions		
Expenditure made during the year		2,391.29
Pre-operative expenses		
(i) Interest and other processing fees	10.10	
(ii) Employee benefit expenses	1.95	12.05
Capitalised during the year		807.97
As at 31.03.2019		**1,614.84**

(₹ In Lakhs)

	As at March 31, 2019	As at March 31, 2018
5 Non-current investments		
Other investments		
Fair value through other comprehensive income		
a) Investment in equity shares (Unquoted)		
8,500 (previous year- 8,500) equity shares of ₹ 10 each fully paid up in 'Dwarikesh Informatics Limited'	10.75	10.75
9,600 (previous year - 9,600) equity shares of ₹ 10 each fully paid up in 'Faridpur Sugars Limited'	1.02	0.97
b) At cost		
Investments in preference shares (Unquoted)		
20,000 (previous year - 20,000) 10% non-cumulative redeemable preference shares of ₹ 100 each fully paid up in 'Dwarikesh Informatics Limited' redeemable on January 02, 2022.	20.00	20.00
Total non-current investments	**31.77**	**31.72**
Aggregate amount of unquoted investments	31.77	31.72
Aggregate provision for impairment in the value of investments	–	–

6 Non-current loans		
Unsecured, considered good:		
Security deposits	37.81	31.38
Total non current loans	**37.81**	**31.38**

7 Other non-current financial assets		
Unsecured, considered good:		
i) Fixed deposit (having maturity more than 12 months)*	37.65	15.17
ii) Others:		
Considered good	1.00	1.00
Doubtful	63.90	61.74
Provision for doubtful advances	(63.90)	(61.74)
Total other non-current financial assets	**38.65**	**16.17**

* Held as margin money with government departments and others.

8 Net deferred tax asset /(liabilities)

(₹ In Lakhs)

	Year ended March 31, 2019				Year ended March 31, 2018			
	As at April 01, 2018	Recognised in Profit & Loss	Recognised in OCI	As at March 31, 2019	As at April 01, 2017	Recognised in Profit & Loss	Recognised in OCI	As at March 31, 2018
Deferred tax assets								
Business loss carry forward	-	-	-	-	217.81	(217.81)	-	-
Disallowances under section 43B								
i) Bonus	62.47	1.72	-	64.19	58.67	3.80	-	62.47
ii) Gratuity	471.00	18.47	50.73	540.20	447.49	78.63	(55.12)	471.00
iii) Leave encashment	164.40	8.29	-	172.69	167.45	(3.05)	-	164.40
iv) Purchase tax	-	-	-	-	75.29	(75.29)	-	-
v) Interest subvention	21.57	0.75	-	22.32	19.93	1.64	-	21.57
vi) Provision for excise duty	-	-	-	-	1,306.82	(1,306.82)	-	-
Indexation of land (note 1)	1,764.53	57.13	-	1,821.66	-	1,764.53	-	1,764.53
MAT credit entitlement	7,049.67	600.46	-	7,650.13	5,107.67	1,942.00	-	7,049.67
Total deferred tax assets	**9,533.64**	**686.82**	**50.73**	**10,271.19**	**7,401.13**	**2,187.63**	**(55.12)**	**9,533.64**
Deferred tax liabilities								
Change in WDV of property, plant and equipment	6,197.61	(137.35)	-	6,060.26	5,981.13	216.48	-	6,197.61
Cash flow hedge reserve	-	-	195.07	195.07	-	-	-	-
Fair value of investment (note 2)	-	-	1.04	1.04	-	-	-	-
Others*	5.17	(5.17)	-	-	22.07	(16.90)	-	5.17
Total deferred tax liabilities	**6,202.78**	**(142.52)**	**196.11**	**6,256.37**	**6,003.20**	**199.58**	**-**	**6,202.78**
Net deferred tax assets/(liabilities)	**3,330.86**	**829.34**	**(145.38)**	**4,014.82**	**1,397.93**	**1,988.05**	**(55.12)**	**3,330.86**

* Includes items routed through other equity

Note:

1) Deferred tax calculated on land @ 23.296%.

2) Deferred tax on investment fair value is calculated @ 10.40%.

(₹ In Lakhs)

	As at March 31, 2019	As at March 31, 2018
9 Income tax assets		
Prepaid Taxes	8,324.89	3,655.90
Provision for taxes	(6,724.10)	(2,068.20)
Total income tax assets	1,600.79	1,587.70

Notes to Financial Statement for the year ended March 31, 2019

(₹ In Lakhs)

	As at March 31, 2019	As at March 31, 2018
10 Other non-current assets		
Unsecured, considered good:		
a) Capital advances	2,048.89	-
b) Advances other than capital advances:		
Prepaid expenses	27.55	12.53
Advance Lease Rent	4.90	7.36
Balances deposit with government authorities under protest	56.72	67.79
Others	127.91	127.91
Total other non-current asset	**2,265.97**	**215.59**

	As at March 31, 2019	As at March 31, 2018
11 Inventories		
(As taken, valued and certified by the Management)		
Valued at or below cost: (Refer note. G of note no. 2)		
a) Raw materials	75.81	40.77
b) Work-in-progress (Refer note c of note no. 45)	772.85	648.73
c) Finished goods (Refer note c of note no. 45)	79,115.49	50,085.54
d) Stores and spares	2,288.24	2,122.37
e) Chemicals	73.16	59.65
f) Packing material	75.32	164.74
Total inventories	**82,400.87**	**53,121.80**

Note:

(i) 1st pari-passu charge by way of pledge of stock of sugar and by way of hypothecation of stock of molasses, industrial alcohol, chemicals, stores & spares

(ii) Change in inventory is after considering write down of ₹ nil (previous year ₹ 9,085.87 Lakhs) in the value of inventories of sugar to its net realisable value.

	As at March 31, 2019	As at March 31, 2018
12 Trade receivables		
unsecured, considered good:	6,013.31	5,346.40
Includes unbilled revenue of ₹ 1,639.52 Lakhs (previous year - ₹ 1,556.13 Lakhs)		
Less: Impairment allowance	-	-
Total trade receivable	**6,013.31**	**5,346.40**

	As at March 31, 2019	As at March 31, 2018
13 Cash and cash equivalents		
Balance with banks	31.44	239.34
Cash on hand	19.73	7.53
Total cash and cash equivalents	**51.17**	**246.87**

Notes to Financial Statement for the year ended March 31, 2019

(₹ In Lakhs)

		As at March 31, 2019	As at March 31, 2018
14	**Bank balances other than cash and cash equivalents**		
i)	Fixed deposit account *	43.50	26.44
ii)	Earmarked balance for unpaid dividend	8.33	8.64
iii)	Earmarked balance in current account	27.07	8.42
	(as per Uttar Pradesh State Molasses Control Rules, 1974)		
	Total bank balances other than cash and cash equivalents	78.90	43.50

* Held as margin money with government departments and others.

		As at March 31, 2019	As at March 31, 2018
15	**Current - loans**		
	unsecured, considered good:		
	Advances other than capital advances:		
	Security deposit	6.49	7.00
	Advance Lease Rent	2.51	2.26
	Other loans (advances to employees)	11.55	23.08
	Total current loans	20.55	32.34

		As at March 31, 2019	As at March 31, 2018
16	**Other financial assets**		
	unsecured, considered good:		
	Income receivable and others		
	Rent receivable	2.57	1.23
	Interests subvention receivable from SDF	1.67	-
	Derivative financial assets	558.23	-
	Total other financial assets	562.47	1.23

		As at March 31, 2019	As at March 31, 2018
17	**Other current assets**		
	Advances other than capital advances:		
	Prepaid expenses	194.23	153.93
	Balance with government authorities	228.18	12.75
	Advances given to suppliers	29.31	86.02
	Claim receivable from Government	5,385.85	-
	Total other current asset	5,837.57	252.70

Notes to Financial Statement for the year ended March 31, 2019

(₹ In Lakhs)

	As at March 31, 2019	As at March 31, 2018
18 Equity share capital		
Authorised:		
22,50,00,000 (previous year- 22,50,00,000) equity shares of ₹ 1 each	2,250.00	2,250.00
Issued, Subscribed and Fully paid up:		
18,83,01,470 (previous year - 18,83,01,470) equity shares of ₹ 1 each paid up	1,883.01	1,883.01
Total share capital	**1,883.01**	**1,883.01**

Total authorised share capital of Company with Registrar of Companies is ₹ 5,400 lakhs. Out of which ₹ 3,150 lakhs is related to preference share. Issued, subscribed and fully paid up preference share capital amounted to ₹ 1,500 lakhs of series II is now been classified as financial liability. (Refer note no 20 & 25)

A. Reconciliation of shares outstanding at the beginning and at the end of the reporting year is set out below: *(₹ In Lakhs)*

	As at March 31, 2019		As at March 31, 2018	
	No of shares	Amount	No of shares	Amount
Authorised:				
Equity shares:-				
At the beginning of the year	22,50,00,000	2,250.00	2,25,00,000	2,250.00
Splitting of face value of share in ratio of 10:1 (Refer 'E')	-	-	20,25,00,000	-
Outstanding at the end of the year	**22,50,00,000**	**2,250.00**	**22,50,00,000**	**2,250.00**
Issued, Subscribed and Fully paid up:				
Equity shares:-				
At the beginning of the year face value ₹ 1 (previous year ₹ 10)	18,83,01,470	1,883.01	1,88,30,147	1,883.01
Splitting of face value of share in ratio of 10:1 (Refer 'E')	-	-	16,94,71,323	-
Outstanding at the end of the year face value ₹ 1	**18,83,01,470**	**1,883.01**	**18,83,01,470**	**1,883.01**

B. Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company:

	As at March 31, 2019		As at March 31, 2018	
	No of shares	% holding	No of shares	% holding
Equity shares:-				
Dwarikesh Trading Company Limited	2,62,48,890	13.94%	2,62,48,890	13.94%
Morarka Finance Limited	2,15,91,180	11.47%	2,15,91,180	11.47%
G.R. Morarka	2,82,66,590	15.01%	2,82,66,590	15.01%
India Nivesh Capital Limited	-	-	94,28,441	5.01%

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

C Rights & restrictions attached to equity shares:

The Company has one class of equity shares having a face value of ₹ 1 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors, If any is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

D Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date. - Nil

E In previous year ending March 31, 2018, Company has approved the stock split in the ratio of 10:1.

