

# PASSION AND PERSEVERANCE



DWARIKESH SUGAR INDUSTRIES LIMITED  
Twenty-Sixth Annual Report 2019-20

CELEBRATING  
**25**  
YEARS  
OF OPERATIONS

### 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 realised, 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.

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# PASSION AND PERSEVERANCE

At Dwarikesh Sugar Industries Limited,  
we believe in the 2P's leading to  
successful and sustainable performance.

Passion and Perseverance.

We believe that passion alone is not  
enough; the short burst of enthusiasm  
needs to be sustained through  
challenging periods.

When the economic and industry cycle  
turns around, this complement will  
make it possible for the last person  
standing to be first off the blocks  
towards superior profitability.



Dwarikesh Sugar Industries  
Limited.

Where passion has inspired  
the Company to outperform.

Where perseverance has  
empowered the Company to  
overcome challenges.

*Across 25 years of operations.*



## Our vision

- |   |   |   |   |
|---|---|---|---|
| <ul style="list-style-type: none"> <li>● To be a torchbearer of the sugar industry and rewrite the rules of running the sugar business</li> </ul>             | <ul style="list-style-type: none"> <li>● To establish itself as a market leader in the sugar industry</li> </ul>        | <ul style="list-style-type: none"> <li>● To be an archetype of international quality standards</li> </ul>                         | <ul style="list-style-type: none"> <li>● To become a large sugar conglomerate with interests in synergistic businesses</li> </ul> |
| <ul style="list-style-type: none"> <li>● To ensure that the name of the Company becomes synonymous with good corporate governance and transparency</li> </ul> | <ul style="list-style-type: none"> <li>● To be a paragon of virtue and righteous corporate with a human face</li> </ul> | <ul style="list-style-type: none"> <li>● To contribute in bringing about a metamorphosis in the lives of the have-nots</li> </ul> |   |



## Our mission

- |  |   |  |   |   |
|--|---|--|---|---|
| <ul style="list-style-type: none"> <li>● Produce sugar of the highest quality and be the benchmark for the industry to follow</li> </ul> | <ul style="list-style-type: none"> <li>● Maximisation of shareholder value</li> </ul> | <ul style="list-style-type: none"> <li>● Achieve growth every year with optimum technical efficiency and minimum cost of production</li> </ul> | <ul style="list-style-type: none"> <li>● Ensure maximum customer satisfaction and employee/ farmer welfare</li> </ul> | <ul style="list-style-type: none"> <li>● Protect the environment and uphold the highest standards of integrity, values, along with passion for excellence and respect for all, while striding towards achieving our objectives</li> </ul> |
|--|---|--|---|---|



## Background

The Company was founded in 1993 by Shri Gautam Morarka with the aim to create one of the most respected sugar companies in India. Over the years, Dwarikesh Sugar has emerged as one of the most sustainable multi-product sugar companies in India.



## Manufacturing facilities

The Company has three manufacturing units spread across two regions in Uttar Pradesh. The Dwarikesh Nagar and Dwarikesh Puram plants are located 52 kilometers apart in Bijnor district; the Dwarikesh Dham plant is located in Bareilly district.



## Capacities

The Company's first sugar manufacturing capacity was established in 1995 in Bijnor, Uttar Pradesh, with a cane crushing capacity of 2,500 tonnes per day. The Company's aggregate crushing capacity was 21,500 tonnes of cane per day at the close of 2019-20. Besides, the Company possessed an installed capacity of 100 kilolitres of ethanol per day and co-generated 91 MW of renewable power.

Capacity as on 31 <sup>st</sup> March 2020	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)	22	33	36	91
Distillery (litres per day)	1,00,000	-	-	-



## People

The Company was an employer of 711 permanent non-seasonal talents as on 31 March, 2020 across its manufacturing facilities and offices. A significant per cent of the employees were based at the rural manufacturing plants, strengthening the local fabric.



## Products

The Company is engaged in the manufacture of sugar, ethanol (and related products) and power. The Company is likely to embark on the manufacture of value-added chemical products to address a growing social need following the outbreak of the Novel Coronavirus.



## Leadership

Shri G. R. Morarka Executive Chairman	Shri Vijay S. Banka Managing Director	Shri B. J. Maheshwari Managing Director and CS-cum-CCO
<ul style="list-style-type: none"> <li>• Founder-promoter</li> <li>• Over two decades of sectoral experience</li> <li>• Commerce graduate and ICWA Inter passout</li> <li>• Received Indira Gandhi Priyadarshini Award, Bhamashah Award, Indira Gandhi Sadbhavna Award and Swami Krishnanand Saraswati Purashkar, among others</li> </ul>	<ul style="list-style-type: none"> <li>• Over three decades of experience in the areas of finance and strategy</li> <li>• Chartered Accountant by qualification</li> <li>• Employed with the Company since 2007</li> <li>• Whole Time Director and CFO from 2009 to 2018</li> <li>• Managing Director since 2018</li> </ul>	<ul style="list-style-type: none"> <li>• Over three decades of experience in legal, taxation, secretarial and administrative areas</li> <li>• Chartered Accountant-cum-Company Secretary</li> <li>• Employed with the Company since 1994</li> <li>• Whole Time Director and CS-cum-CCO from 2009 to 2018</li> <li>• Managing Director and CS-cum-CCO since 2018</li> </ul>



## Resource availability

The Company works with an aggregate 1,32,205 farmers across 1,17,103 hectares of its command areas of three locations. The Company increased cane procurement from 193.90 lakh quintals in sugar season (SS) 2007-08 to 374.17 lakh quintals in SS 2019-20, strengthening the local economy.

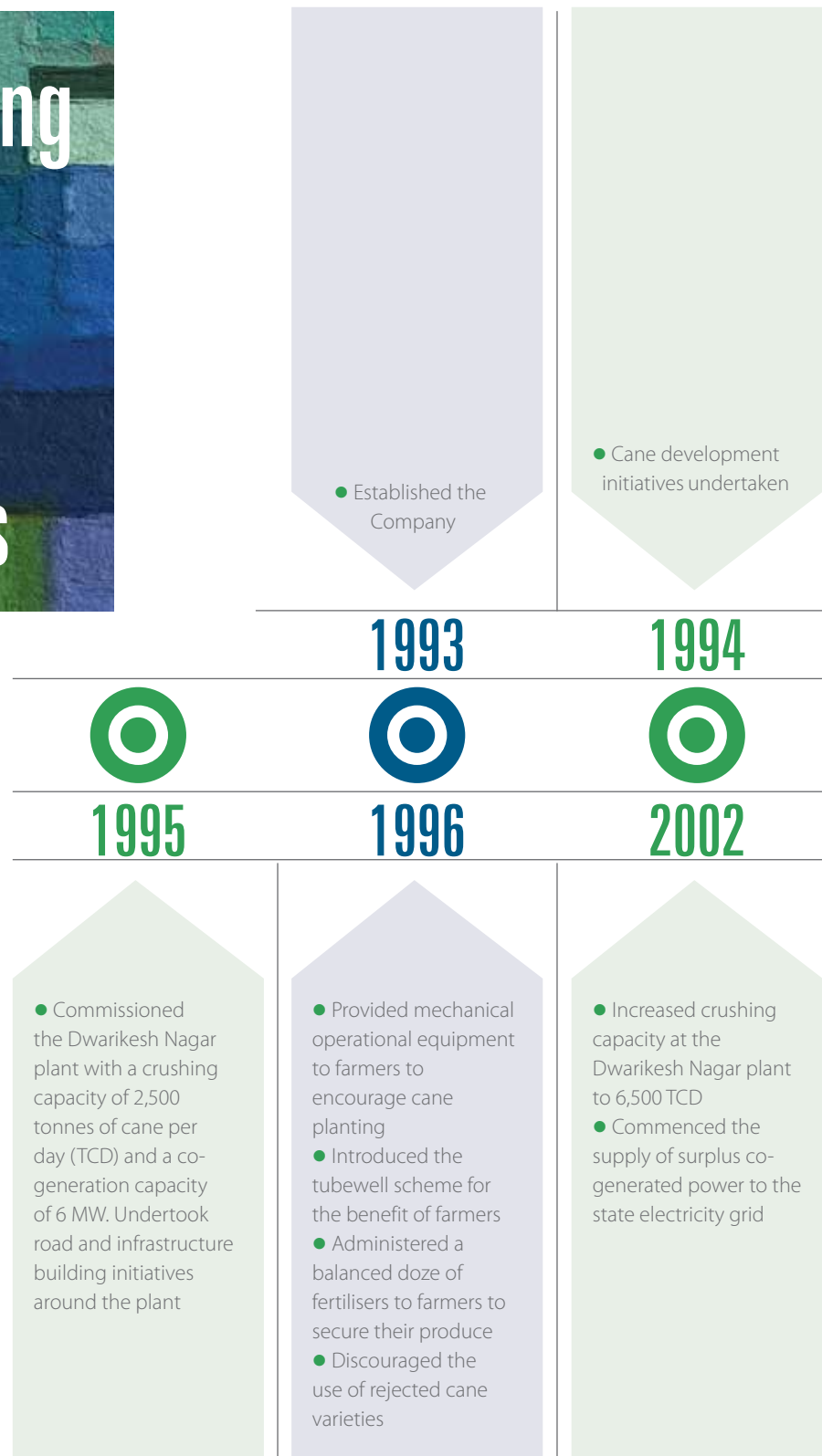


## Listing





The Company is listed on the National Stock Exchange and Bombay Stock Exchange. As on 31<sup>st</sup> March, 2020, it enjoyed a market capitalisation of ₹312 crore.



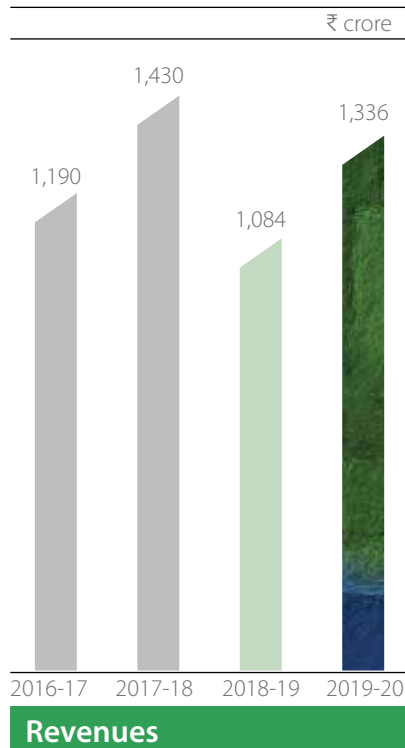
# Our inspiring journey across 25 years of operations





<ul style="list-style-type: none"> <li>● Raised ₹ 32.5 crore through an IPO</li> <li>● Increased co-generation capacity at the Dwarikesh Nagar plant to 17 MW</li> <li>● Commenced the supply of surplus 8 MW power to the state electricity grid from the Dwarikesh Nagar plant</li> </ul>	<ul style="list-style-type: none"> <li>● Commissioned a distillery at the Dwarikesh Nagar plant with a capacity of 30,000 litres/ day</li> <li>● Commissioned the Dwarikesh Puram plant with a crushing capacity of 7,500 TCD and a co-generation capacity of 9 MW</li> <li>● Mobilised ₹54 crore additional net worth through a GDR</li> </ul>	<ul style="list-style-type: none"> <li>● Introduced CO 0238 variety of sugarcane across the Company's command areas</li> <li>● Encouraged wide row spacing and inter-cropping practices among farmers</li> </ul>	<ul style="list-style-type: none"> <li>● Commissioned the Dwarikesh Dham plant with crushing capacity of 7,500 TCD and a co-generation capacity of 36 MW (surplus of 24 MW)</li> <li>● Increased co-generation capacity at the Dwarikesh Puram plant to 33 MW thereby resulting in a surplus of 24 MW</li> <li>● Provided coragen to farmers to counter crop disease</li> </ul>
2004	2005	2006	2007
			
2008	2016	2017	2019
<ul style="list-style-type: none"> <li>● Commenced supplying surplus power to the state electricity grid from the Dwarikesh Puram and Dwarikesh Dham plants</li> </ul>	<ul style="list-style-type: none"> <li>● De-bottlenecked distillery capacity (Dwarikesh Nagar) by commissioning a bio-methanated spent wash plant</li> <li>● Mobilised ₹59.4 crore through QIPs</li> </ul>	<ul style="list-style-type: none"> <li>● Right-sized the Dwarikesh Nagar plant to ensure optimal capacity utilisation</li> </ul>	<ul style="list-style-type: none"> <li>● Embarked on the expansion of the distillery capacity at the Dwarikesh Nagar plant with an envisaged investment of ~₹145 crore. The project was successfully executed and the expanded distillery operations commenced on 23<sup>rd</sup> December, 2019</li> </ul>

# How we performed in the last few years



## Definition

Growth in sales net of taxes and excise duties.

## Why is this measured?

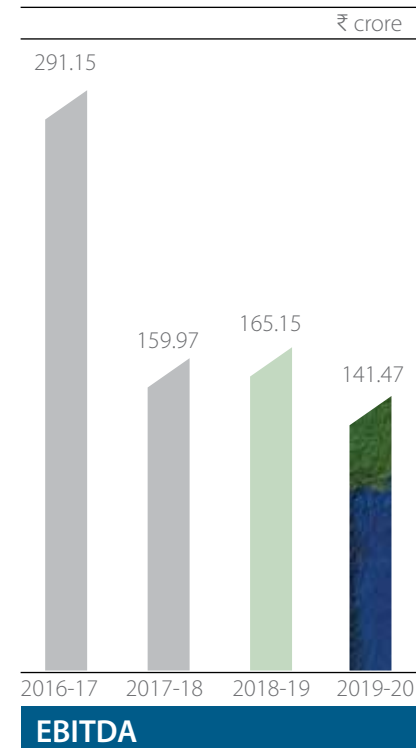
It is an index that showcases the Company's ability to enhance revenues, an index that can be compared with sectoral peers.

## What does it mean?

Aggregate sales increased by 23.25% to ₹1,336 crore in FY2019-20 due to increased crushing and increased exports.

## Value impact

The Company performed better than the sectoral average in revenue growth.



## Definition

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

## Why is this measured?

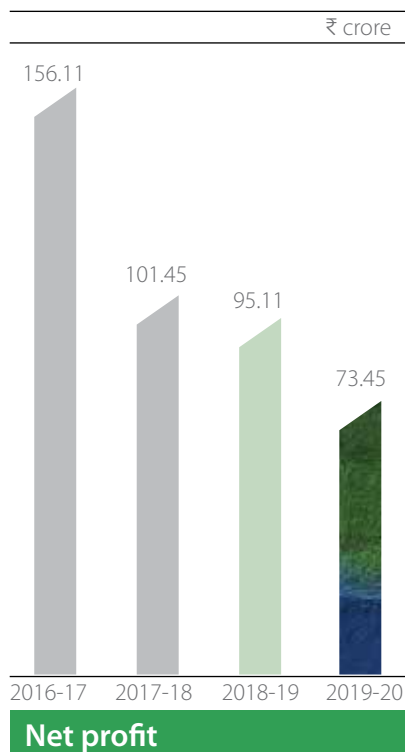
It is an index that showcases the Company's ability to generate a surplus following operating costs.

## What does it mean?

Helps create a robust growth engine and sustain profits.

## Value impact

The Company reported a decline in EBITDA on account of lower cogeneration realisations. However, the surplus was reasonable in view of sectoral challenges.



#### Definition

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

#### Why is this measured?

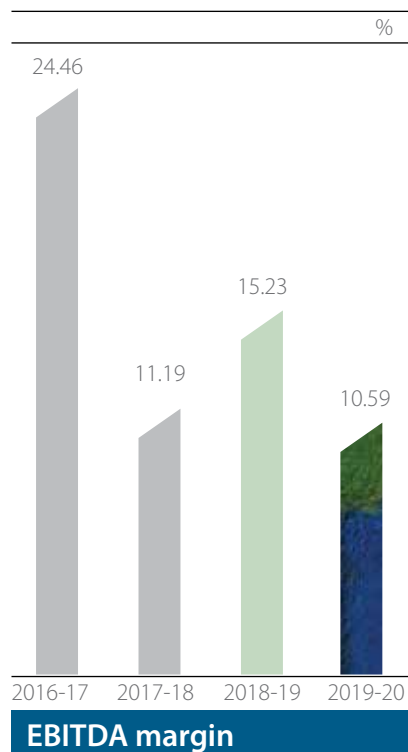
This measure highlights the strength of the business model in enhancing shareholder value.

#### What does it mean?

Ensures that adequate surplus is available for reinvestment.

#### Value impact

The Company reported a 22.77% decrease in net profit in FY2019-20, which was mainly on account of power tariff reduction on sales to the government effective 1<sup>st</sup> April, 2019.



#### Definition

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

#### Why is this measured?

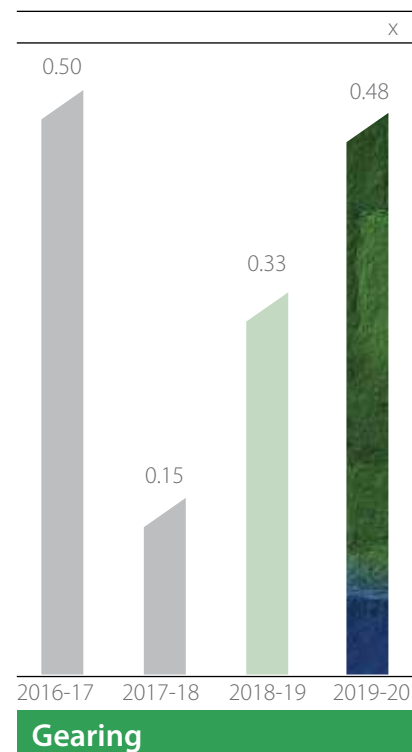
The EBITDA margin provides a perspective of how much a company earns (before accounting for interest and taxes) on each rupee of sales.

#### What does it mean?

Demonstrates adequate buffer in the business expressed as a percentage, which, when multiplied by scale, enhances surpluses.

#### Value impact

The Company reported a 464 bps decrease in EBITDA margin during FY2019-20 on account of sectoral challenges and decline in co-generation revenues.



#### Definition

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

#### Why is this measured?

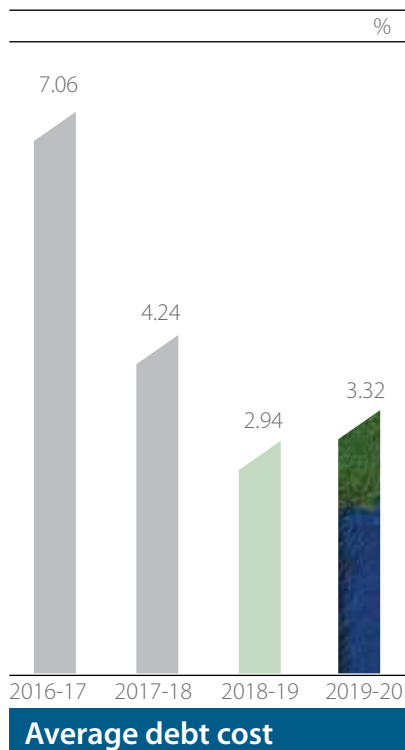
This is one of the defining measures of a company's financial solvency.

#### What does it mean?

This measure enhances perception of the borrowing room within the Company, the lower the gearing the better.

#### Value impact

The Company's gearing remained comfortable despite a marginal increase in 2019-20 attributable to the availing of loan for the new distillery plant.



#### Definition

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

#### Why is this measured?

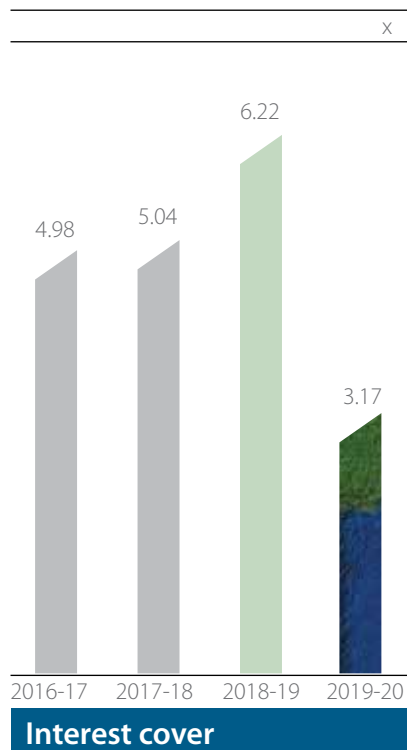
This indicates our ability in convincing bankers and other debt providers of the robustness of our business model, translating into a progressively lower debt cost (potentially leading to higher margins).

#### What does it mean?

Lower cost of debt indicated increased profitability and a room to strengthen the credit rating.

#### Value impact

The debt cost was marginally higher than in the previous year, but considerably lower than the Company's long-term average. Debt cost for the year was also impacted by the availing of loan for new distillery plant.



#### Definition

This is derived through the division of EBITDA by interest outflow.

#### Why is this measured?

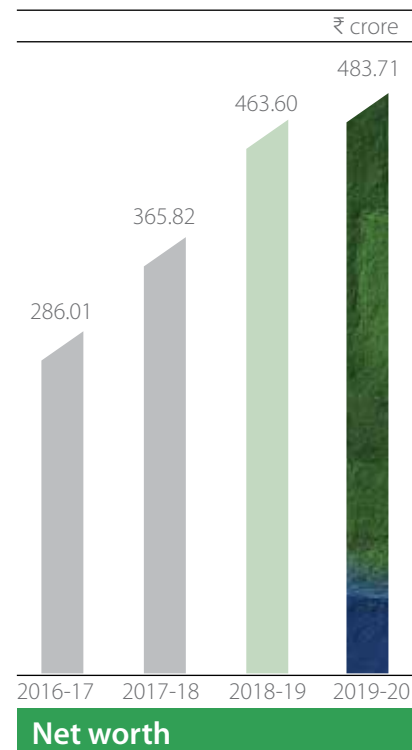
Interest cover indicates the Company's comfort in servicing interest – the higher the better.

#### What does it mean?

A company's ability to meet its interest obligations, an aspect of its solvency, is one of the most important drivers of shareholder value.

#### Value impact

The Company's interest cover, though weakened during the year, was adequate given the sectoral sluggishness.



#### Definition

This is derived through the accretion of shareholder-owned funds.

#### Why is this measured?

Net worth indicates the financial soundness of the Company – the higher the better.

#### What does it mean?

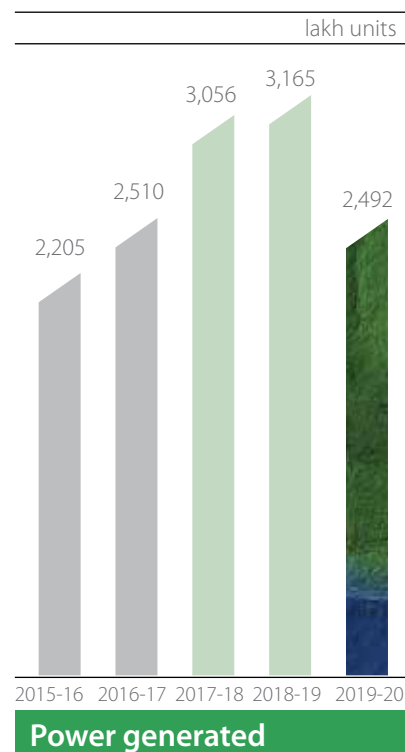
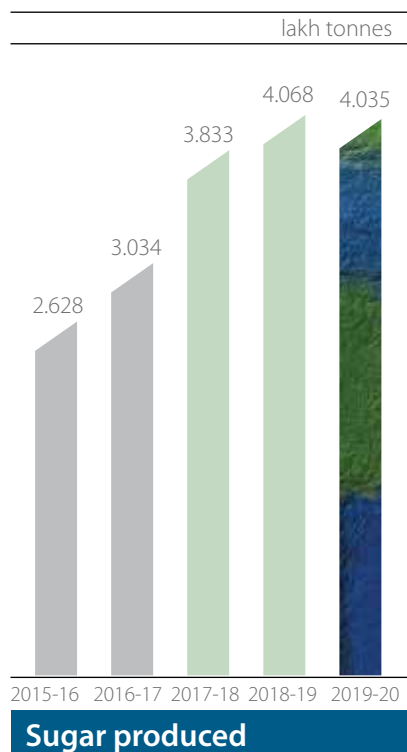
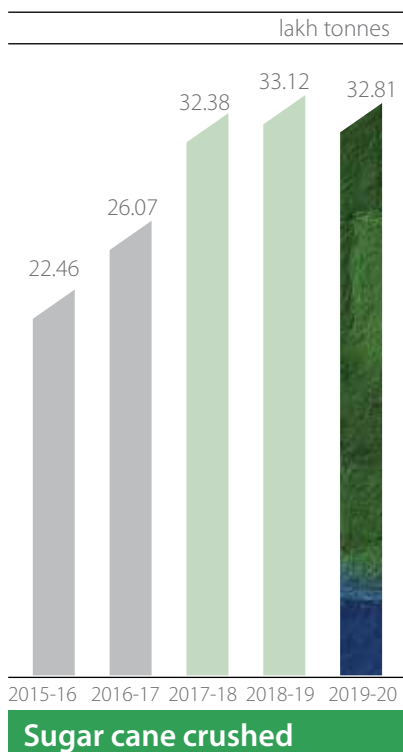
This indicates the borrowing capacity of the Company and influences the gearing (which influenced the cost at which the Company could mobilise debt).