(₹ In Lakhs)

	As at March 31, 2019	As at March 31, 2018
19 Other equity		
a) Capital reserve		
Opening balance	59.87	59.87
Changes during the year	-	-
Closing balance	59.87	59.87
b) Securities premium		
Opening balance	14,688.11	14,688.11
Changes during the year	-	-
Closing balance	14,688.11	14,688.11
c) Surplus in statement of profit and loss		
Opening balance	17,544.56	11,166.14
Add: profit during the year	9,510.64	10,144.77
Less: appropriations	-	-
Transfer to capital redemption reserve	110.00	1,500.00
Dividend on equity shares (Including Dividend Distribution Tax of ₹ Nil (previous year ₹ 383.34 Lakhs)	-	2,266.35
Closing balance of surplus in statement of profit and loss	26,945.20	17,544.56
d) Other reserves		
(i) Capital redemption reserve		
Opening balance	2,252.00	752.00
Changes during the year	110.00	1,500.00
Closing balance	2,362.00	2,252.00
(ii) General reserve		
Opening balance	127.57	127.57
Changes during the year	-	-
Closing balance	127.57	127.57
(iii) Other Comprehensive Income/(loss)		
(a) Cash flow hedging reserves		
Opening balance	-	-
Changes during the year	363.16	-
Closing balance	363.16	-
(b) Other items of other comprehensive income/(loss)		
Opening balance	26.50	(75.39)
Changes during the year	(95.43)	101.89
Closing balance	(68.93)	26.50
Total other equity	**44,476.98**	**34,698.61**

(₹ In Lakhs)

	As at March 31, 2019	As at March 31, 2018
20 Long-term borrowings (Note. 44)		
Secured		
Term loans		
From banks	13,317.64	3,708.33
Less : Ind AS adjustment	(857.09)	(10.07)
From banks	12,460.55	3,698.26
Unsecured		
Liability component of compound financial instruments	1,500.00	1,500.00
Total long term borrowings	**13,960.55**	**5,198.26**

21 Provisions (non-current)		
Provision for employee benefits		
Gratuity	1,395.57	1,239.01
Leave encashment	356.23	316.60
Total provisions (non-current)	**1,751.80**	**1,555.61**

22 Other non-current liabilities		
Government grant	809.40	-
Total other non-current liabilities	**809.40**	**-**

23 Short term borrowings (note 44)		
a) Secured		
Loan payable on demand:		
From banks (cash credit)	49,595.33	27,225.25
b) Unsecured		
Loan from related parties:		
Inter corporate deposits	-	1.26
Total Short Term Borrowings	**49,595.33**	**27,226.51**

24 Trade payables		
a) Micro and small enterprises*	44.77	55.61
b) Others	18,206.54	21,431.62
Total trade payables	**18,251.31**	**21,487.23**

* There are no outstanding amounts payable beyond the agreed period to Micro and Small enterprises as required by MSMED Act, 2006 as on the Balance Sheet date to the extent such enterprises have been identified based on information available with the Company. In view of this there is no overdue interest payable.

(₹ In Lakhs)

		As at March 31, 2019	As at March 31, 2018
25	**Other current financial liabilities**		
a)	Current maturities of long term debts (Note 44)		
	From banks	2,017.20	1,696.67
	Less: Ind AS adjustment	(413.84)	(95.90)
	Term loans	1,603.36	1,600.77
	Government grant	404.60	90.56
	Liability component of compound financial instruments	-	110.00
	Total current maturities of long term debts	**2,007.96**	**1,801.33**
b)	Interest accrued		
	Interest accrued but not due on borrowings	61.22	29.58
	Interest accrued but not due on liability component of compound financial instruments (including dividend distribution tax of ₹ 24.67 Lakhs (previous year ₹ 27.38 Lakhs)	144.67	160.58
	Total interest accrued	**205.89**	**190.16**
c)	Unpaid dividend*	8.33	8.64
d)	Other payables		
	Salary & wages payable	655.63	616.02
	Remuneration-due to directors	142.42	275.41
	Security/Retention money payable	596.35	427.15
	Others	319.65	319.02
	{Including amount payable to related parties of ₹ 9.92 Lakhs (previous year- ₹ 8.09 lakh)}		
	Total others	**1,722.38**	**1,646.24**
	Total other current financial liabilities	**3,936.23**	**3,637.73**

* There are no amounts outstanding in respect of unpaid dividend for more than seven years to be transferred to Investor Education and Protection Fund.

		As at March 31, 2019	As at March 31, 2018
26	**Other current liabilities**		
a)	Advance from customer and others	951.27	1,503.97
	{Including amount payable to related parties of ₹ 0.40 Lakhs (previous year - ₹ 0.40 lakhs)}		
b)	Other payables		
	Statutory dues payable	197.26	905.75
	(Including TDS, Purchase tax, PF, Excise Duty and GST)		
	Total other current liabilities	**1,148.53**	**2,409.72**

(₹ In Lakhs)

	As at March 31, 2019	As at March 31, 2018
27 Short term provisions		
Provision for employee benefits		
Gratuity	150.32	108.88
Leave encashment	137.97	153.87
Total short term provisions	288.29	262.75
28 Income tax liabilities		
Other provisions		
Provision for taxes	2,520.68	-
Prepaid taxes	(2,110.77)	-
Total income tax Liabilities	409.91	-

(₹ In Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
29 Revenue from operations (Refer note. c of note no. 45)		
a) Sale of products (including excise duty)	1,08,326.78	1,45,751.41
b) Other operating revenues	84.79	76.86
Total revenue from operations	1,08,411.57	1,45,828.27

	Year ended March 31, 2019	Year ended March 31, 2018
30 Other income		
a) Interest income		
on deposits with banks	395.44	48.70
b) Assistance received from Governments (note no 54)	2,790.18	-
c) Loss on sale of property, plant and equipment (net)	20.41	12.48
d) Gain on foreign exchange fluctuations (net)	95.96	-
e) Other non operating income*	308.05	1,686.74
Total other income	3,610.04	1,747.92

* Includes ₹ Nil (previous year ₹ 1,125.52 Lakhs) being the amount received towards sale of REC.

	Year ended March 31, 2019	Year ended March 31, 2018
31 Cost of materials consumed		
a) Raw material consumed (note no 54)		
Sugar cane		
Opening stock	40.77	3.05
Add: purchases	1,06,705.69	1,07,903.21
Less: closing stock	75.81	40.77
	1,06,670.65	1,07,865.49
b) Other materials consumed		
i) Chemicals		
Opening stock	59.65	39.74
Add: purchases	969.41	890.95
Less: closing stock	73.16	59.65
	955.90	871.04
ii) Packing Material consumed		
Opening stock	164.74	99.25
Add: purchases	1,334.59	1,506.91
Less: closing stock	75.32	164.74
	1,424.01	1,441.42
Total cost of materials consumed	1,09,050.56	1,10,177.95

Notes to Financial Statement for the year ended March 31, 2019

(₹ In Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
32 (Increase)/decrease in stocks (Refer note c of note no. 45)		
Closing stock		
Finished goods	79,115.49	50,085.54
Work in progress	772.85	648.73
	79,888.34	**50,734.27**
Opening stock		
Finished goods	50,085.54	58,437.73
Work in progress	648.73	788.37
	50,734.27	**59,226.10**
Net (increase)/decrease in stock	(29,154.09)	8,491.83
Less: Excise duty on account of (increase)/decrease on stock of finished goods	-	3,776.07
Total (increase)/decrease in stocks	**(29,154.09)**	**4,715.76**

33 Excise duty on sale		
Excise duty on sale	-	2,833.43
Total excise duty on sale	**-**	**2,833.43**

34 Employee benefit expenses		
a) Salary, wages, bonus and other payments	6,472.83	6,371.41
b) Contribution to provident and other funds	447.32	435.62
c) Staff welfare expenses	163.80	125.96
Total employee benefit expenses	**7,083.95**	**6,932.99**

35 Finance costs		
a) Interest expense		
i) Interest on fixed loans :		
Term loans*	424.16	604.71
Others (including paid to directors ₹ Nil previous year ₹ 0.04 Lakhs)	0.12	0.21
	424.28	604.92
ii) Interest on cash credit and others (Net of ₹ 623.77 lakhs towards interest reimbursed/ to be reimbursed on buffer stock by the Central Government, previous year ₹ Nil)	1,008.19	1,152.06
iii) Interest on delayed payment of direct taxes	94.58	9.24
iv) Unwinding of discount (Increase in financial liabilities)	248.44	357.64
v) Net interest on defined benefit liability	102.18	85.88
b) Dividend on redeemable preference share (including dividend distribution tax)	149.99	256.46
c) Other borrowing costs**	98.35	64.94
Total finance costs	**2,126.01**	**2,531.14**

* Interest expenses are net off interest capitalize of ₹ 8.42 Lakhs (previous year ₹ Nil)

**Mainly consist of loan processing facilities from banks.

Notes to Financial Statement for the year ended March 31, 2019

(₹ In Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
36 Depreciation and amortisation expenses		
a) Depreciation		
Depreciation of tangible assets	3,277.35	3,122.60
Obsolescence	2.16	11.30
	3,279.51	3,133.90
b) Amortization of intangible assets	15.48	116.47
Total depreciation and amortization expenses	3,294.99	3,250.37