#### Value impact

The Company's net worth strengthened 4.34% during the year in spite of a higher dividend pay-out.



# How we grew our operations across the years



Balance Sheet Ratio	2015-16	2016-17	2017-18	2018-19	2019-20
Earnings per share	22.02	8.87#	5.39#	5.05	3.90
Book Value per share	52.66	15.19#	19.43#	24.62	25.69
Inventory turnover ratio (turnover / closing inventory)	1.52	2.01	2.82	1.36	1.51
Fixed assets turnover ratio	2.23	3.59	4.19	3.23	3.09

# Split share of ₹1 each

Profitability ratios	2015-16	2016-17	2017-18	2018-19	2019-20
EBITDA margin	15.33	24.46	11.19	15.23	10.59
Net profit margin	4.91	13.11	7.09	8.77	5.50

Liquidity and solvency ratios	2015-16	2016-17	2017-18	2018-19	2019-20
Current ratio	0.97	1.12	1.07	1.29	1.21
Quick ratio	0.13	0.10	0.10	0.17	0.20
Debt-equity ratio (including working capital) #	5.60	1.75	0.89	1.40	1.72
Debt-equity ratio (only long-term debt) #	2.58	0.50	0.15	0.33	0.77
Interest cover	1.76	4.98	5.04	6.22	3.17
Receivables in days of turnover equivalent (considering sale of power & ethanol which are only sold on credit)	223.41	195.55	167.28	153.57	216.61
Payables in days of turnover equivalent	101.68	46.76	48.29	66.53	64.18

#Debt excludes preference share capital

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

# Passion and perseverance at work

## Priorities

One has often been asked: What is the reason that Dwarikesh Sugar has endured across a quarter of a century?

There are two answers: at our company, we have worked with a deeper passion than most and we have persevered by just hanging in there.

When we entered the sugar industry, we sought to be the best, but never the biggest. This influenced everything that we stood for: we invested more in enhancing operating efficiency than taking sizable loans to substantially increase our crushing capacity that could have compromised our managerial and financial bandwidth. We created an optimal package of core and byproduct businesses, making it possible to progressively maximise resource consumption, insourcing and value-addition.

At Dwarikesh, we resolved to never over-leverage our Balance Sheet in an agri-commodity business where price swings could be extensive. We focused on expansion only to the extent that our Balance Sheet and desired risk appetite could sustain. We sought to maximise revenues from our non-sugar business as a hedge against sugar price declines. We increased technology investments (both on the cane side and plant side) that strengthened our operating efficiencies.

The outcome of our passionate approach was evident from the time we commissioned our first plant around 25 years ago. There was no cane field for miles; the only road to the land that we had purchased was *kutchra*; there was no semi-urban support system in the vicinity (telephones, potable

water connectivity, shops and homes); electricity availability was erratic.

Nothing worked better for us than adversity. We inspired a sense of passion within our operating team that eventually became the DNA of the organisation. There was a relatively low proportion of the command

area being allocated to cane by farmers, which indicated low planting confidence; rather than perceive this as a negative, we recognised a large untapped potential leading to aggressive cane development. The result: Dwarikesh crushed a record 38 lakh quintals of cane in its first season, the highest maiden year crush till then across North India.

### Cutting-edge technology

The second achievement for which Dwarikesh can draw reasonable pride is its decision to embrace agriculture technology. In the 21<sup>st</sup> century, when cane growers were resigned to the same yields they had been generating for more than 30 years, Dwarikesh did something contrarian. It studied the characteristics of the technologically-advanced CO 0238 variety of sugarcane, which had been newly developed. Dwarikesh was the first company to successfully introduce this variety in its command areas. Only after the results of this new cane variety had been conclusively established did other sugar mills begin to propagate it, providing Dwarikesh with a first-mover's advantage.

The introduction of the revolutionary CO 0238 variety in the sugarcane seed delivered unprecedented yields. When complemented by increased cane prices (announced by the government), sugar cane emerged as

one of India's most remunerative cash crops, delivering almost double the return per hectare when seen in comparison with the next best cash crop. Dwarikesh's pioneering use of the ground breaking cane variety translated into unprecedented prosperity for cane growers across Uttar Pradesh.

The commitment to passion and perseverance was reflected also through the 2019-20 season. The Company crushed nearly 22% more cane than in the previous year; Nearly 25% of the crushing transpired in April and May, which are not necessarily the most recovery-friendly months. Yet, each of the Company's manufacturing facilities reported a recovery in excess of 12%; the recoveries that we reported during April and May 2020 were higher than what the Company reported across the full season a few years ago.

### Strategic outlook

At the end of our first 25 years, we are what we always wanted to be: one of the most respected Indian sugar companies. We believe we possess a rightly-sized company: 21,500 TCD of sugar capacity, 100 KLPD distillery and 56 MW of exportable co-generation. We may not be the largest in our business; we are more of a boutique company that combines art with science to run some of the most efficient plants in India's sugar sector.

Going ahead, we see growth being derived from investments in improved technologies

in our older plants, expansion in our distillery capacity, extension into refined sugar and graduation into retail consumer packaging.

As the quantum of capital expenditure declines, we expect to strengthen our working capital management, increase margins and gradually turn cash-flow positive around a right-sized sugar inventory.


The best is yet to be.

**Gautam R. Morarka**, *Executive Chairman*

**Pioneering**  
Dwarikesh was the first sugar company in Uttar Pradesh to embrace the game-changing CO 0238 cane variety. The rest of the Uttar Pradesh sugar industry embraced the use of the new variety only after about 4 to 5 years of Dwarikesh's pioneering development







# The combination of platform, production and recoveries made it possible for the Company to strengthen its prospects

## Overview

The big message that we wish to send out to our shareholders is that despite a number of challenges that the Company encountered during the year under review, it strengthened the operating platform that could strengthen revenues and profits across the foreseeable future.

The other message that we wish to communicate is that the Company reconciled volume and value during the sugar season 2019-20. The Company generated near-record crushing: in a season when the Indian cane output declined by almost 19%, the Company's crushing increased by 22%. We did better than was expected due to the persevering cane development activities across the last number of years, timely remuneration and high cane prices.

The third message is that in addition to record volumes, the Company delivered record recoveries as well. Each of the Company's manufacturing facilities delivered a recovery in excess of 12%; three of the Company's plants figured in the five highest recoveries in Uttar Pradesh; from a group wise perspective, the Company held the leading position on the basis of recoveries in Uttar Pradesh.

The combination of platform, production and recoveries made it possible for the Company to address business realities for the moment and strengthen its prospects.



## Outperformance

When we went into business a quarter of a century ago, the focus was on being the best sugar company in the country, as distinct from being the largest. The result of this strategic clarity was that the Company invested in its people, pride, empowerment, urgency and passion with the objective to consistently outperform.

The management is proud to report that this culture of outperformance was reflected in the Company's performance during the financial year under review.

In the sugar industry, the objective is to maximise crushing between November and March when benign temperatures maximise sucrose content in cane. However, during the year under review, the management was required to extend crushing operations into April and May 2020 across its three plants following an increased generation of cane from within its command areas (following the closure of the informal jaggery and khandsari units on account of

the pandemic-induced lockdown). During these months, the Company worked with considerably lower recoveries, which pulled down the organisational average. Despite this handicap, the Company reported an average recovery of 12.26% for the 2019-20 sugar season and each of the mills reported higher recovery than in the past. This masked the reality that reported recoveries could have been better had crushing been completed by March-end (as used to be normal). Besides, standalone recoveries clocked could have been better had the Company not selected to manufacture ethanol through the B-Heavy molasses route, which entailed a sacrifice in the quantum of sugar produced.

The highlight of the Company's improvement in this regard was most visibly showcased in the Faridpur plant where recoveries strengthened from 8.55% in SS 2010-11 to a high of 12.39% during the year under review, transforming the fortunes of thousands of farmers in that command area.

## Cane development

The Company continued to deepen its cane development during the year under review. This development comprised the advocacy of the early maturing variety for the uninitiated, trench farming, use of advanced pesticide and fertiliser varieties as well as proactive responsiveness in arresting disease incidence (red rot in 2019-20).


The result is that the Company encouraged and assisted farmers to extend the non-cane portion of their farms to cane, increasing the aggregate cane coverage across its command areas to around 95%. Besides, this increase comprised the early maturing CO 0238 cane variety, which continued to generate a win-win proposition: high sustained yields

for farmers on the one hand and superior recoveries for mills on the other.

The result of this sustained evangelism is that the Company increased crushing throughput for the season 2019-20. The increase in the Company's crushed throughput was nearly 3x the increase in Uttar Pradesh and represented a substantial improvement over the national decline in cane output by 19%. Increased crushing broad-based the Company's resource foundation to sustain the production of sugar, distillery products and power (co-generation).



**The management is proud to report that this culture of outperformance was reflected in the Company's performance during the financial year under review.**



**Thanks to the timely distillery expansion, the Company will embark on the manufacture of value-added products where no major capital expenditure is envisaged; it proposes to address a large addressable market with decent margins.**

### Distillery commissioning

For a number of years, the Company had selected to freeze any expansion of its distillery capacity on the grounds of relevant technology availability. During the year, the Company accessed the appropriate technology (especially from the perspective of effluents treatment), increasing its distillery capacity by adding 100 KLPD at the Dwarikesh Nagar unit effective from December 2019. The Company's clean track record and robust documentation helped generate environmental clearances for this proposed expansion in the fastest time, a sectoral benchmark.

The management believes that this increase is as decisive as it is timely: there is a greater government focus in increasing the blending of ethanol with automotive fuel with the objective to increase engine combustion that moderates fuel emissions. The country

has increased the proportion of ethanol to be blended with automotive fuel from nil a few years to more than 5% today and is likely to increase this further in line with the proportion already achieved in Brazil (48%). The country is keen on replacing an imported industrial product (crude oil) derived from fossil fuels with a local and renewable agricultural product (ethanol), saving foreign exchange on the hand while enhancing farmer revenues on the other.

The increased distillery capacity will strengthen the Company's positioning as a responsible player in the country's chemicals sector, an effective de-risking from an excess dependence on sugar. Besides, we believe that the distillery represents a platform that will empower the Company to manufacture a range of downstream products in line with emerging opportunities.

### Enhancing distillery value

At Dwarikesh, our objective is not just to sweat the distillery at the highest utilisation but also generate the most attractive product mix.

During the year under review, the Company capitalised on the National Biofuel Policy that had been announced in 2018 by exercising its decision to manufacture ethanol through the B-Heavy molasses route. On the face of it, this option resulted in a sacrifice of a quantity of sugar; from a holistic perspective, the ethanol manufactured through this route generated higher realisations, addressed an

immediate market and helped the Company replace the sugar inventory that would have been liquidated across a number of months with a product that could be manufactured and marketed within days. This decision helped the Company rationalise its working capital outlay.

Thanks to the timely distillery expansion, the Company will embark on the manufacture of value-added products where no major capital expenditure is envisaged; it proposes to address a large addressable market with decent margins.

### Responding to a national priority

At the start of the last financial year, one of the biggest challenges addressing India's sugar inventory was a large sugar inventory. The country entered sugar season 2019-20 with an opening stock of 14.6 million

tonnes of sugar, which was equivalent of approximately 7 months of consumption. This large carry-forward stock depressed trading sentiment and sugar realisations, affecting the viability of millers.

During the course of the year, the Indian government embarked on a pragmatic initiative to permit the export of sugar with a two-fold perspective: moderate the country's sugar inventory that would empower millers to convert their stock into cash; enhance India's international exposure as a consistent provider of quality sugar.

Dwarikesh was among the first sugar companies to capitalise on this government permission and respond to a national priority.

Under the MAEQ program of sugar exports of 6 million tonnes announced by the Central Government for SS 2019-20, the Company exported approximately 1,20,000 tonnes of sugar towards the end of 2019-20 and the beginning of 2020-21. The Company thus liquidated more than 26% of the season's sugar production and moderated its working capital outlay. Besides, the Company's successful export performance translated into government redistribution of the unutilised exports quantum of other companies.

### Covid-19 preparedness

One of the highlights of the Company's performance during the year under review was in its preparedness and responsiveness to the Covid-19 pandemic. For a company whose output is used as a food ingredient, our company was provided permission to manufacture through the lockdown. This placed a priority on the Company to incorporate the highest standards of safety and hygiene in its operations.

The Company created an extensive SOP across all functions in its manufacturing facilities to maximise safety. These SOPs covered all permanent, seasonal and indirect employees, their families, vendors

and farmers across its three plant locations. The Company implemented the highest standards of industrial and hygiene discipline corresponding to the highest standards required to manufacture a food product.

The result of this proactive preparedness was that the Company did not suffer any Covid-19 casualty during this period; the Company continued uninterrupted operations through the season that lasted into April and May 2020, the longest crushing tenure in a long time. Besides, the Company identified a noble opportunity of serving the pandemic-influenced society through the distribution of sanitisers.

### Outlook

The principal objective for the Company is to liquidate its sugar inventory with speed, maximise liquidity and right-size the revenue mix. We believe that a prudent imbalance of revenues derived sugar, ethanol (also through B-Heavy molasses route) and co-generation should enhance revenue maximisation and superior margins.

The Company intends to increase liquidity and moderate debt with the objective to build a progressively margins-driven company across the foreseeable future.

**Vijay S. Banka**, *Managing Director*

**The result of this proactive preparedness was that the Company did not suffer any Covid-19 casualty during this period; the Company continued uninterrupted operations through the season that lasted into April and May 2020, the longest crushing tenure in a long time.**

# Dwarikesh and the Covid-19 impact

## The outbreak of the pandemic

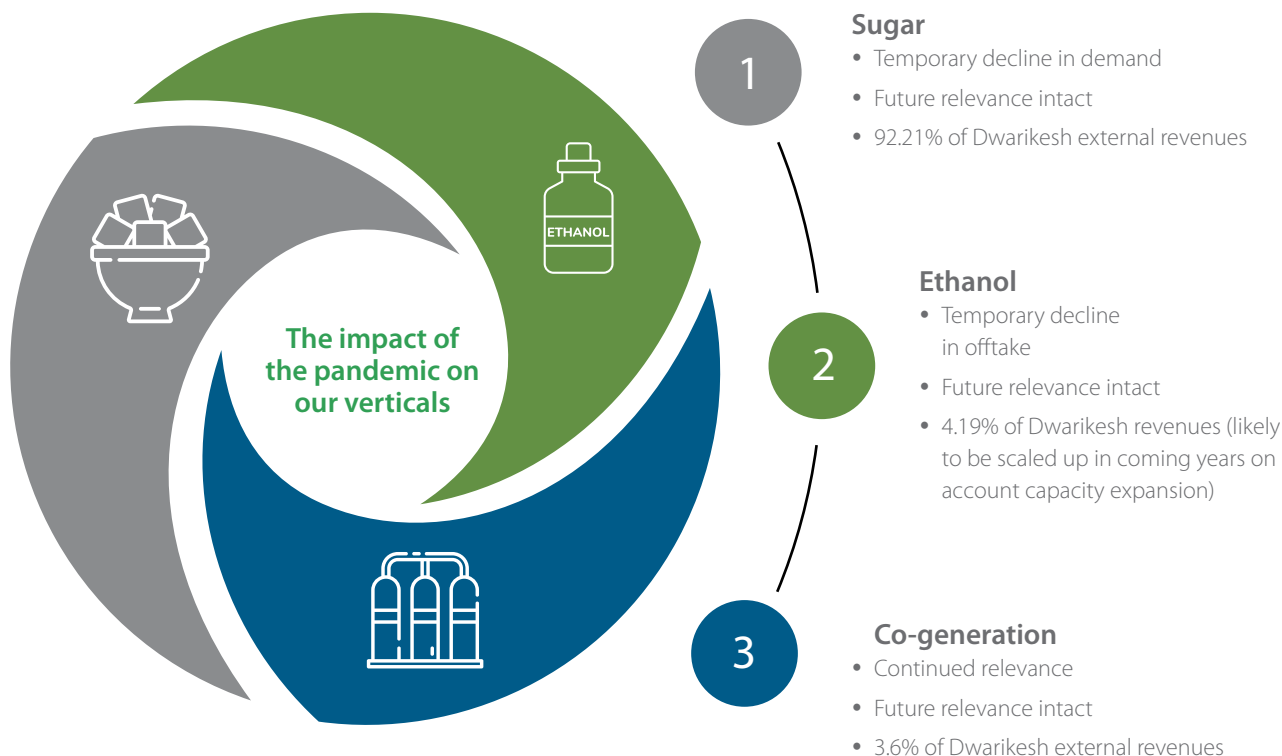
The Covid-19 pandemic is a defining global crisis that can transform the way we think, live and work. The spread of the virus disrupted the global economy and consumer sentiment starting December 2019. The virus was declared a global pandemic by the World Health Organisation in March 2020.

## General response

Most global governments declared lockdowns in successive phases. The Indian government implemented a national lockdown in late March 2020, which covered the comprehensive closure of offices, factories and public places. All international, inter-state and intra-state travel was restricted and borders sealed to limit pandemic impact.

## Dwarikesh's responsiveness

Dwarikesh moved with proactive speed in temporarily shutting its urban offices in line with the official lockdown imposition. The Company leveraged the services of its Crisis Management Team to protect business continuity, service client needs and deepen its relevance. The Company leveraged modern remote digital communication technologies, comprehensively implemented government directives and implemented 'Work from Home' for many of its employees, protecting its business continuity.





# How Dwarikesh protected the interest of stakeholders during the pandemic

<b>Investors</b>	<ul style="list-style-type: none"> <li>• Focused on maximising cash flows through exports</li> </ul>	<ul style="list-style-type: none"> <li>• Increased ethanol manufacture through B-Heavy molasses route</li> </ul>	<ul style="list-style-type: none"> <li>• Focused on cost rationalisation</li> </ul>	<ul style="list-style-type: none"> <li>• To extend to the manufacture of value-added alcohol-based products</li> </ul>
<b>Farmers</b>	<ul style="list-style-type: none"> <li>• Crushed as much cane as farmers could provide</li> </ul>	<ul style="list-style-type: none"> <li>• Extended safety practices to farmers</li> </ul>	<ul style="list-style-type: none"> <li>• Monitored the farmer's yards, enduring social distancing</li> </ul>	
<b>Customers</b>	<ul style="list-style-type: none"> <li>• Manufactured through the season</li> <li>• Employed the highest quality and hygiene standards</li> </ul>	<ul style="list-style-type: none"> <li>• Service trade partners with their needs</li> </ul>	<ul style="list-style-type: none"> <li>• Procured primary raw materials (lime, sulphur etc.) from Punjab and Rajasthan</li> </ul>	<ul style="list-style-type: none"> <li>• Engaged with the Government and MHA for support</li> <li>• Permission sought for the manufacture of ENA and sanitisers</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Implemented SOPs for employee safety</li> <li>• Initiated work from home across our offices</li> </ul>	<ul style="list-style-type: none"> <li>• Scanned / sanitised every individual and vehicle</li> <li>• Sanitised the plant every day</li> </ul>	<ul style="list-style-type: none"> <li>• Trained farmers and employees in safeguards</li> </ul>	<ul style="list-style-type: none"> <li>• Employee colony was sanitised with bleaching powder every 3 days</li> <li>• Did not enforce salary cuts or deferment</li> </ul>
<b>Community</b>	<ul style="list-style-type: none"> <li>• Disinfected &gt;200 villages in the proximity of our plants</li> <li>• Provided &gt;several thousands of food packets to the villages</li> <li>• Made provisions to turn our medical facility into a quarantine facility</li> </ul>	<ul style="list-style-type: none"> <li>• Self-help groups supported by the Company fabricated masks delivered to the government and local people; packed milk was sent to Delhi</li> </ul>	<ul style="list-style-type: none"> <li>• Manufactured sanitisers distributed free around the plant vicinity</li> <li>• Distributed thousands of food packets (roti and sabzi) to the poor</li> <li>• Distributed food packets and water to the migrant workers</li> </ul>	<ul style="list-style-type: none"> <li>• Liberal monetary contribution to the Central Government, State Government, Local Authorities and many hospitals &amp; medical centres</li> </ul>

# Dwarikesh. Empowering farmers for a quarter of a century

“

After Dwarikesh was commissioned, the management advised us to use the 88230 cane variety in 1997-97, which enhanced my yield to 700-750 quintals per hectare. When Dwarikesh introduced CO 0238, yield increased further to 1000+ quintals per hectare. Dwarikesh has been responsible for an increase in about 300 quintals of cane per hectare, magically transforming and giving incremental *aamdani*... every season.”

**Naresh**, Farmer -  
Bhagwanpratap,  
Dwarikesh Nagar

“

Dwarikesh taught farmers the importance of superior cane varieties, trench farming and bio-fertilizers. Interestingly, these awareness campaigns were attended by farmers and people from across the country – including Nepal.”

**Badan Singh**,  
Farmer – Murliwala,  
Dwarikesh Puram

“

In the early Nineties, we cultivated cane on 30-40% of our land. Cane productivity was a mere 30-40 quintals/ bigha. We used bullock carts for ploughing fields and transporting cane to the factory. *Dwarikesh ke aane se hamare gaaon ki soorat badal gayi.* We increased the proportion of cane on our farms to 70%. Yields are now 90 quintals per bigha. We have shifted from bullock carts to tractors. We have reduced manual interventions with mechanical options. Kutchra roads have been cemented; highways have been built. Today I have 40 bighas of owned land and 125 bighas of rented land. *Dwarikesh ki badaulat!*

**Gajendra Kumar**,  
Farmer - Haijapur,  
Dwarikesh Nagar



“

Before Dwarikesh, we had doubts regarding sugarcane cultivation. But since 2014, I have substantially increased the area of sugarcane cultivation because Dwarikesh gave me the *haunsla*. In 2014, I owned 20 acres, of which only 6 acres was allocated to sugarcane. Now I own 28 acres, out of which 20 acres is allocated to sugarcane cultivation.”

**Amrish Singh,**  
Farmer - Rasoolpur,  
Dwarikesh Puram

“

There was a time when there was just one purchasing centre in the Najibabad area (Seohara) where 1000-1500 quintals of cane would be purchased. Road conditions were so bad that relatives would not visit us during the monsoons. I would park my motor cycle at a shop for 2-3 years since the poor conditions made it difficult to take the motorcycle home. Ever since Dwarikesh came to our region, *raaste ka sudhaar hua hain* and today they are like highways.”

**Dara Singh,** Farmer  
- Hajipur, Dwarikesh  
Nagar

“

What has happened in my life is nothing short of a *chamatkaar*. Twenty five years ago, I used to earn ₹3.5 lakh a season; my income is now ₹45 lakh a season. Back then, I owned a Hero Majestic moped; now I own a Mahindra Marazzo, two tractors, eight bikes, ancestral house expanded from 2250 sq. ft to 9000 sq.ft and increase in the value of land from ₹20,00,000 to ₹8 crore. Earlier I did not enjoy the respect of my relatives since I was a small farmer; today, especially after I met the PM, they want to take a picture with me. Thanks to Dwarikesh, duniya badal gayi sahab!”