	Year ended March 31, 2019	Year ended March 31, 2018
37 Other expenses		
Power and fuel		
Power	89.77	110.83
(Net of ₹ 38.26 Lakhs power banked previous year ₹ 31.51 Lakhs)		
Fuel	40.51	82.46
Other manufacturing expenses	965.81	878.00
Repairs to buildings	236.31	416.92
Repairs to machinery	2,332.28	2,542.30
Repairs & maintenance - others	99.66	100.61
Rent (including lease rent)	166.17	120.15
Insurance	88.99	83.44
Rates and taxes	42.08	41.03
Travelling & conveyance	162.03	224.18
Sugar sales promotion expenses	323.13	401.79
Freight and forwarding (net of recovery from customers/Govt. assistance) (note no 56)	586.36	435.85
Donations & charity	211.74	1.05
Payment to the auditors [note 45 (a)]	23.15	24.99
Export Facilitation Charges	1,885.75	-
CSR expenses [note 45 (b)]	423.92	295.89
Doubtful Advance	2.16	4.14
Miscellaneous expenses (Net of ₹ 108.18 lakhs towards insurance & storage expense reimbursed/ to be reimbursed on buffer stock by the Central Government, previous year ₹ Nil)	846.10	1,155.27
Total other expenses	8,525.92	6,918.90

	Year ended March 31, 2019	Year ended March 31, 2018
38 Tax expenses		
Current year	2,426.04	2,058.95
Total tax expenses	2,426.04	2,058.95

(₹ In Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
39 Other comprehensive income/(loss)		
Item that will not be reclassified to profit or loss		
Re-measurement of defined benefit plans	(145.17)	157.74
Fair valuation of non current investment	0.05	(0.73)
Income tax relating to items that will not be reclassified to profit or loss	49.69	(55.12)
Item that will be reclassified to profit or loss		
Cash Flow hedging Reserve	558.23	-
Income tax relating to items that will be reclassified to profit or loss	(195.07)	-
Total other comprehensive income/(loss)	**267.73**	**101.89**

	Year ended March 31, 2019	Year ended March 31, 2018
40 Contingent liabilities & commitments (to the extent not provided for)		
i) Contingent Liabilities:		
a) Claim against the Company not acknowledged as debts.		
In respect of show cause notices from Central Excise department in various cases against which the Company has preferred appeals [net of amount reversed and payments of ₹ 214.40 Lakhs (previous period ₹ 219.63 Lakhs)].	220.24	305.91
In respect of Trade Tax and Entry Tax demand received from Uttar Pradesh Trade Tax authorities in various cases, in respect of which the Company has preferred appeals [net of amount deposited under appeal of ₹ 7.44 Lakhs (previous period ₹ 10.69 Lakhs)].	14.57	15.90
Reduction of brought forwarded losses by the Income Tax department due to, certain disallowances amounting to ₹ Nil (Previous year ₹ 1,050.71 Lakhs)	-	-
b) Guarantees issued by bankers on behalf of the Company	570.48	162.31
c) Other money for which the Company may contingently liable	15.74	15.74
ii) Commitments:		
a) Estimated amount of contracts remaining to be executed on capital account and not provided for net of advance of ₹ 2,048.89 Lakhs (previous year ₹ Nil)	8,227.67	40.10
b) Balance of Investment committed	-	-
c) Other commitments	-	-

41 Allahabad High Court in the case of PIL Rashtriya Kisan Mazdoor Sangathan VS State of U.P. (no.67617 of 2014) passed a final order on 9th March, 2017 directing the Cane Commissioner to decide afresh the issue within 4 months as to whether the Sugar Mills are entitled for waiver of interest on the delayed payment of the price of sugarcane for the seasons 2012-13, 2013-14 and 2014-15 under the provisions of Section 17(3) of the U.P. Sugarcane (Regulations of Supply and Purchase) Act, 1953 (in short 'the Act'). No order has yet been served by the Cane Commissioner on the Company. Based on the legal opinion received by the Industry Association, possibility of the liability crystallizing on this score is remote. No provision in respect of such improbable liability is made.

42 Cane societies are in dispute with the State Government of Uttar Pradesh with regard to retrospective partial waiver of society commission payable by the sugar mills for the crushing seasons 2012-13,2014-15 and 2015-16. Company was the beneficiary of such waiver, based on the legal advise no liability is likely to crystalize on the Company on this matter.

43 Leases

Operating lease - Company as lessee

Obligation on long – term, non – cancellable operating leases:

The lease rentals charged during the period and the obligation on long-term, non-cancellable operating leases payable as per the rentals stated in the respective agreements are as follows:

(₹ In Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
Lease rentals recognized during the year	135.71	89.51
The future minimum non-cancellable operating lease payable are as follows:		
Not later than one year	144.77	89.51
Later than one year and not later than five years	302.83	249.05
Later than five years	-	-

General description of lease terms:

a) The operating lease arrangement are renewable on a periodic basis and for most of the leases extend up to a maximum of 6 years from their respective dates of inception and rented premises.

b) These lease agreements have price escalation clause of 15% after three years from the inception of the lease agreement.

44 Securities for borrowings

Abbreviations:

DN - Dwarikesh Nagar Unit	PNB- Punjab National Bank
DP- Dwarikesh Puram Unit	O/S- Amount outstanding
DD - Dwarikesh Dham Unit	Qtly.- Quarterly
ROI- Rate of interest	

(₹ In Lakhs)

Bank/FI, amount sanctioned and outstanding as on reporting Date	Security	Repayment Schedule of amount outstanding and ROI on the reporting date	March 31, 2019		March 31, 2018	
			Current	Non-Current	Current	Non-Current
i) Long Term Borrowings - Secured						
PNB Sanctioned - ₹ 6,500 Lakhs O/S - Nil (1,083.33) Lakhs	Fully Repaid	Fully Repaid	-	-	-	1,083.33
PNB [SEFASU 2014] Sanctioned - ₹ 6,108 Lakhs O/S - Nil (1,696.67) Lakhs	Fully Repaid	Fully Repaid	-	-	1,696.67	-
PNB Sanctioned - ₹ 10,500 Lakhs O/S - Nil (2,625.00) Lakhs	Fully Repaid	Fully Repaid	-	-	-	2,625.00
PNB Sanctioned - ₹ 13,448 Lakhs O/S - ₹ 13,448 Lakhs (Nil)	Pari-passu charge on fixed assets: Ist on DN,DP & DD	ROI - 5% - 60 monthly installments of ₹ 224.13 lakhs each payable from 3rd July, 19 and onwards.	2,017.20	11,430.80	-	-

Notes to Financial Statement for the year ended March 31, 2019

Bank/FI, amount sanctioned and outstanding as on reporting Date	Security	Repayment Schedule of amount outstanding and ROI on the reporting date	March 31, 2019		March 31, 2018	
			Current	Non-Current	Current	Non-Current
PNB Sanctioned - ₹ 11,688 Lakhs O/S - ₹ 1,886.84 Lakhs (under disbursal) (Nil)	Pari-passu charge on fixed assets: Ist on DN	ROI - 8.95% - 20 qtly installments of ₹ 584.40 lakhs each payable from March, 21 and onwards.	-	1,886.84	-	-
Total term loans from Banks **O/S - 15,334.84 Lakhs** (5,405.00) Lakhs			**2,017.20**	**13,317.64**	**1,696.67**	**3,708.33**
Unsecured						
Liability component of compound financial instruments (preference share): O/S - 1,500 lakhs (1,610 lakhs)	Not Applicable	15,00,000, 8% cumulative redeemable preference share of ₹ 100 each redeemable in August 2020.	-	1,500.00	110.00	1,500.00
Total long term borrowings **O/S –16,834.84 Lakhs** (7,015.00) Lakhs			**2,017.20**	**14,817.64**	**1,806.67**	**5,208.33**
ii) Short Term Borrowings:						
a. Cash Credit						
PNB Sanctioned - ₹ 55,600 Lakhs	- 1st pari-passu charge by way of pledge of stock of sugar and by way of hypothecation of stock of molasses, industrial alcohol, chemicals, stores & spares. - 2nd Pari-passu charge on fixed assets of all three units of the Company	-ROI- 8.75% per annum	49,595.33	-	27,225.25	-
b. Loans & advances from related parties	Fully Repaid	Fully Repaid	-	-	1.26	-
Total short term borrowings			**49,595.33**	-	**27,226.51**	-

Term Loans and cash credit from banks aggregating to ₹ 51,482.17 Lakhs (previous year - ₹ 32,630.26 Lakhs) are personally guaranteed by the Executive Chairman of the Company out of which the Company has given Counter guarantees of ₹ 49,595.33 Lakhs (previous year - ₹ 32,630.26 Lakhs) to him to secure all these personal guarantees.

45 Other disclosures :

a) Auditors remuneration

(₹ In Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
Statutory auditors		
i) Audit fee	18.75	18.83
ii) Tax audit fee	2.25	2.25
iii) Certification/other services	1.65	1.00
iv) Out of pocket Expenses	0.50	2.91
Total	**23.15**	**24.99**

b) Expenditure incurred on corporate social responsibilities

Details of expenditure on corporate social responsibility activities as per Section 135 of Companies Act, 2013 read with schedule III are as below:

(₹ In Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
1. Gross amount required to be spent by the Company during the year	240.45	151.96
	240.45	**151.96**
2. Amount spent during the year		
Construction/Acquisition of assets	404.05	292.99
Others	19.87	2.90
	423.92	**295.89**

Note: ₹ 404.05 lakhs (Previous year ₹ 250.04 lakhs) on construction of asset and other activity is made through R R Moraka charitable trust.

c) Particulars of revenue from operations & inventory

Revenue from operations:

(₹ In Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
i) Sugar	94,128.86	1,31,957.50
ii) Molasses	212.62	1,589.19
iii) Power	10,129.37	9,306.16
iv) Industrial alcohol		
-Spirit	293.77	142.50
-Ethanol	3,338.11	2,493.81
v) Miscellaneous/other residual sale	224.05	262.24
vi) Other operating revenue	84.79	76.87
Total revenue from operations	**1,08,411.57**	**1,45,828.27**

Inventory:

Finished goods

Opening stock

(₹ In Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
i) Sugar	49,710.54	56,952.68
ii) Molasses	29.76	1,349.15
iii) Industrial alcohol		
-Spirit	111.45	18.73
-Ethanol	233.79	117.17
Total	**50,085.54**	**58,437.73**

Closing stock

(₹ In Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
i) Sugar	78,680.19	49,710.54
ii) Molasses	407.11	29.76
iii) Industrial alcohol		
-Spirit	14.72	111.45
-Ethanol	13.47	233.79
Total	**79,115.49**	**50,085.54**