**Rajiv Kumar,**  
Farmer - Madewala,  
Dwarikesh Nagar

“

In 1995, before Dwarikesh Nagar was established, I would generate 600-700 quintals on 20 bighas; my production has grown to 3000 quintals/50 bighas only because of Dwarikesh. Twenty five years ago, my land's valuation was ₹18 lakh; it is now ₹2.40 crore. My income has grown from ₹1.5 lakh per month to ₹9 lakh per month. In 1995, I had a house of 18,000 sq ft. After being associated with Dwarikesh, it has been expanded to 36,000 sq ft. I had one bicycle but now I have five motorcycles, one car and several tractors. Farmers' children study in an English medium school (RR Morarka School). My son recently joined SBI. *Ek generation me kismet badal gayi kisaan ki!*”

**Shivom Kumar,**  
Farmer - Jhilmila,  
Dwarikesh Nagar

# How we enhanced shareholder value in 2019-20

## Cane development

- Increased coverage of CO 0238 cane variety
- Arrested the outbreak of red rot disease
- Strengthened cane logistical efficiency

## Maximised crushing

- Enhanced economies of scale
- Increased flexibility of product mix selection
- Larger throughput of profitable by-products

## Distillery capacity expansion

- Added a new distillery plant of 100 KLPD
- Platform for divisional growth
- Volume and value implications

## Strengthened product mix

- Moderated sugar output
- Increased ethanol output (B-Heavy route)
- Sacrificed sugar realisations; maximise ethanol revenues

## Increased exports

- Generated immediate cash; increase liquidity
- Reduced short-term debt
- Acquired the industry's unutilised export quotas

## Strengthen ethanol mix

- Increased ethanol capacity
- Secured multi-year sales to OMCs
- Strengthened output mix

## Asset-light approach

- Utilised B-Heavy molasses route to manufacture ethanol
- Virtually no capex; superior cash flows
- Generated realisations higher than ethanol

## Right-sized Balance Sheet

- Repaid ₹20.17 crore debt, 2019-20
- Gearing low at 0.48
- Low average debt cost 3.32%

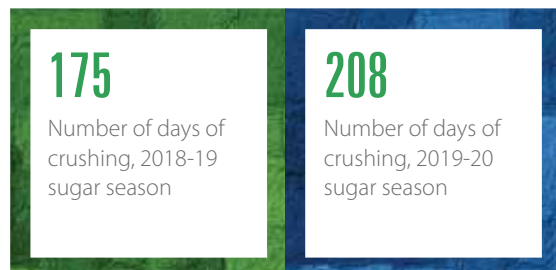


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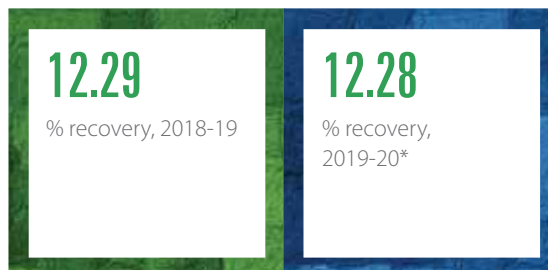
## The outcomes of our initiatives

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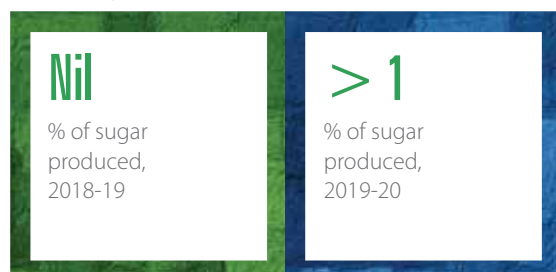
### Increase in crushing days



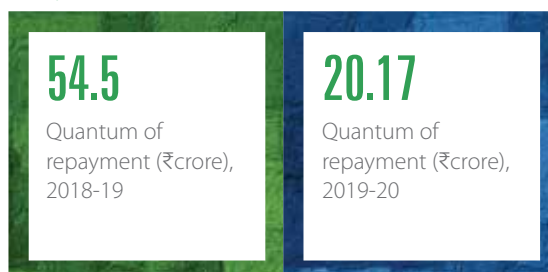
### Increase in adjusted aggregate average recovery



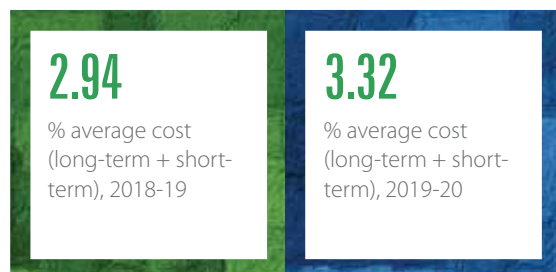
### Proportion of sugar sacrificed on account of diversion of B-Heavy molasses for ethanol manufacture



### Debt repayment



### Average debt cost



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\*Without considering sugar sacrificed on account of use of B Heavy molasses for making ethanol)

## How we strengthened our business sustainability

<p><b>Strategy</b> Did not over-aggressively commission, acquire or expand capacity on the basis of government incentives.</p> <p><b>Probable fallout</b> This would have increased our debt and vulnerability during subsequent overcapacity and downtrends.</p>	<p><b>Strategy</b> Did not announce high dividends when we were a growth-hungry organisation.</p> <p><b>Probable fallout</b> The high capital appetite empowered the Company to grow out of accruals.</p>	<p><b>Strategy</b> Did not renege on sugar sale agreements at lower prices followed by a sharp increase in sugar realisations.</p> <p><b>Probable fallout</b> This strengthened our credibility as a company that could be trusted through market cycles, attracting marquee institutional and retail customers.</p>	<p><b>Strategy</b> Did not make liberal accounting interpretations of our Balance Sheet and Profit &amp; Loss Account.</p> <p><b>Probable fallout</b> There is a growing respect among investors about our governance standards and credibility of our financials.</p>	<p><b>Strategy</b> Did not follow the broad trend of growing the business with external funds (debt).</p> <p><b>Probable fallout</b> We strengthened our net worth and repaid a large part of our debt, strengthening business sustainability.</p>
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## How we kick-started a farmers' virtuous cycle



# Our Stakeholder Value-Creation Report across 25 years, 1995-2020

How we enhanced value in an integrated, inclusive and sustainable way

## Overview

The Integrated Value-Creation Report represents the cornerstone of our corporate success. When we went into business, a formalised structure of this report did not exist. However, at Dwarikesh, we knew that in a cyclical business, we would be broadly sustainable if we enhanced value for all

our stakeholders. If we left adequate value on the table for each stakeholder, our business model would be protected. We believe we have endured across a quarter of a century with the support of this large stakeholder family.

The Integrated Reporting format extends beyond the contribution of

financial stakeholders; it enhances an understanding across all stakeholders who catalysed our success - employees, customers, vendors (farmers and equipment providers), local communities, shareholders and policy-makers. They made it possible for Dwarikesh to endure and excel.

## Our vision

● Build the business around fairness for all stakeholders	● Enter into partnerships and relationships with stakeholders	● Remunerate fairly, promptly and commensurately	● Transform stakeholders into long-term partners	● Strengthen the Company's brand around passion and outperformance	● Strengthen governance standards around the highest standards	● Focus on emerging as a rightly-sized model sugar company
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## Our long-term value

● Strengthened industrial discipline	● Embraced modern agri-technologies	● Established sectoral benchmarks (recovery and asset utilisation)	● Progressed towards national cost leadership
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## Drivers of Dwarikesh value

At Dwarikesh, we believe that the interplay of value for our various stakeholders has translated into our business profitability and sustainability.

**Our employees** represent the aggregate knowledge of how to grow the business across a range of functions (strategy, cane development, manufacturing, marketing, finance etc.). Our focus is to provide a stable and inspired workplace that enhances employee self-esteem and emotional ownership.

**Our shareholders** provided capital when we went into business. Our focus is to generate free cash, growing ROCE and in doing so enhance value of their holdings.

**Our bankers** continue to provide growth debt and working capital finance; we seek to provide timely repayment of their dues.

**Our vendors** provide credible and a continuously supply of resources (cane, chemicals, equipment and services). Our focus is to maximise quality procurement at stable or declining average costs, remunerate them quicker than the market average and tie in their long-term loyalty, emerging as a stable users of their products.

**Our customers** keep us in business through a consistent purchase of our products, generating the financial resources to sustain our operations. Our

focus is sell to a large number of stable customers across our different products.

**Our communities** provide the social capital (education, culture etc.). Our focus is to support and grow communities through consistent engagement.

**Our governments** in the areas of our presence provide us with a stable structural framework that ensures law, order, policies etc. Our focus is to play the role of a responsible citizen, serving as a role model.

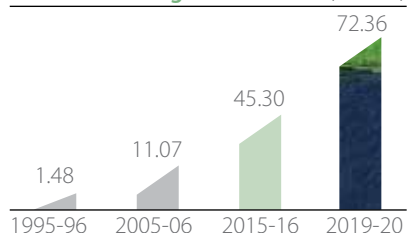
At Dwarikesh, we believe that the prudent interplay of the value generated by each and our consistent payback ensures business sustainability and the ability to enhance organisational value.

# Our strategy

Strategic focus	Vendor focus	Shareholder focus	Customer focus
<b>Key enablers</b>	<p>Dwarikesh has generated a growing appetite for resources and services, a robust platform for vendors with a long-term business focus.</p> <p>The Company's principal vendor comprises farmers, who are remunerated on schedule and supported through the provision of subsidised seeds and pesticides.</p>	<p>Dwarikesh emphasises governance, operational excellence, cost leadership and information transparency.</p> <p>The Company is growing the non-sugar side of its business to enhance its counter-cyclical stability.</p> <p>The Company progressively moderated debt down to a gearing of 0.48 as on 31.3.20.</p> <p>The Company is counted among the premier sugar companies in India.</p>	<p>Dwarikesh remains a product provider of choice through a high product quality and the ability to deliver in promised quantities.</p> <p>The Company invested in modern processing and testing infrastructure to enhance product integrity.</p>
<b>Material issues / addressed</b>	<p>Pioneering use of agri technologies.</p>	<p>Creating the basis of long-term viability through a superior Balance Sheet and viability across market cycles.</p>	<p>Enhancing revenue visibility through multi-year customer agreements.</p>

## The value we created over 25 years

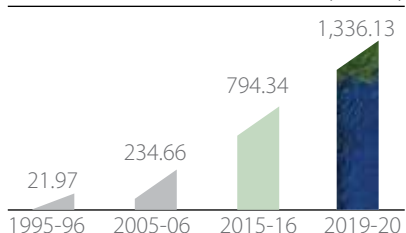
Salaries and wages (₹ crore)



### Employee value

The Company has invested a progressively larger amount in employee remuneration, underlining its role as a responsible employer.

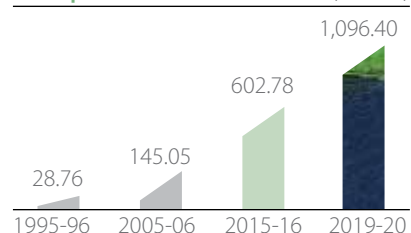
Revenues (₹ crore)



### Customer value

The Company has generated increased revenues, an index of the value created for customers.

Cane procurement (₹ crore)



### Vendor (farmer) value

The Company procured a larger quantum of cane resources, strengthening procurement economies.

## Employee focus

Dwarikesh is a stable employer of more than 711 permanent no-seasonal people across locations (offices and factories).

The Company professes emotional ownership among employees coupled with delegation, empowerment, trust and accountability.

The Company enjoys the respect of a humane employer.

Substantial % of the Company's employees are rural, strengthening the Company's recall as a rural economy driver.

## Community focus

Dwarikesh is a responsible corporate citizen.

The Company is engaged in working at the grassroots through interventions in education, women's empowerment, agriculture, skill development, environment, social awareness and health.

## Government focus

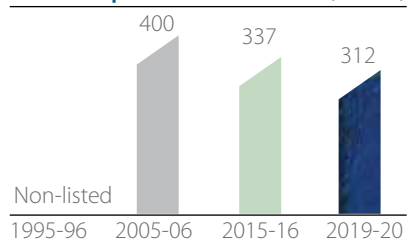
Dwarikesh pays taxes in the geographies of its presence, generates local employment, complies with laws and statutes and enriches the communities where it is present.

The Company generated ₹134.06 crore in foreign exchange earnings in 2019-20.

Creating a professional culture seeking overarching excellence in everything the Company does.

Customer's needs for a customised solution.

### Market capitalisation (₹ crore)

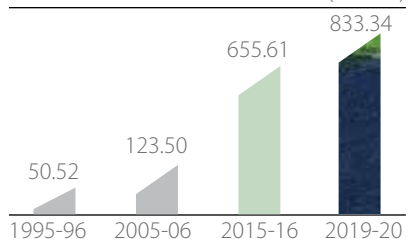


### Shareholder value

The Company strengthened shareholder value through a complement of prudent business strategy, accrual reinvestment, leveraging of its value chain, cost management and share buyback.

The Company was quoted at a price-earnings ratio of 3.90 based on a market capitalisation of ₹312 crore as on 31<sup>st</sup> March 2020 and a profit after tax of ₹73.45 crore.

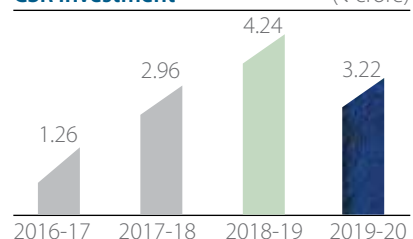
### Loans (₹ crore)



### Banker value

The Company evoked trust among debt providers to provide funds for asset creation and working capital.

### CSR investment (₹ crore)



### Community

The Company enriched communities in the geographies of its presence through a complement of various programmes.



# The Dwarikesh business model makes it a respected player in the sugar industry



## Business presence

The Company selected to commission operations in the sugarcane rich belt of Western Uttar Pradesh through three factories. Uttar Pradesh is the largest sugarcane producing state in India; its climatic condition is ideal for sugar cane cultivation.



## Quality revenues

The Company selected to focus on building a quality business, marked by revenue visibility from large and growing customers and no payment defaults.



## Cane management

The Company conducts extensive research in to cane varieties and new farming techniques to enhance quality and yield. Dwarikesh was the first company to successfully introduce CO 0238 variety in its command areas. The result: the Company crushed 22% more cane than in the previous season; 25% of the crushing transpired in April and May 2020, not necessarily the most recovery-friendly months.



## Farmer engagement

The Company is directly associated with >1.32 lakh farmers across its three plants. Even during the sectoral slowdown and lockdown due to the outbreak of the novel coronavirus, the Company remunerated farmers on schedule, which in turn, enhanced confidence and trust.



## Cost leadership

The Company is one of the lowest-cost producers of sugar in Uttar Pradesh on account of the highest recoveries in the state and a modest overheads structure, strengthening sustainability across industry cycles.



## Profitable growth

The Company reported significant revenue growth and healthy bottomline in 2019-20, a creditable showing in a sector marked by a slowdown.



### Expansion

For the past few years, the Company had selected to freeze any expansion of its distillery capacity on the grounds of relevant technology availability. During the year, the Company accessed the appropriate technology (especially from the perspective of effluents treatment), added a new 100 KLPD plant at the DN unit effective from December 2019. This expansion will strengthen the Company's positioning as a responsible player in the country's chemicals sector, an effective de-risking from an excess dependence on sugar. Moreover, owing to the expansion, the Company commissioned manufacturing value-added ethanol products following the outbreak of the coronavirus.



### Environment responsibility

The Company invested substantially in the last five years in environment-protecting assets and infrastructure, enhancing respect, customer confidence and performance integrity. 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%.



### Financial robustness

The Company reconciled manufacturing growth with Balance Sheet integrity. During the year under review, the Company repaid ₹20.17 crore of debt, moderated gearing to 0.48 in 2019-20; interest cover was a healthy 3.17 during the period.



### Governance commitment

The Company is an ethical player, responding with a sense of governance. Over the years, the governance has reflected in complete alignment with the certification and compliance needs of its business, workplace safety, eco-friendly, commitment to customer interests and addressing statutory obligations.



### Quality focus

The Company is a respected player on account of superior product quality: starting from high yield quality seeds, manufacturing efficiency and concurrent quality control. This superior quality makes it possible for the Company to liquidate inventory faster and generate superior sales realisations.

# Management discussion and analysis

## Global economic overview

The global economy grew 2.9% in 2019 compared to 3.6% in 2018. This sharp decline was precipitated by an increase in global trade disputes that affected the cross-border movement of products and services, a slowdown in the global manufacturing sector, weak growth coming out of some of the largest global economies and the impact of Brexit. The result was that global trade grew a mere 0.9% in 2019, pulling down the overall economic growth average.

**United States:** The country's Gross Domestic Product grew by 2.3% in 2019 compared to 2.9% in 2018-19 as a result of a decline in business investments and the ongoing trade war with China.

**China:** The country's Gross Domestic Product grew by 6.1% in 2019 compared to 6.7% in 2018 as a result of the trade war with the United States, overcapacity in some industries, corporate sector indebtedness and a shrinking room for monetary and fiscal policies.

**United Kingdom:** The country's Gross Domestic Product grew by 1.4% in 2019 compared to 1.3% in 2018.

**Japan:** The country's Gross Domestic Product grew by 2.0% in 2019 compared to 2.4% in 2018.

The 'Great Lockdown', as a result of the pandemic Covid-19, is projected to shrink the global growth significantly starting from the calendar year 2020.

(Source: World Economic Outlook, April 2020, CNN, Economic Times, trading economics, Statista, CNBC)

## Global growth over the years (%)

	World output	Advanced economies	Developing and emerging
2015	3.5	2.3	4.3
2016	3.4	1.7	4.6
2017	3.9	2.5	4.8
2018	3.6	2.2	4.5
2019	2.9	1.7	3.7

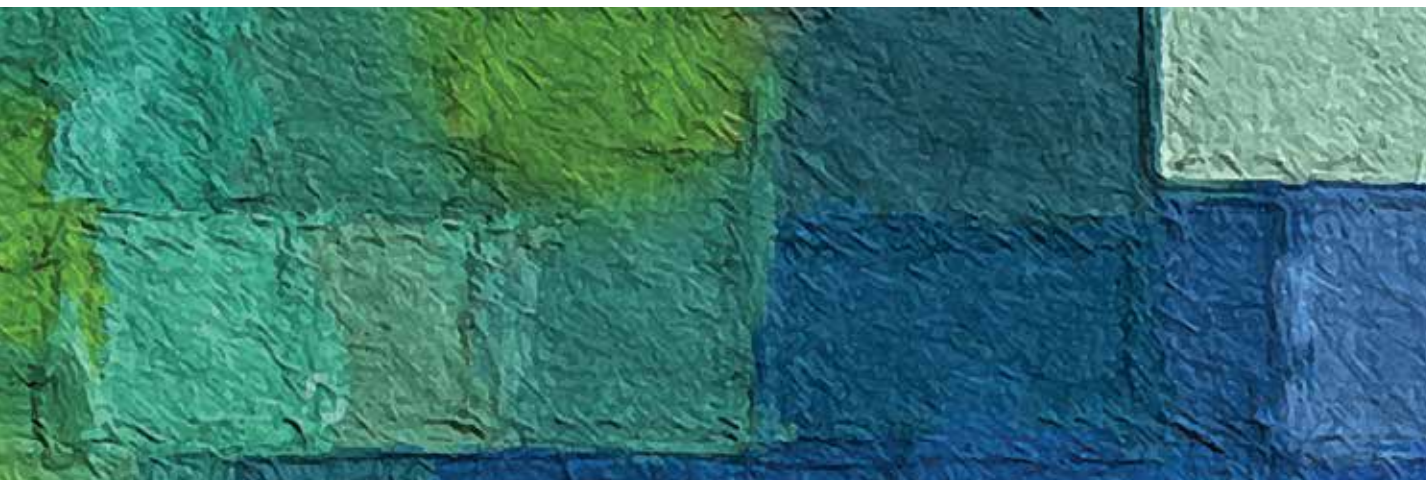
(Source: IMF)

## Indian economic review

India emerged as the fifth-largest world economy in 2019 with a gross domestic product (GDP) of \$2.94 trillion. India jumped 14 places to 63 in the 2020 World Bank's Ease of Doing Business ranking.

There was a decline in consumer spending that affected India's GDP growth during the year under review. India's growth for FY2019-20 was estimated at 4.2% compared with 6.1% in the previous

year. Manufacturing growth was seen at 2%, a 15-year low as against 6.9% growth in FY19.



### Y-o-Y growth of the Indian economy

	FY17	FY18	FY19	FY20
Real GDP growth (%)	8.3	7	6.1	4.2

### Growth of the Indian economy, 2019-20

	Q1, FY20	Q2, FY20	Q3 FY20	Q4, FY20
Real GDP growth (%)	5	4.5	4.7	3.1

(Source: Economic Times, CSO, Economic Survey, IMF, EIU)

A sharp slowdown in economic growth and a surge in inflation weighed on the country's currency rate; the Indian rupee emerged as one of the worst

performers among Asian peers, marked by a depreciation of nearly 2% since January 2019. Retail inflation climbed to a six-year high of 7.35% in December 2019.

During the last week of the financial year under review, the national lockdown affected freight traffic, consumer offtake and a range of economic activities.

### Key government initiatives, 2019-20

#### National infrastructure pipeline:

To achieve a GDP of US\$5 trillion by 2025, the government announced a National Infrastructure Policy entailing an investment of ₹102 trillion in five years.

**Corporate tax relief:** The government moderated the corporate tax rate to 22%

from 25%; it announced a new tax rate of 15% for new domestic manufacturing companies, strengthening the Make-in-India initiative. The new effective CIT would be 25.17%, inclusive of a new lower surcharge of 10% and cess of 4%. India's

CIT is now closer to the global average statutory CIT of 23.03%.

#### Outlook

Various forecasts have estimated a sharp de-growth in the Indian economy for the current financial year, the first such instance of de-growth in decades.

### Global sugar sector overview

A lion's share of 80% of the global sugar production comes from sugarcane. Global sugar production for sugar season 2019-20 was estimated at 174 million tonnes, a ~3% de-growth compared to sugar season 2018-19. Against this backdrop, the global consumption was

estimated at 176 million tonnes in SS 2019-20 compared to 173.04 million tonnes in 2018-19. Owing to the fall in sugar production in countries like Brazil, US and India, exports were estimated at 60 million tonnes. A decline in major sugar producing countries is expected to

contribute to a global supply deficit of 9 million tonnes in 2019-20 compared to an insignificant number in 2018-19.

(Source: USDA, Statista, Reuters)





### 7 of the largest cane sugar producing countries

**Brazil:** 29.6 million tonnes

**India:** 27 million tonnes

**Thailand:** 13.5 million tonnes

**China:** 10.1 million tonnes

**United States:** 7.8 million tonnes

**Pakistan:** 5.2 million tonnes

**Mexico:** 5.12 million tonnes

(Source: World population review, Statista, Reuters)

### Countries that imported the highest dollar value worth of sugar in 2019

**United States:** US\$1.7 billion (8.1% of total imported sugar)

**China:** \$1.1 billion (5.5%)

**Indonesia:** \$1 billion (4.9%)

**Italy:** \$728.7 million (3.6%)

**Algeria:** \$646.1 million (3.2%)

**Bangladesh:** \$641.6 million (3.1%)

**Malaysia:** \$629.9 million (3.1%)

**South Korea:** \$629.7 million (3.1%)

**Spain:** \$569.1 million (2.8%)

**Sudan:** \$468.1 million (2.3%)

(Source: Worldtoexports.com)

## Overview of key sugar manufacturing geographies

**Thailand:** One of the major sugar producing countries in the world reported a sugar production estimated at 13.5 million tonnes in 2019-20, a minor de-growth of ~1% over the previous fiscal. This decline is on account of a fall in sugarcane yields and sugar extraction rates in 2019-20, due to lower-than-expected rainfall. Against this backdrop, the consumption in Thailand is estimated to increase on the back of increasing demand for sugar for household purpose.

**China:** The fourth largest sugar producer in the world with a production quantum estimated at 10.1 million in 2019-20 owing to increasing cane and beet area in the country. Against this backdrop, the annual consumption of sugar in China is estimated at 15 million tonnes in 2019-20.

**Brazil:** Due to increasing quantum of sugarcane being diverted towards production of ethanol, sugar production in Brazil for 2019-20 is down to an estimated 29.6 million tonnes. Owing to a lesser production, the largest producer of sugar in the world is estimated to record de-growth of 1 million tonnes in its exports to 18.6 million tonnes in 2019-20.

**USA:** Faced with a challenge of lower sugar beet production in 2019-20 owing to poor harvest conditions. This resulted

in a decrease in sugar production for the country in 2019-20. The sugar production for the period was estimated at 7.8 million tonnes, a de-growth of 4% over the previous fiscal. Owing to the lower production quantum, imports were estimated to increase to 2.9 million tonnes for the year.

**International perspective:** India needs to implement a more ambitious biofuel program that will help its sugar mills to increase production of ethanol and balance the world sugar market. The average ethanol blending in gasoline (petrol) sold in India is now only around 6% and expected to reach 10% by 2022. That would reduce India's sugar production by 4 million tonnes (mt), which is also the surplus in the global market today.

Last year, by producing more ethanol, Brazil evacuated 10 mt of sugar from the world market. Brazil's mills in 2019-20 – the season there is from end-April till November, as against mid-October to May for India – crushed 642.7 mt of sugarcane. Only 35% of the cane juice from crushing was boiled and crystallised to produce 29.6 mt of sugar. The balance 65% was fermented and distilled into ethanol, whose production amounted to 35.6 billion litres.

Indian mills, by contrast, crushed 301.18mt of cane to make 33.16mt of sugar and just 1.886 billion litres of ethanol in 2018-19. For the current 2019-20 season, sugar and ethanol supplies are estimated at nearly 27 mt and 1.9 billion litres, respectively.

In Brazil, the average ethanol blending in petrol is about 48%. This has been achieved through a mandatory blending policy (not all owing sale of any gasoline having less than 27% ethanol content) and special 'carbon' taxes on gasoline (making it attractive to mix ethanol, which is free from such levy).

All the 40,000-odd fuel stations in Brazil sell either gasoline with 27% ethanol blend (E27) or pure ethanol (E100). Most of their cars are flex-fuel vehicles running on E27 and E100. Even in diesel, the country engages in 12% ethanol blending,

A similar 'ambitious' ethanol blending programme in India can do four things.

First, it will reduce the country's oil import bill. Second, India is the world's fourth largest greenhouse gases emitter after China, US and European Union. Ethanol can cut carbon dioxide emissions by upto 90% compared to gasoline. Third, it can improve air quality in cities. The fourth benefit from Indian mills diverting more cane juice for ethanol is that it could bring

down sugar production and prop global prices.