Work in progress

Opening stock

(₹ In Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
i) Sugar	647.10	713.97
ii) Molasses	1.63	74.40
iii) Industrial alcohol	-	-
Total	**648.73**	**788.37**

Closing stock

(₹ In Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
i) Sugar	736.56	647.10
ii) Molasses	36.29	1.63
iii) Industrial alcohol	-	-
Total	**772.85**	**648.73**

Raw materials, chemicals and packing material consumed

(₹ In Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
Sugar cane	1,06,670.65	1,07,865.49
Chemicals	955.90	871.04
Packing material	1,424.01	1,441.42
Total	**1,09,050.56**	**1,10,177.95**
Indigenous (100%)	1,09,050.56	1,10,177.95
Imported (0%)	-	-
Total	**1,09,050.56**	**1,10,177.95**

d) Transactions in foreign currency

(₹ In Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
i. Expenditure in foreign currency (on accrual basis)		
Bank Charges on foreign remittances	0.08	-
Computer software purchase	0.03	-
Travelling expense	-	36.24
Total	**0.11**	**36.24**
ii. Earnings in foreign currency		
FOB value of export sales	2,798.47	-
Other Income	6.44	-
Total	**2,804.91**	**-**

46 Earning per share:

(₹ In Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
Net Profit for the year from continuing operations	9,510.62	10,144.75
Profit attributable to equity share holders	9,510.62	10,144.75
Equity shares outstanding during the year (weighted average in numbers)	18,83,01,470	18,83,01,470
Face value of equity shares (₹)	1	1
Earning per share (₹)		
Basic	5.05	5.39
Diluted	5.05	5.39

47 THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT (MSMED) ACT, 2006

Based on the information so far obtained by the Company, payment to enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) has been made within 45 days or contract terms whichever is lower and disclosure in accordance with section 22 of the MSMED Act is as under:

(₹ In Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
a) Principal amount and Interest due thereon remaining unpaid to any supplier at the end of accounting year.	44.77	55.61
b) Interest paid by the Company in terms of Section 16 of the MSMED Act along with the amounts of the payment made to the supplier beyond the appointed day during the accounting year.	-	-
c) The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act.	-	-
d) The amount of interest accrued and remaining unpaid.	-	-
e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of this Act.	-	-

48 Segment information for the year ended March 31, 2019 prepared under Ind AS 108

(i) Information about primary business segment

(₹ In Lakhs)

	Sugar	Co-generation	Distillery	Adjustment	Total
Revenue					
External revenue	94,650.10	10,129.37	3,632.10		1,08,411.57
	(1,33,884.62)	(9,306.16)	(2,637.49)		(1,45,828.27)
Internal revenue	11,777.97	14,559.17	-	(26,337.14)	-
	(11,827.51)	(13,947.94)	-	(25,775.45)	-
Total revenue	1,06,428.07	24,688.54	3,632.10	(26,337.14)	1,08,411.57
	(1,45,712.13)	(23,254.10)	(2,637.49)	(25,775.45)	(1,45,828.27)
Less: excise duty	-	-	-		-
	(2,687.95)	-	(145.48)		(2,833.43)
Total income from operations (net)	**1,06,428.07**	**24,688.54**	**3,632.10**	**(26,337.14)**	**1,08,411.57**
	(1,43,024.18)	**(23,254.10)**	**(2,492.01)**	**(25,775.45)**	**(1,42,994.84)**
Results					
Segment results	1,203.13	9,471.52	2,545.63		13,220.28
	(2,776.87)	(8,737.19)	(1,232.73)		(12,746.79)
Less: unallocated expenditure (net of income)					
Interest					2,126.01
					(2,531.14)
Profit/(loss) before exceptional item and tax					11,094.27
					(10,215.65)
Exceptional item					-
					-
Profit/(loss) before tax					11,094.27
					(10,215.65)
Tax expense					1,583.65
					(70.90)
Net Profit/(loss) for the period after tax					9,510.62
					(10,144.75)
Other information					
Segment assets	1,10,182.42	15,085.51	5,596.03		1,30,863.96
	(75,841.46)	(15,320.12)	(2,492.31)		(93,653.89)
Unallocable corporate assets					5,647.38
					(4,950.28)
Total assets					1,36,511.34
					(98,604.17)
Segment liabilities	87,199.70	34.84	2,364.48		89,599.02
	(61,625.81)	(63.60)	(57.73)		(61,747.14)
Unallocable corporate liabilities					552.33
					(275.41)
Total liabilities					90,151.35
					(62,022.55)
Capital expenditure	968.80	191.29	0.48		1,160.57
	(4,092.43)	(33.73)	(181.13)		(4,307.29)
Depreciation/obsolescence	1,866.81	1,290.27	137.91		3,294.99
	(1,853.43)	(1,262.34)	(134.60)		(3,250.37)

Revenue in respect of captive power produced from co generation plant has been arrived at based on the rates at which the same is being supplied to State Electricity Board.

(ii) Geographical Location

The geographical segments have been considered for disclosure as the secondary segment, under which the domestic segment includes sales to customers located in India and overseas segment includes sales to customer located outside India. *(₹ In Lakhs)*

	March 31, 2019	March 31, 2018
Revenue from operation		
Domestic	1,05,472.68	1,45,828.27
Overseas	2,938.89	-
Total	**1,08,411.57**	**1,45,828.27**

Note: There are no non-current assets located outside India.

(iii) Significant clients

There is no single customer who has contributed 10% or more to the Company's revenue for both the years ended March 31, 2019 and March 31, 2018.

49 Employee benefits:

(a) The Company has made provision for gratuity and leave encashment in the nature of defined benefit obligation on the basis of actuarial valuation as per Ind AS 19. Since the liability has not been funded through a trust or insurer, there are no plan assets.

(b) **Defined contribution plans:**

Employer's contribution to provident fund ₹ 447.32 Lakhs (previous period ₹ 435.62Lakhs).

Defined benefits obligations:

Liability for gratuity is determined on actuarial basis using projected unit credit method. The details are as under: *(₹ In Lakhs)*

	Year ended March 31, 2019	Year ended March 31, 2018
Opening defined benefit obligation	1,347.87	1,293.03
Current service cost	111.00	108.11
Interest cost	102.18	85.87
Actuarial loss/ (gain)	145.17	(157.73)
Past service cost	-	72.56
Benefit paid	(160.34)	(53.97)
Closing defined benefit obligation	1,545.88	1,347.87
Change in fair value of assets :		
Contribution by employer	160.34	53.97
Benefit paid	(160.34)	(53.97)
Change in fair value of plan assets	-	-
Expense recognized in Statement of Profit & Loss		
Current service cost	111.00	108.11
Interest cost	102.18	85.87
Net actuarial losses / (gain)	145.17	(157.73)
Past service cost	-	72.56
Expense recognized in Statement of Profit & Loss	358.35	108.81
Financial Assumptions at the valuation date		
Discount rate	7.50%	7.90%
Expected rate of return on assets (p.a.)	---	---
Salary escalation	6.00%	6.00%

(c) Sensitivity analysis

Gratuity is a lump sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key actuarial assumptions to which the benefit obligation results are particularly sensitive to are discount rate and future salary escalation rate. The following table summarizes the impact in percentage terms on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 50 basis points.

(₹ In Lakhs)

	Year ended March 31, 2019		Year ended March 31, 2018	
	Discount Rate	Salary Escalation Rate	Discount Rate	Salary Escalation Rate
Impact of increase in 50 bps on DBO	-4.33%	4.57%	-4.42%	4.68%
Impact of decrease in 50 bps on DBO	4.64%	-4.32%	4.74%	-4.44%

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analyses.

Special events:

There are no special events such as benefit improvements or curtailments or settlements during the inter-valuation period.

50 Related party disclosures as required by Ind AS 24 for the year ended March 31, 2019

a) Names of the related parties and description of relationship:

i) Enterprises over which key management personnel are able to exercise significant influence	-Morarka Finance Limited	
	-Dwarikesh Trading Company Limited	
	-Dwarikesh Informatics Limited	
	-Dwarikesh Agriculture Research Institute	
	-Faridpur Sugars Limited	
	-R R Morarka Charitable Trust	
ii) Key management personnel	-Shri G.R. Morarka	Ceased to be Managing Director on 18.04.2018 and reappointed as Executive Chairman w.e.f. January 01, 2019
	-Shri B.J. Maheshwari	Re-designated as Managing Director & Company Secretary Cum Chief Compliance Officer w.e.f. May 07, 2018
	-Shri Vijay S. Banka	Re-designated as Managing Director w.e.f. May 07, 2018
	-Shri Alok Lohia	Re-designated as Chief Financial Officer w.e.f. July 01, 2018
	- Shri B.K. Agarwal	Independent Directors
	- Shri K.N. Prithviraj	Independent Directors
	- Smt. Nina Chatrath	Independent Directors
iii) Relatives of Key Managerial Personnel Shri G.R. Morarka	- Ms. Priyanka G. Morarka (Daughter)	

b) Details of transactions

(₹ In Lakhs)

Sl. No.	Name of related party	Nature of transaction		Volume of transaction (₹ in Lakhs)	Amount due to (₹ in Lakhs)	Amount due from (₹ in Lakhs)	Investment (₹ in Lakhs)
1	Dwarikesh Trading Co. Ltd.	Interest Paid	31.03.19	-			
			31.03.18	0.04			
		Rent Received	31.03.19	2.40			
			31.03.18	2.40			
		Rent Paid	31.03.19	80.29			
			31.03.18	26.59			
		Advance Rent	31.03.19		0.40		
			31.03.18		0.40		
		Other Reimbursement	31.03.19	5.03			
			31.03.18	1.35			
2	Dwarikesh Informatics Ltd.	Services Purchased	31.03.19	37.76	9.92		30.75
			31.03.18	37.52	8.09		30.75
3	Dwarikesh Agriculture Research Institute (Formerly Dwarikesh Sugarcane Research Institute)	Interest Paid	31.03.19	0.12	-		
			31.03.18	0.13	1.26		
4	Faridpur Sugars Limited		31.03.19	-			1.02
			31.03.18	-			0.97
5	Morarka Finance Limited	Rent Paid	31.03.19	18.29			
			31.03.18	18.17			
		Management Consultancy Paid	31.03.19	39.65			
			31.03.18	35.18			
		Other Reimbursement	31.03.19	2.09			
			31.03.18	1.29			
6	R R Morarka Charitable Trust	Construction/ Acquisition of assets	31.03.19	404.05			
			31.03.18	250.04			
		Donation	31.03.19	-			
			31.03.18	-			
7	Shri G.R. Morarka	Interest Paid	31.03.19	-			
			31.03.18	0.04			
		Remuneration	31.03.19	80.53			
			31.03.18	273.52			
		Gratuity	31.03.19	110.77			
			31.03.18	-			
		Commission	31.03.19	115.77			
			31.03.18	226.48			
8	Shri B.J. Maheshwari	Remuneration	31.03.19	99.44			
			31.03.18	88.18			
		Ex-gratia/Interim Bonus	31.03.19	25.00			
			31.03.18	25.00			
		Leave Encashment	31.03.19	9.00			
			31.03.18	-			