The crash in global oil prices – Brent crude declined from US\$ 66 to US\$ 36 per barrel in 2020, while trading below US\$ 20 a month ago—means that even Brazilian

mills may divert only 55% of their 650 mt of cane likely to be crushed in 2020-21 for ethanol.

As a result, Brazil's sugar production, which fell from 38.6 mt in 2017-18 to 29 mt and 29.6 mt in the following two seasons, is

expected to rise again to 37.5-38.5 mt. Ethanol output from cane is estimated at only around 30 billion litres in 2020-21, as against 35.6 billion, 33.1 billion and 27.9 billion litres in the preceding three seasons.

(Source: USDA)

## Global sugar price trends

Raw sugar prices were on a rollercoaster ride. From a low of 12.5 cents per pound six months ago they rebounded and to 15 cents per pound in February, 2020 to

crash to almost 10 cents per pound. An increase in price was a result of fall in global sugar production while a steep fall in the price of raw sugar was on account

of crude oil prices crashing to low levels. White sugar price prevailed at around US\$ 360 per metric tonne.

## Global price trend

Price (cents/lb.)

2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	Presently
14.96	14.39	20.26	14.00	12.76	15.00	11.00

## WORLD SUGAR BALANCE (October/September)

in thousand tonnes

	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
Production	1,66,661	1,75,018	1,80,386	1,69,080	1,64,114	1,69,373	1,74,132
Consumption	1,76,096	1,73,788	1,71,853	1,72,494	1,70,605	1,67,079	1,64,215
Surplus/deficit	-9,435	1,230	8,533	-3,414	-6,491	2,294	9,917
Import demand	59,739	57,214	62,422	64,860	66,248	58,419	57,822
Export availability	59,324	57,490	62,417	64,860	66,248	58,419	57,822
End stocks	84,541	93,837	92,607	84,069	87,462	93,953	91,659
Stocks/consumption ratio in %	48.01	54	53.89	48.74	51.27	56.23	55.82

Source: ISO February 2020

## Indian sugar industry overview

Sugarcane production in sugar season 2019-20, which was originally estimated at 26 million tonnes, is now estimated at 27 million tonnes owing to a late surge in production data coming from Uttar Pradesh. Approximately 1 million tonnes of sugar production is estimated to have been sacrificed in favour of ethanol production through the B-Heavy molasses and juice routes. The same compares to 33 million tonnes in sugar season 2018-19. The downward estimate is after considering a reduction in sugar output due to increasing production of ethanol by way of diversion of B-Heavy molasses and sugarcane juice.

The crop in the two main sugarcane growing states - Maharashtra and Karnataka, which together contribute ~35 to 40% of the country's sugar - was adversely impacted during the year owing to several reasons. The total cane acreage for the year stood at 48.31 lakh hectares, about 12% less than 2018-19 SS.

The sugar production in Maharashtra was estimated at 6.2 million tonnes for 2019-20 SS, compared to 10.72 million tonnes in 2018-19 SS. The third major sugar-producing state, Karnataka, was also expected to produce much less than 4.43 million tonnes produced in 2018-19 SS.

The sugarcane acreage in India's leading sugarcane and sugar producing state, Uttar Pradesh, was slightly lower compared to 2018-19 SS. However, considering the crop condition, weather conditions and area under the high yielding cane varieties in the state, an improvement in yield per hectare was expected. Sugar production in UP in 2019-20 SS was estimated at ~12.5 million tonnes compared to 11.82 million tonnes produced in 2018-19 SS. In Tamil Nadu, 21 sugar mills commenced their crushing operations for 2019-20 SS and produced 3.20 lakh tonnes of sugar compared to 4.63 lakh tonnes in 2018-19 SS. Gujarat

produced 6.83 lakh tonnes in 2019-20 SS compared to 8.79 lakh tonnes in 2018-19 SS. In Andhra Pradesh and Telangana, 18 sugar mills produced 3.65 lakh in 2019-20 SS compared to 5.70 lakh tonnes produced by 25 mills in the previous fiscal. Four out of these 18 sugar mills stopped crushing this season, viz a viz, one out of 25 sugar mills which stopped crushing in 2018-19 SS. Bihar, Uttarakhand, Punjab, Haryana and Madhya Pradesh and Chhattisgarh, produced 5.74 lakh tonnes, 2.85 lakh tonnes, 4.50 lakh tonnes, 4.30 lakh tonnes, 3.30 lakh tonnes of sugar respectively in 2019-20 SS.

The country's sugar consumption for 2019-20, which was initially estimated at ~26 million tonnes, is now pegged at 25 to 25.5 million tonnes owing to demand disruption of approximately 1 million tonnes owing to the outbreak of Covid-19.

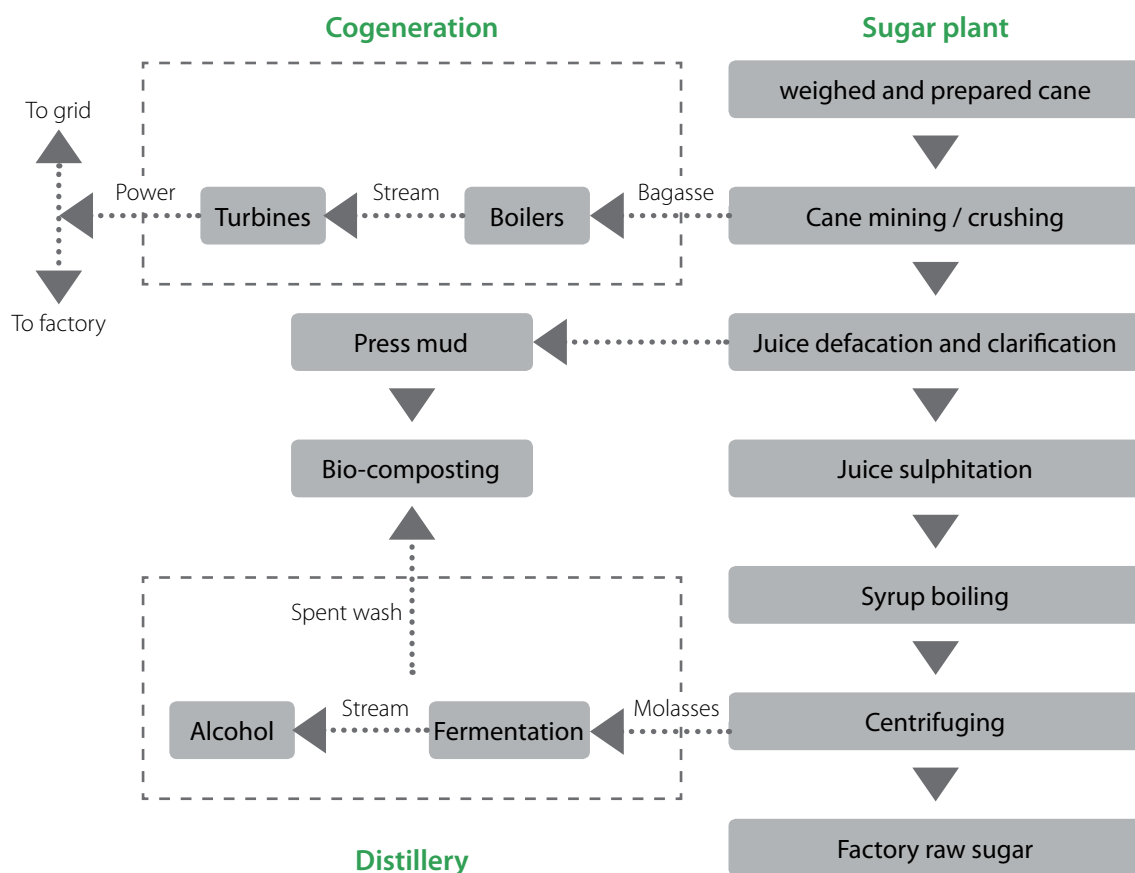
In the 2019-20 SS, India exported sugar to 60 countries, with ~60% of the total shipments made to Iran, Somalia, Malaysia, Sri Lanka and Afghanistan. The Government allowed export of 60 lakh tonnes of sugar under Maximum Admissible Export Quota (MAEQ) during the 2019-20 marketing year to liquidate

surplus sugar in the global markets, out of which sugar mills contracted to export 42 lakh tonnes and had exported 33.49 lakh tonnes (as of May 2020).

In the sugar season 2019-20, 457 sugar mills across the country were involved in crushing operations, compared to 527 mills operating in 2018-19 SS. Sugar mills across the country owed around ₹15,000 crore to sugarcane farmers.

(Source: ISMA, Business Standard, Business Today, Economic Times)

## Sugar process flowchart



(Source: ISMA)

## Sugar production and consumption

(in million tonnes)

Year	Production	Consumption
2013-14	24.4	24.2
2014-15	28.3	25.6
2015-16	25.1	24.8
2016-17	20.3	24.5
2017-18	32.5	25.4
2018-19	33.16	24.6
2019-20	27	25.5

(Source: Business Today)

## Domestic Sugar Balance Sheet

(Figures in lakh tonnes)

S.No.	Particulars	2015-16	2016-17	2017-18	2018-19	2019-20 (P)
a	Opening Stock as on 1 <sup>st</sup> Oct.	90.80	77.52	38.80	107.20	145.79
b	Production during the Season	251.25	202.85	324.79	331.62	270.00
c	Imports ***	-	4.46	2.15	-	-
d	Total Availability	342.05	284.83	365.74	438.82	415.79
e	Off-take					
	i) Internal Consumption	247.97	245.61	253.90	255.00	255.00
	ii) Exports ***	16.56	0.46	4.64	38.00	50.00
	Total offtake	264.53	246.07	258.54	293.00	305.00
f	Closing Stock as on 30 <sup>th</sup> Sept.	77.52	38.76	107.20	145.82	110.79
g	Stock as % of Offtake	31.30%	15.80%	42.20%	57.20%	43.45%

\*\*\* Imports and exports are under O.G.L. and reported by sugar mills to Gol through Proforma II. Imports under AAS are not included in the domestic sugar balance sheet (as is being followed by Government of India)

\*Mills produced about 2.15 lakh tonnes of white sugar out of raw sugar imports allowed by Government

Source ISMA

## Indian sugar sector price trends

Fair and Remunerative Price (FRP) is the minimum price that sugarcane farmers are legally guaranteed to receive from the sugar mills. In the 2019-20 SS, the FRP was pegged at ₹275 per quintal, same as that in 2018-19 SS, with the objective of empowering the farmers. The CCEA also approved to provide a premium of ₹2.75 per quintal for every 0.1% increase above 10% in the recovery.

(Source: PIB, the Hindu Business Line)

## FRP (₹/Quintal)

Year	FRP
2009-2010	130
2010-2011	139
2011-2012	145
2012-2013	170
2013-2014	210
2014-2015	220
2015-2016	230
2016-2017	230
2017-2018	255
2018-2019	275
2019-2020	275

(Source: Economic Times, the Hindu Business Line)





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## Growth drivers

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**Rising population:** India is the second most populous country after China, with a population of 1.36 billion in 2019, compared to 555.2 million in 1970, registering a 146% growth, in turn, driving sugar demand across the country. (Source: *India Today*)

**Rising income:** The nominal per capita net national income during 2019-20 is estimated at ₹1,35,050, registering an increase of 6.8% over ₹1,26,406 clocked in

2018-19, thus, driving consumption across the country. (Source: *Business Today*)

**Booming chocolate market:** The Indian chocolate market stood at US\$1495 million in 2018 on the back of the increasing youth population of the country, thus, driving sugar demand in India. (Source: *IMARC*)

**Rise in confectionery sales:** Indian confectionery industry is estimated at ~US\$ 12,606 million in 2020, which is

expected to be driving the sugar demand in the country exponentially. (Source: *Statista*)

**Robust soft drinks consumption:** India's per capita soft drink consumption was pegged at 44 bottles annually in 2016, which is estimated to grow to 84 bottles by 2021, thus validating the increasing demand, which, in turn, is driving the sugar demand in the country. (Source: *Economic Times*)

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## Government initiatives

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- The minimum selling price of sugar was retained at ₹3,100 per quintal. However, a higher MSP is warranted to prop the flapping fortunes of the sugar industry and increase their ability to clear sugarcane dues
- Continuation of monthly release mechanism so as to regulate and moderate the availability of sugar in the market
- Announcement of Maximum Admissible Export Quota (MAEQ) of 6 million tonnes and subsidy of ₹10,448 per metric tonnes mills exporting sugar under the allotted quota. Quota of non-performing sugar mills was redistributed twice among sugar mills who had conveyed their expression of interest to export more
- Buffer stock subsidy on stock of 4 million tonnes – valid till July 2020
- Ethanol procurement prices remained at ₹43.75 per litre in case of ethanol made from C-Heavy molasses, ₹54.27 per litre in case of ethanol made from B-Heavy molasses and ₹59.48 in case of ethanol made directly from sugarcane juice