(₹ In Lakhs)

Sl. No.	Name of related party	Nature of transaction		Volume of transaction (₹ in Lakhs)	Amount due to (₹ in Lakhs)	Amount due from (₹ in Lakhs)	Investment (₹ in Lakhs)
9	Shri Vijay S. Banka	Remuneration	31.03.19	99.06			
			31.03.18	87.80			
		Ex-gratia/Interim Bonus	31.03.19	25.00			
			31.03.18	25.00			
		Leave Encashment	31.03.19	10.27			
			31.03.18	-			
10	Ms. Priyanka G. Morarka	Remuneration	31.03.19	31.06			
			31.03.18	25.31			
		Ex-gratia/Interim Bonus	31.03.19	0.17			
			31.03.18	0.17			
		Leave Encashment	31.03.19	-			
			31.03.18	0.81			
11	Shri Alok Lohia	Remuneration	31.03.19	29.61			
			31.03.18	-			
		Ex-gratia/Interim Bonus	31.03.19	0.18			
			31.03.18	-			
		Leave Encashment	31.03.19	1.10			
			31.03.18	-			
12	Shri B.K. Agarwal	Sitting Fees	31.03.19	3.20			
			31.03.18	2.45			
13	Shri K.N. Prithviraj	Sitting Fees	31.03.19	2.65			
			31.03.18	2.35			
14	Smt Nina Chatrath	Sitting Fees	31.03.19	2.90			
			31.03.18	2.60			

Note:

(i) Remuneration is excluding provision of gratuity and leave encashment, where the actuarial valuation is done on overall Company basis.

(ii) Commission calculated for number of days employed during the year.

(iii) Above value includes taxes wherever applicable.

51 Financial instruments

Financial assets

(₹ In Lakhs)

Sl. No.		Fair value hierarchy	As at March 31, 2019		As at March 31, 2018	
			Carrying amount	Fair value	Carrying amount	Fair value
1	**Financial assets designated at fair value through profit and loss**					
	Investment In preference share (non-cumulative redeemable)	Level-2	20.00	20.00	20.00	20.00
2	**Financial assets designated at fair value through other comprehensive income**					
	Investment In equity share	Level-2	1.81	11.77	1.81	11.72
3	**Financial assets designated at amortised cost**					
	a) Trade receivables		-	-	-	-
	b) Loans					
	Security deposit		42.71	37.81	41.00	31.38
	c) Other non-current financial assets		38.65	38.65	16.17	16.17
			103.17	**108.23**	**78.98**	**79.27**

Financial liabilities

(₹ In Lakhs)

Sl. No.		As at March 31, 2019		As at March 31, 2018	
		Carrying amount	Fair value	Carrying amount	Fair value
	Financial liability designated at amortised cost				
	Borrowings	16,834.84	15,563.91	7,015.00	6,909.03
		16,834.84	**15,563.91**	**7,015.00**	**6,909.03**

The following methods and assumptions were used to estimate the fair values.

a) Company has adopted effective rate of interest for calculating Interest. This has been calculated as the weighted average of effective interest rates calculated for each loan. In addition processing fees and transaction cost relating to each loan has also been considered for calculating effective interest rate.

b) Due to short term nature, the carrying amount of current financial assets (excluding investments) and current financial liabilities (excluding current maturities of long term debt) are considered to be the same as of their fair values. Hence, the figures are not shown in the above note.

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

52 Financial risk management objectives and policies

Financial risk factors

The Company's principal financial liabilities includes borrowings, trade payable and other financial liabilities. The main purpose of these financial liabilities is to finance the Company's assets and operations. The Company's principal financial assets include trade receivables, cash and cash equivalents and other financial assets that are derived directly from its operations. The Company is exposed to credit risk, liquidity risk and market risk. The Company's senior management oversees the management of these risks and the appropriate financial risk governance framework for the Company is in place. The senior management provides assurance that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. It is the Company's policy that derivatives whenever used are used exclusively for hedging purposes and not for trading or speculative purposes. The Audit Committee and the Board are regularly apprised of these risks every quarter and each such risk and mitigation measures are extensively discussed and the same are summarized below:

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. One of the market risk to the Company is foreign exchange risk. The Company uses derivative financial instruments to mitigate foreign exchange related risk exposures. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer.

A. Credit risk :

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, thereby leading to a financial loss. The Company's sugar sales are totally on cash. Power and ethanol are sold to state government entities, thereby the credit default risk is significantly mitigated.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash credit facilities, short term loans and commercial papers.

(₹ In Lakhs)

	Upto 1 year	More than 1 year	Total
As at March 31, 2019	**12,563.97**	**2,374.20**	**14,938.17**
As at March 31, 2018	5,923.04	294.86	6,217.90

B. Liquidity risk :

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of term loan, liability component of compound financial instruments (preference share), cash credit facilities, short term loans and others.

(₹ In Lakhs)

	Payable on demand	Less than 1 year	More than 1 year	Total
As at March 31, 2019				
Borrowings	49,595.33	2,007.96	13,960.55	65,563.84
Other financial Liabilities	-	1,928.27	-	1,928.27
Trade and other payables	19,399.84	-	809.40	20,209.24
Total	**68,995.17**	**3,936.23**	**14,769.95**	**87,701.35**
As at March 31, 2018				
Borrowings	27,226.51	1,801.33	5,198.26	34,226.10
Other financial Liabilities	-	1,836.40	-	1,836.40
Trade and other payables	23,896.95	-	-	23,896.95
Total	**51,123.46**	**3,637.73**	**5,198.26**	**59,959.45**

C. **Market risk :**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate consequent up on changes in market prices. It mainly comprises of regulatory risk, commodity price risk & interest rate risk, which are discussed herein below:

The Company operates internationally and is transacted in foreign currencies and consequently the Company is exposed to foreign exchange risk through its sales in overseas. The Company holds derivative financial instruments such as foreign exchange forward to mitigate the risk of changes in exchange rates on foreign currency exposures.

The following table analyses the foreign currency risk from monetary assets and liabilities as at:

(₹ In Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
	U S Dollars	U S Dollars
Trade receivables	6.44	-

The advance received from customers is not monetary assets/ liabilities, hence not considered for the above disclosure

The details in respect of outstanding foreign currency forward contracts are as follows :

Particulars	As at March 31, 2019		As at March 31, 2018	
	Amount (USD in Lakhs)	(₹ In Lakhs)	Amount (USD in Lakhs)	(₹ In Lakhs)
Forward Contracts	100.58	7,000.60	-	-

The foreign exchange forward contracts mature within twelve months. The table below analyzes the derivative financial instruments into relevant maturity groupings based on the remaining period as at the balance sheet date:

Particulars	As at March 31, 2019		As at March 31, 2018	
	Amount (USD in Lakhs)	(₹ In Lakhs)	Amount (USD in Lakhs)	(₹ In Lakhs)
Not Later than one months	49.40	3,432.07	-	-
Later than one month and not later than three months	51.18	3,568.53	-	-
Later than three months and not later than One year	-	-	-	-

During the year ended March 31, 2019, the Company has designated certain foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions. The related hedge transactions for balance in cash flow hedge reserve as at March 31, 2019 are expected to occur and reclassified to statement of profit and loss within 3 months.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument, including whether the hedging instrument is expected to offset changes in cash flows of hedged items.

If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in the Statement of Profit or Loss at the time of the hedge relationship rebalancing.

The following table provides the reconciliation of cash flow hedge reserve for the year ended: *(₹ In Lakhs)*

Particulars	As at March 31, 2019	As at March 31, 2018
Gain / (Loss)		
Balance at the beginning of the year	-	-
Gain / (Loss) recognized in other comprehensive income during the period	558.23	-
Tax impact on above	(195.07)	
Balance at the end of the year	**363.16**	**-**

The Company offsets a financial asset and a financial liability when it currently has a legally enforceable right to set off the recognized amounts and the Company intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously:

i. **Interest rate risk :**

Interest rate risk is a risk that the fair value of future cash flows will be impacted because of the changes in the market interest rates. Such risks mainly related to borrowings of the Company with floating interest rates.

(₹ In Lakhs)

	Fixed rate borrowing	Variable rate borrowing	Total borrowing
As at March 31, 2019	14,948.00	51,482.17	66,430.17
As at March 31, 2018	1,611.26	32,630.25	34,241.51

(₹ In Lakhs)

Sensitivity on variable rate borrowings	Impact on statement of profit & loss account	
	March 31, 2019	March 31, 2018
Interest rate increase by 0.25%	(128.71)	(81.58)
Interest rate decrease by 0.25%	128.71	81.58

ii. **Regulatory risk :**

Sugar industry is regulated both by central government as well as state government. Central and State governments policies and regulations affects the Sugar industry and the Company's operations and profitability. Distillery business is also dependent on the Government policy. However, with the removal of major regulatory control on sugar sales by the Central Government, the regulatory risks are moderated but not eliminated.

iii. **Commodity price risk:**

Sugar prices are market driven and sugar industry being cyclical in nature, realizations get adversely affected during downturn. Higher cane price or higher production than the demand ultimately affect profitability. The Company has mitigated this risk by well integrated business model by diversifying into co-generation and distillation, thereby utilizing the by-products.

53 Impairment review:

Assets are tested for impairment whenever there are any internal or external indicators of impairment. Impairment test is performed at the level of each Cash Generating Unit ('CGU') or groups of CGUs within the Company at which the assets are monitored for internal management purposes, within an operating segment. The impairment assessment is based on higher of value in use and value from sale calculations. During the year, the testing did not result in any impairment in the carrying amount of other assets. The measurement of the cash generating units' value in use is determined based on financial plans that have been used by management for internal purposes. The planning horizon reflects the assumptions for short to- mid-term market conditions.

Key assumptions used in value-in-use calculations are:-

(i) Operating margins (Earnings before interest and taxes), (ii) Discount Rate, (iii) Growth Rates and (iv) Capital Expenditure

54 During FY 2018-19, the Company, as per notification no 1(5)/12018- S.P of GOI and notification no 13/2018/1697/46-3-18-3(37)/2018 of State Govt. of Uttar Pradesh, accounted for assistance @ ₹ 5.50 and ₹ 4.50 per quintal of cane crushed during the sugar season 2017-18 amounting to ₹ 1,837.45 Lakhs and ₹ 1,635.59 Lakhs respectively. Of the said amount, ₹ 2,790.18 Lakhs is considered as other income, since the same pertains to FY 2017-18 and ₹ 682.87 lakhs is deducted from cost of material consumed. Further in accordance with GOI 's notification no 1/(14)/2018 – S P 1, the Company has also accounted assistance @ ₹ 13.88 per quintal of cane crushed during sugar season 2018-19 amounting to ₹ 3,594.89 Lakhs and deducted the same from cost of material consumed.

55 The Company, as per GOI's notification no 1(6)/2018-SP-I dated 15th June 2018 of GOI, created Buffer stock of 3,29,010 quintal sugar for which inventory carrying cost (including interest & storage cost) is to be reimbursed by the Government as specified in the notification. Company's entitlement till March,2019 under the notification works out to ₹ 731.95 Lakhs, of which ₹ 623.77 Lakhs towards interest reimbursement is deducted from Finance cost and ₹ 108.18 Lakhs related to reimbursement of storage expenses is deducted from Other expenses.

56 Under GOI's notification no 1(14)/2018 notified the Scheme for defraying expenditure towards internal transport, freight, handling and other charges on export under MIEQ Scheme notified by the Government. Under the said Scheme, the Company has accounted for an amount of ₹ 1,383.67 Lakhs. The said amount is netted off from the actual expenditure incurred by the Company.

57 During the year, the Company sold Renewal Energy Certificates (RECs) for a consideration of ₹ Nil (previous year ₹ 1,125.52 Lakhs). The Company also incurred ₹ Nil (previous year ₹ 111.85 Lakhs) as expenditure on such sale. These RECs are generated due to environmental concerns and allotted to the Company as per Regulation on Renewal Energy Certificate, notified by Central Electricity Regulatory Commission. Judgments of the various Hon'ble courts held that such credits were not an off shoot of business but an off shoot of environmental concerns and hence, the net gain from such sale was held as capital receipt and not an income forming part of the operations of the Company. The same is also supported by legal opinion obtained by the Company. Accordingly, net earnings on such sale amounting to ₹ Nil Lakhs (previous year ₹ 1,013.67 Lakhs) was treated as capital receipt for computation of the income tax (including MAT computation).

58 Based on the incentive policy announced by the State Government of Uttar Pradesh vide order no. -1631 (1) S.C./ 18-02-2004-57/ 2004 dated 24.08.2004 to encourage investment in the State, the Company proceeded to invest amount in excess of threshold limit as set out in the policy for availing various benefits over ten years period. On 04.06.2017 the policy was unilaterally withdrawn vide G.O. No. 1216 S.C/18.02.2007-185/2006.

Aggrieved by the said order of withdrawal, the Company and other aggrieved sugar companies challenged the order by filing appropriate writ petitions. Hon'ble High Court on 12.02.2019 passed an order quashing & setting aside the order withdrawing the incentive scheme and held the same to be in violation of principle of estopple & natural justice.

Company has since then written to competent authorities and has been directed to provide the requisite information/documents.

59 Events occurring after the balance sheet date:

No adjusting or significant non adjusting events have occurred between the reporting date and date of authorization of financial statements.

Notes to Financial Statement for the year ended March 31, 2019

60 Income tax:

a) Amount recognised in Statement of profit and loss

(₹ In Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Current income tax	2,426.04	2,058.95
Deferred tax	(829.34)	(1,988.05)
Income tax expense reported in the statement of profit and loss	**1,596.70**	**70.90**

b) Reconciliation of effective tax rate

(₹ In Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Tax expense		
Profit before tax	11,094.27	10,215.65
Add: Interest on Tax as grouped in finance cost	94.58	9.24
Less: Other comprehensive income	(145.17)	157.74
Add: Ind AS Adjustment	165.43	304.86
	11,209.11	**10,687.49**
Less: REC income	-	1,013.67
Less: Profit on sale of Land	22.28	-
Less: Income exempted under Income Tax Act (Power Income)	8,378.37	6,074.52
	2,808.46	**3,599.30**
Applicable tax rate	34.944%	34.608%
Computed tax expense	**981.39**	**1,245.65**
Add: Tax on REC income @ 11.536%	-	116.94
Add: Capital Gain Tax	4.81	-
Total Tax Expense	**986.20**	**1,362.59**
Adjustments for:		
Income exempt for tax purpose	0.65	(4.32)
Expenses not allowed for tax purpose	150.44	102.76
Additional income for tax Purposes	-	-
Brought forward unabsorbed depreciation setoff	-	(1,225.79)
Changes in recognized deductible temporary differences	662.33	(118.29)
Prior year MAT entitlement	25.95	-
Effect of deferred tax adjustment (Excluding MAT credit entitlement)	(228.87)	(46.05)
Net adjustments	**610.50**	**(1,291.69)**
Tax Expense	**1,596.70**	**70.90**

Notes to Financial Statement for the year ended March 31, 2019

61 Details of loans given, investments made and guarantee given under section 186(4) of the Companies Act, 2013 *(₹ In Lakhs)*

Particulars	Amount outstanding as at March 31, 2019	Amount outstanding as at March 31, 2018
Loan given	-	-
Guarantee given	-	-
Investment made	31.77	31.72

62 Post the applicability of Goods and Services Tax (GST) with effect from July 1, 2017, revenue from operations are disclosed net of GST. Accordingly, the revenue from operations and excise duty expenses for the year ended March 31, 2019 are not comparable with the previous year.

63 The previous year's including figures as on the date of transition have been reworked, regrouped, rearranged and reclassified wherever necessary. Amounts and other disclosures for the preceding year including figures as at the date of transition are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.

As per our report of even date

For **NSBP & Co.**
Chartered Accountants
Firm Regn. No. 001075N

Deepak K. Aggarwal
Partner
Membership No. 095541

Place: Mumbai
Date: May 23, 2019

For and on behalf of Board of Directors of **Dwarikesh Sugar Industries Limited**

Vijay S. Banka
Managing Director
DIN: 00963355

B.J. Maheshwari
Managing Director & CS cum CCO
DIN: 00002075

B.K. Agarwal
Independent Director
DIN: 00001085

Alok Lohia
Chief Financial Officer

Place: Mumbai
Date: May 23, 2019

Key Financial Data

(₹ In Lakhs)

Particulars	2007-08 (Oct 07-Sept08)	2008-09 (Oct 08 - Sep 09)	2009-10 (Oct 09 - Sep 10)	2010-11* (Oct 10 - Sep 11)	2011-12 (Oct 11 - Sep 12)	2012-13 (Oct 12 - Sep 13)	2013-15 (18 months) (Oct 13 - Mar 15)	2015-16 (Apr 15 - Mar 16)	2016-17# (Apr 16 - Mar 17)	2017-18 (Apr 17 - Mar 18)	2018-19 (Apr 18 - Mar 19)
Sales	29,386	48,461	57,728	61,655	72,595	96,282	1,17,643	83,151	1,25,610	1,45,828	1,08,412
Excise Duty	(2,121)	(2,274)	(2,221)	(2,342)	(2,735)	(3,521)	(4,035)	(3,717)	(6,570)	(2,833)	-
Net revenue from operations	27,265	46,188	55,507	59,313	69,860	92,761	1,13,608	79,434	1,19,040	1,42,995	1,08,412
Other Income	40	155	190	35	216	1,310	265	862	1,456	1,748	3,610
Total Income	**27,305**	**46,342**	**55,698**	**59,348**	**70,076**	**94,072**	**1,13,874**	**80,296**	**1,20,496**	**1,44,743**	**1,12,022**
Manufacturing and operating expenses	26,089	20,499	50,735	43,134	63,790	74,247	1,19,978	61,717	85,923	1,10,178	1,09,051
Decrease / (Increase) in stock	(7,005)	9,318	(6,132)	1,829	(9,941)	4,511	(28,228)	(2,856)	(7,014)	4,716	(29,154)
Exception item/ Deferred revenue expenditure	30	30	30	-	-	-	-	(492)	(323)	-	-
Staff expenses	2,412	2,858	3,218	3,543	3,805	4,030	7,144	4,968	7,157	6,933	7,084
Selling & administration expenses (other expenses*)	822	1,038	1,346	3,359	2,811	4,101	5,393	4,785	5,638	6,919	8,526
Total Expenditure	**22,348**	**33,744**	**49,197**	**51,865**	**60,465**	**86,889**	**1,04,286**	**68,122**	**91,381**	**1,28,746**	**95,507**
Profit before interest, depreciation and tax (PBIDT)	4,957	12,598	6,500	7,483	9,611	7,183	9,587	12,174	29,115	15,997	16,515
Depreciation and amortization expenses	2,943	3,295	3,206	3,272	3,289	3,319	4,725	3,076	2,994	3,250	3,295
Profit before interest and tax (PBIT)	2,014	9,302	3,294	4,212	6,322	3,864	4,862	9,098	26,121	12,747	13,220
Interest	4,947	6,164	4,631	5,978	7,886	7,056	7,521	5,159	5,250	2,531	2,126
Profit before tax (PBT)	(2,933)	3,138	(1,336)	(1,766)	(1,564)	(3,192)	(2,659)	3,939	20,871	10,216	11,094
Taxes	(455)	630	(431)	(450)	(433)	(1,256)	(984)	42	5,260	71	1,583
Profit after Tax (PAT)	(2,478)	2,508	(906)	(1,316)	(1,131)	(1,936)	(1,675)	3,897	15,611	10,145	9,511
Cash accruals	**27**	**6,103**	**1,651**	**1,506**	**1,725**	**117**	**2,066**	**7,006**	**23,865**	**13,349**	**12,563**
Equity Share Capital	1,631	1,631	1,631	1,631	1,631	1,631	1,631	1,631	1,883	1,883	1,883
Preference Share Capital	1,610	1,610	1,610	1,610	1,610	3,110	3,110	3,110	-	-	-
Share Application money pending allotment	-	-	-	-	1,000	-	-	-	-	-	-
Equity Share Warrant	60	-	-	-	-	-	-	-	-	-	-
Reserves & Surplus/Other Equity	10,638	12,608	11,702	10,386	9,255	7,319	5,644	6,960	26,718	34,699	44,477
Secured loan funds/ Financial liabilites borrowings excluding cash credit limits/secured loan including repayable within 1 year*	39,311	38,459	32,305	39,308	33,169	23,983	27,154	30,141	14,390	5,390	14,469
Unsecured loan funds and Liability component of compound financial instrument	5,459	44	5,617	239	11	9	9	9	3,113	1,611	1,500
Net block of fixed assets/Property,Plant Equipment and capital work in progress	58,655	55,544	52,531	50,032	46,999	44,044	39,861	35,666	33,185	34,101	33,557
Investment	22	22	27	24	24	24	24	20	32	32	32
Deferred tax liability	945	1,701	1,261	683	249	-	-	-	-	-	-
Deferred tax Assets						1,017	2,001	1,707	1,398	3,331	4,015
Current assets	22,911	12,820	18,300	14,058	26,967	19,837	56,964	61,725	66,928	59,045	94,965
Non Current Assets/Long term loans & advances & other non current assets				1,208	1,231	1,125	1,024	1,005	325	1,851	3,943
Current Liabilities / current liabilitiees excluding short term borrowing & current maturity of loan term debts	7,727	5,928	9,306	3,301	7,813	13,529	25,560	21,190	18,408	25,996	22,026
Non Current Liabilities/Other long term liabilities & long term provisions	-	-	-	1,046	1,159	1,237	1,494	1,670	1,580	1,556	2,561
Current Liabilities including cash credit limit	21,995	12,361	16,732	10,419	27,137	28,758	60,833	56,602	54,188	53,223	71,622
Capital raising expenditure to the extent not written off	60	30	-	-	-	-	-	-	-	-	-

*regrouped /reclasiified as per schedule VI since 2010-11
#regrouped/ recasted as per IND AS

Financial Icons

(₹ In Lakhs)

Particulars	2007-08 (Oct 07- Sept08)	2008-09 (Oct 08 - Sep 09)	2009-10 (Oct 09 - Sep 10)	2010-11* (Oct 10 - Sep 11)	2011-12 (Oct 11 - Sep 12)	2012-13 (Oct 12 - Sep 13)	2013-15 (18 months) (Oct 13 - Mar 15)	2015-16 (Apr 15 - Mar 16)	2016-17# (Apr 16 - Mar 17)	2017-18 (Apr 17 - Mar 18)	2018-19 (Apr 18 - Mar 19)
OPERATING RATIOS											
Cost of material sold / Net revenue from operations	69.99%	64.56%	80.36%	75.81%	77.08%	84.90%	80.76%	74.10%	66.29%	80.35%	73.70%
Cost of material sold = cost of material consumed* + increase / decrease in stock											
Staff expenses / Net revenue from operations	8.85%	6.19%	5.80%	5.97%	5.45%	4.34%	6.29%	6.25%	6.01%	4.85%	6.53%
Selling & administration expenses / Total income	3.01%	2.25%	2.42%	5.66%	4.02%	4.42%	4.75%	6.02%	4.74%	4.84%	7.86%
Other expenses* / Net revenue from operations*											
PBIDT / Net revenue from operations	18.18%	27.28%	11.71%	12.62%	13.76%	7.74%	8.44%	15.33%	24.46%	11.19%	15.23%
PBIT / Net revenue from operations	7.39%	20.14%	5.94%	7.10%	9.05%	4.17%	4.28%	11.45%	21.94%	8.91%	12.19%
PBT / Net revenue from operations	-10.76%	6.79%	-2.41%	-2.98%	-2.24%	-3.44%	-2.34%	4.96%	17.53%	7.14%	10.23%
PAT / Net revenue from operations	-9.09%	5.43%	-1.63%	-2.22%	-1.62%	-2.09%	-1.47%	4.91%	13.11%	7.09%	8.77%
BALANCE SHEET RATIO											
Debt Equity Ratio	2.82	2.43	2.16	2.88	2.65	1.99	2.61	2.58	0.50	0.15	0.31
(Secured loan excluding cash credit / share holder's funds)											
Inventory Turnover Ratio	1.56	5.67	3.89	4.76	3.08	5.17	2.39	1.52	2.01	2.82	1.36
(Net Revenue from operations / closing stock of inventory)											
Fixed Assets Turnover Ratio (Net Revenue from operations / net block of fixed assets)	0.46	0.83	1.06	1.19	1.49	2.11	2.85	2.23	3.59	4.19	3.23
Fixed Assets Coverage Ratio (FACR) (Net block of fixed assets/ Secured loan excluding cash credit)	1.49	1.44	1.60	1.26	1.41	1.83	1.47	1.18	2.31	6.33	2.32
PER SHARE DATA											
Earnings per share (EPS) (₹)	(15.31)	14.20	(6.50)	(9.02)	(7.88)	(13.53)	(13.19)	22.02	8.87	5.39	5.05
Cash earnings per share (CEPS) (₹)	(0.63)	35.90	9.17	8.28	9.62	(0.95)	15.77	41.08	7.59	7.09	6.67
Dividend (Rs.per Equity Share)	-	1.50	-	-	-	-	-	-	10	-	-
Dividend Payout %	-	15%	-	-	-	-	-	-	100%	-	-
Book Value (₹)	75.21	87.28	81.73	73.66	66.73	54.86	44.60	52.66	15.19	19.43	24.62

*regrouped /reclasiified as per schedule VI since 2010-11

#regrouped/ recasted as per IND AS

Value-Added Statement

(₹ In Lakhs)

Particulars	2007-08 (Oct 07- Sept08)	2008-09 (Oct 08 - Sep 09)	2009-10 (Oct 09 - Sep 10)	2010-11* (Oct 10 - Sep 11)	2011-12 (Oct 11 - Sep 12)	2012-13 (Oct 12 - Sep 13)	2013-15 (18 months) (Oct 13 - Mar 15)	2015-16 (Apr 15 - Mar 16)	2016-17# (Apr 16 - Mar 17)	2017-18 (Apr 17 - Mar 18)	2018-19 (Apr 18 - Mar 19)
Corporate Output (Total Income incl.excise duty)	29,426	48,616	57,919	61,690	72,811	97,593	1,17,909	84,013	1,27,066	1,47,576	1,12,022
Less: Manufacturing & Operating expenses/ cost of material consumed*+Increase/decrease in stock	19,084	29,818	44,603	44,963	53,849	78,758	91,749	58,861	78,909	1,14,894	79,897
Less:Exceptional Item/ deferred revenue expenditure	30	30	30	-	-	-	-	(492)	(323)	-	-
Less: Selling & Administrative expenses/ Other Expenses*	822	1,038	1,346	3,359	2,811	4,101	5,393	4,785	5,638	6,919	8,526
Gross Value Added	9,490	17,730	11,940	13,368	16,151	14,733	20,766	20,859	42,842	25,764	23,599
Less: Depreciation	2,943	3,295	3,206	3,272	3,289	3,319	4,725	3,076	2,994	3,250	3,295
Net Value Added	6,547	14,435	8,734	10,096	12,862	11,415	16,041	17,783	39,847	22,513	20,304
Allocation of Net Value Added											
to personnel	2,412	2,858	3,218	3,543	3,805	4,030	7,144	4,968	7,157	6,933	7,084
to Exchequer (Excise)	2,121	2,274	2,221	2,342	2,735	3,521	4,035	3,717	6,570	2,833	-
to Exchequer (Direct Taxes)	14	360	249	-	-	-	-	145	4,375	2,059	2,426
to Mat Credit entitlement	-	(487)	(239)	128	-	-	-	(135)	(4,375)	(1,942)	(600)
to deferred tax	(469)	757	(441)	(578)	(433)	(1,256)	(984)	33	5,260	(46)	(243)
to Stake holders (Interest)	4,947	6,164	4,631	5,978	7,886	7,056	7,521	5,159	5,250	2,531	2,126
to Investors (Dividend)	1	598	-	-	-	-	-	-	-	-	-
to Company (Retained earnings)	(2,479)	1,910	(906)	(1,316)	(1,131)	(1,936)	(1,674)	3,897	15,611	10,145	9,511
	6,547	**14,435**	**8,734**	**10,096**	**12,862**	**11,415**	**16,041**	**17,783**	**39,847**	**22,513**	**20,304**

*regrouped /reclasiified as per schedule VI since 2010-11

#regrouped/ recasted as per IND AS

Allocation of the value added to the State Exchequer does not include GST payment of ₹5,053 lakhs and ₹4,727 lakhs for FY 2018-19 and FY 2017-18 respectively.

Key Statistics

Particulars - SS	2007-08	2008-09	2009-10	2010-11*	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
No of days crushed												
- DN	142	119	140	141	155	159	141	156	146	173	197	175
- DP	127	106	134	132	147	148	131	139	127	169	188	175
- DD	99	66	114	113	145	143	111	113	98	148	203	153
Sugar cane Crushed in Qtls.												
- DN	72,19,113	50,64,737	66,15,074	68,82,340	76,62,759	77,30,481	67,54,422	82,88,859	78,21,407	91,37,553	1,17,72,480	1,04,23,884
- DP	71,29,891	45,75,622	64,83,011	58,70,034	78,88,321	83,90,189	72,63,772	81,52,637	72,80,891	97,94,050	1,12,66,539	1,01,33,177
- DD	50,42,169	30,06,582	58,55,079	61,05,708	81,57,356	81,39,741	68,53,451	68,64,859	59,46,903	94,08,128	1,33,01,396	1,01,26,814
Recovery % - DN	10.64	10.31	10.31	10.30	10.16	10.32	10.47	11.11	12.12	12.34	12.24	12.44
Recovery % - DP	10.33	9.93	9.77	9.47	9.73	10.00	10.52	10.98	11.77	12.11	12.24	12.24
Recovery % - DD	10.27	8.61	8.77	8.55	9.09	9.15	9.65	10.14	11.16	10.89	11.24	12.24
Total losses % -DN	1.92	1.84	1.89	1.85	1.82	1.83	1.79	1.70	1.82	1.75	1.76	1.77
Total losses % -DP	1.97	1.97	1.96	1.93	1.76	1.81	1.66	1.61	1.62	1.61	1.66	1.74
Total losses % -DD	2.14	2.14	2.04	2.07	1.90	1.92	1.68	1.72	1.74	1.75	1.86	1.70
Sugar Cane Bagged in Qtls. - DN	7,68,075	5,22,037	6,83,165	7,10,349	7,78,198	7,97,890	7,07,397	9,20,511	9,48,800	11,27,722	14,41,423	12,96,625
Sugar Cane Bagged in Qtls. - DP	7,36,265	4,54,380	6,34,460	5,57,845	7,67,410	8,38,650	7,64,090	8,95,261	8,56,652	11,85,936	13,79,135	12,40,605
Sugar Cane Bagged in Qtls. - DD	5,17,759	2,58,461	5,14,082	5,22,085	7,41,195	7,44,505	6,61,266	6,95,766	6,65,433	10,24,515	14,95,298	12,39,857

*regrouped /reclasiified as per schedule VI since 2010-11

DWARIKESH SUGAR INDUSTRIES LIMITED

Regd. Office: Dwarikesh Nagar – 246762, Dist. Bijnor, U.P.

CIN: L15421UP1993PLC018642

ATTENDANCE SLIP

(TO BE SIGNED AND HANDED OVER AT THE ENTRANCE OF THE MEETING HALL)

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL. Joint shareholders may obtain additional Slip at the venue of the meeting.

DP Id*		Folio No.	
Client Id*		No. of Shares	

NAME AND ADDRESS OF THE SHAREHOLDER

I hereby record my presence at the 25th **ANNUAL GENERAL MEETING** of the Company held on Thursday, September 05, 2019 at 12.30 p.m. at Dwarikesh Nagar – 246762, Dist. Bijnor, U.P.

* Applicable for investors holding shares in electronic form.

....

Signature of Shareholder / proxy

DWARIKESH SUGAR INDUSTRIES LIMITED

Regd. Office: Dwarikesh Nagar – 246762, Dist. Bijnor, U.P.

CIN: L15421UP1993PLC018642

PROXY FORM

Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of Member(s) Registered address		E-mail Id Folio No/ *Client Id *DP Id	

I/We, being the member(s) of ______________________ shares of Dwarikesh Sugar Industries Limited, hereby appoint:

1) .... of .... having e-mail id or failing him .... or failing him

2) .... of .... having e-mail id or failing him .... or failing him

3) .... of .... having e-mail id or failing him .... or failing him

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 25th **ANNUAL GENERAL MEETING** of the Company, to be held on Thursday, September 05, 2019 at 12.30 p.m. at Dwarikesh Nagar – 246762, Dist. Bijnor, U.P. and at any adjournment thereof in respect of such resolutions as are indicated below:

** I wish my above Proxy to vote in the manner as indicated in the box below:

Resolutions	For	Against
1. Adoption of Financial Statement for the year ended March 31, 2019.		
2. Declaration of Dividend on 8% Cumulative Redeemable Preference Shares (Series II)		
3. Declaration of Dividend on Equity Shares of the Company.		
4. Appoint Director in place of Shri Vijay S. Banka who retires by rotation and being eligible offers himself for re-appointment		
5. Alteration of Articles of Association.		
6. Appoint Shri G.R. Morarka As Executive Director of the Company.		
7. Appoint Shri G.R. Morarka as Whole Time Director Designated as Executive Chairman of the Company		
8. Appointment & fixation of remuneration of Cost Auditors.		

Signed this _______day of _____________ 2019

Affix revenue stamp of not less than ₹1

Signature of shareholder

....

Signature of first proxy holder

....

Signature of second proxy holder

....

Signature of third proxy holder

Notes:

(1) This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

(2) A Proxy need not be a member of the Company.

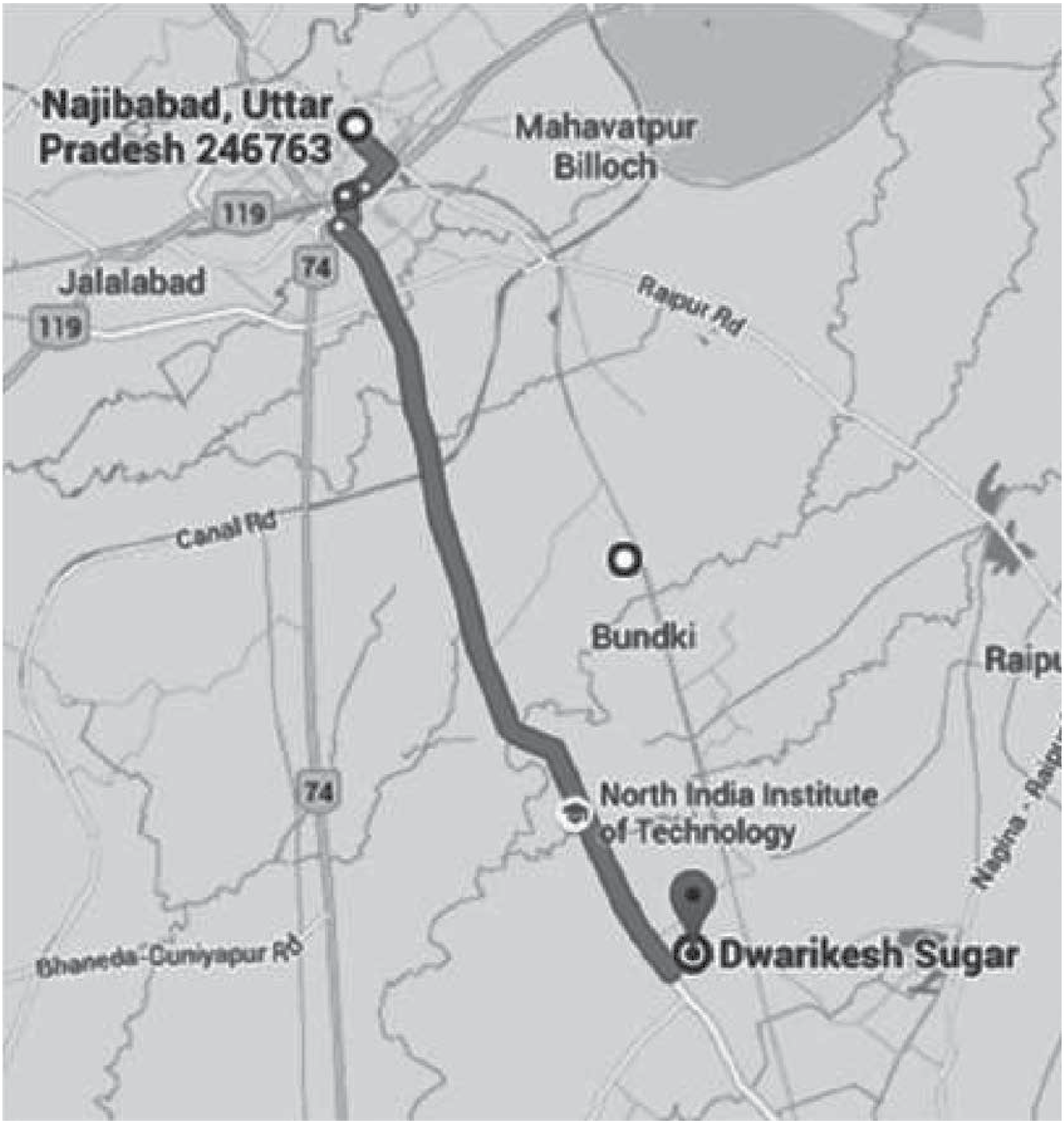
(3) A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

**(4) This is only optional. Please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.

(5) Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.

(6) In the case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.

AGM VENUE ROUTE MAP



Corporate Information

Directors

G. R. Morarka	Executive Chairman
B. K. Agarwal	Independent Director
K. N. Prithviraj	Independent Director
Nina Chatrath	Independent Director
B. J. Maheshwari	Managing Director & CS cum CCO
Vijay S. Banka	Managing Director

President (Corporate Affairs)

Priyanka G. Morarka (w.e.f. July 1, 2019)

Vice President (Works) – DN & DP Units

B. P. Dixit

Vice President (Works) – DD Unit

R. K. Gupta

Chief Financial Officer

Alok Lohia

Registered Office & Unit I

Unit I: Dwarikesh Nagar - 246 762
District: Bijnor,
Uttar Pradesh.

Unit II: Dwarikesh Puram - 246 722.
Tehsil Dhampur, District Bijnor,
Uttar Pradesh.

Unit III: Dwarikesh Dham - 243 503.
Tehsil Faridpur, District Bareilly,
Uttar Pradesh.

Corporate office

511, Maker Chambers – V,
221, Nariman Point,
Mumbai - 400 021.

Bankers

Punjab National Bank

Solicitors

Kanga & Co.

Auditors

N S B P & Co.
Chartered Accountants

Dwarikesh
Sugar Industries Limited

www.dwarikesh.com