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## SWOT analysis

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### Strengths

- India, the second largest producer of sugar in the world, is self-reliant
- The sugar industry is one of the biggest employers
- The bagasse from sugarcane generates cogeneration revenues.
- The country is endowed with rich arable land
- India has emerged as the fourth lowest-cost sugar producer after Brazil, Australia and Thailand
- The industry uplifts rural communities

### Weaknesses

- The technology is obsolete; most factories are more than 40 years old
- India's plantation white sugar enjoys lower global demand
- The country is highly dependent on monsoonal rainfall

### Opportunities

- On the back of a rising population and increased downstream demand, the demand for sugar in India is increasing
- There is scope of increasing ethanol production

### Threats

- Competition from cheap sugar imports
- The dependence of the sugar industry on rainfall, cultivated area and transportation cost affects sugarcane prices



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## Uttar Pradesh sugar industry overview

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In Uttar Pradesh, 119 sugar mills were engaged in crushing sugarcane. As on 31<sup>st</sup> May, 2020, a total of 11,078.30 lakh quintals of cane were crushed whereas production stood at 1,255.61 lakh quintals with a recovery rate of 11.33% with B-Heavy and 11.76% without B-Heavy. Uttar Pradesh mills sold molasses at ₹3,000-4,000 per tonne in 2019-20. Power dues by the Uttar Pradesh Power Corporation to the mills in Uttar Pradesh amounted to ₹1,300 crore for supplying

co-generated power. Further, the Uttar Pradesh government increased the quota of molasses in distilleries from 12.5% to 18% as a result of the shortage of molasses from the estimated 550 lakh quintals to 470 lakh quintals. (Source: Chinimandi.com, cogenics.com)

As per the latest estimates, Uttar Pradesh is expected to report sugar production in excess of 12.6 million tonnes, an all-time high (in spite of some use of B-Heavy molasses for ethanol manufacture

and corresponding sacrifice of sugar production). The higher production was attributed to the early closure of jaggery and khandasari units in the wake of Covid-19 pandemic-induced lockdown and the consequent non-diversion of sugarcane and additional availability of extra sugarcane to sugar mills.

The crushing season SS 2019-20 extended into May 2020 and for some sugar mills into June when the hot and humid climate resulted in a drop in recoveries.

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## Indian ethanol sector overview

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Ethanol finds downstream applications among oil marketing companies, which blend ethanol with fuel. The average ethanol blending rate in India was estimated at 5.8% in 2019-20, viz a viz 4.1% in 2018-19. In 2019-20, of the tenders placed by oil marketing companies, the first tender for 1.63 billion litres of ethanol was offered, registering a 13.29% lesser allocation compared to 2018-19 owing to the fall in sugarcane output. OMCs, under the National Biofuel Policy 2018, signed ethanol purchase agreements (EPAs) with 2G ethanol suppliers for 15 years to provide a secure market to private stakeholders and support 2G ethanol initiatives.

India has 330 distilleries, which can produce over 4.8 billion litres of rectified spirits (alcohol) per year. Of this, about 166 distilleries possess the capacity to distil 2.6 billion litres of ethanol (denatured and undenatured) to be used in fuel, industrial chemicals and beverages.

To moderate oil imports, the Government plans to more than double ethanol production and increase the blending of ethanol with petrol, enhancing ethanol production capacity to 9 billion litres by 2022 from 3.55 billion litres in 2019. The price of ethanol from sugarcane juice is pegged at ₹59.48 per litre while ethanol extracted from C-grade molasses is pegged at ₹43.75 a litre and that from B-grade molasses at ₹54.27 a litre. Keeping this in mind, the Government decided to channelise 7,00,000-8,00,000 tonnes of surplus sugar every year for the next two years towards the production of ethanol, maximising profitability prospects of sugar companies.

Although the ethanol blending target of more than 5% has been achieved, a more aggressive ethanol blending program is warranted to correct the sugar imbalance.

The creation of ethanol capacities was not as per expectations as sugar companies

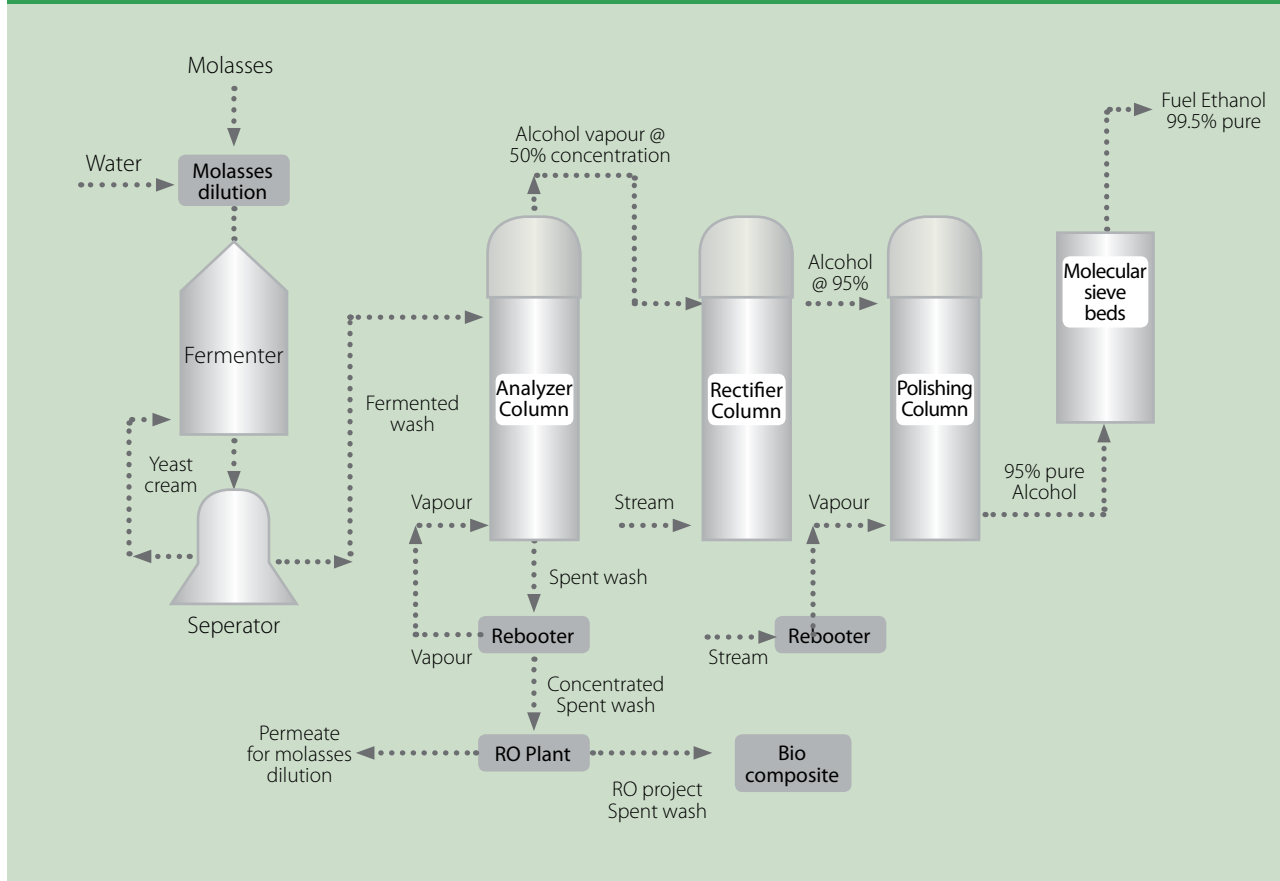
with relatively weak Balance Sheets could not mobilise loans from the banking system. Some lateral solutions could enhance capacity creation and catalyse the ethanol blending program.

In Uttar Pradesh, 25 sugar mills had started ethanol production from 'B Heavy' molasses, providing precious liquidity to the state sugar sector during the current sugar glut and price crash. It is expected that by 2021-22, about 60 sugar mills in UP would be producing ethanol from 'B Heavy' molasses. Over the years, Uttar Pradesh has emerged as the country's largest ethanol producer with an annual capacity of >1,126 million litres.

The Government approved Pradhan Mantri JI-VAN Yojana for providing financial support to integrated bioethanol projects using lignocellulosic biomass and other renewable feedstock.

(Source: Economic Times, Business Standard)

## Ethanol production process



## Indian co-generation sector overview

The total installed capacity of captive power in India is estimated at 9200 megawatts in 2019-20. Coal is the preferred fuel for captive generation and accounts for 56% of the fuel mix. Since the electricity is generated by using residual bagasse, a by-product of sugar, sugar mills do not incur additional expenses within their factory premises. This facilitated the discovery of better margins for sugar companies in the co-generation segment and moderated electricity costs. The average price of electricity reduced from ₹6.5 per unit in 2018 to ₹3-3.50 per unit in 2019, a ~50% decline.

The Ministry of New and Renewable Energy (MNRE) launched a scheme to support the biomass-based cogeneration in sugar mills and other industries

up to March 2020, wherein biomass cogeneration projects were provided Central Financial Assistance at the rate of ₹25 lakh per MW of surplus exportable capacity and ₹50 lakh per MW of installed capacity depending on the type of fuel used.

Cogeneration lost its importance in Uttar Pradesh because of the unilateral reduction in the power tariff effective from 1<sup>st</sup> April, 2019. The inordinate delay in receiving payments for power evacuated is discouraging. Sugar companies have been regulating power generation for evacuation. Hopefully with the announcement of a bail-out package for DISCOM companies, liquidity woes could be resolved. (Source: Indian Infrastructure Research, Business Wire, Economic Times)

## Sanitisers

The outbreak of Covid-19 warranted the highest hygiene standards. Based on the WHO-recommended formula, sanitisers, using 80% ethyl alcohol, are recommended for daily use on the grounds of the product being capable of fighting germs up to 99.9%.

Your Company possesses a track record for community building for the benefit of all stakeholders. Sensing an urgent corporate social obligation, the Company accelerated the production of hand sanitisers from April 2020 with an uncompromising quality focus.

## Financial analysis and operational snapshot

### Sugarcane crushed and sugar produced across three units (FY2019-20)

Particulars	2018-19	2019-20	Change%
Crushing (lakh quintal)	331.16	328.07	-0.93
Recovery % (Combined)	12.29	12.28	-0.08
Production (lakh quintal)	40.68	40.35	-0.81

FY2019-20 (1.4.2019 to 31.3.2020), includes a minor part of SS 2018-19 and a major part of SS 2019-20

### SS 2019-20 vis-à-vis SS 2018-19 across three units

Particulars	2018-19	2019-20
Crushing (lakh quintal)	306.84	374.17
Recovery % (combined)	12.31	12.26
Production (lakh quintal)	37.77	45.89

For completed crushing season 2019-20 vis-à-vis completed SS 2018-19

## Operational highlights, FY 2019-20

### Sugar

- Marginal reduction in sugarcane crushed 0.93%
- Small reduction in sugar production by 0.81%
- Adjusted recovery higher than in FY2018-19

### Cogeneration

- Sold 1,632.79 lakh units worth ₹4,808 lakh vis-à-vis 2,020.28 lakh units worth ₹10,129 lakh in FY2018-19

### Distillery

- Sold 115.62 lakh litres of industrial alcohol worth ₹5,600 lakh vis-à-vis 90.17 lakh litres worth ₹3,632 lakh in FY2018-19

## Financial highlights, FY 2019-20

Particulars	2019-20		2018-19	
	(₹ lakh)	(%)	(₹ lakh)	(%)
Net revenue (from operations)	1,33,613	100	1,08,412	100
EBITDA	14,147	10.59	16,515	15.23
EBTDA	10,844	8.12	14,389	13.27
EBT	7,157	5.36	11,094	10.23
EAT	7,345	5.50	9,511	8.77

- EBITDA margin stood at 10.59% compared to 15.23% in the previous year
- Recorded a net profit margin of 5.50% at ₹7,345 lakh vis-à-vis ₹9,511 lakh 8.77% in 2018-19
- Rated A+ with stable outlook for long-term loans and A1+ for short-term loans (commercial paper programme) 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.



## Business segment review

# Our sugar business

## Big numbers

**1,064**

Revenues earned  
during 2018-19 (₹  
crore)

**1,407**

Revenues earned  
during 2019-20 (₹  
crore)

**31**

EBITDA earned  
during 2018-19 (₹  
crore)

**36**

EBITDA earned  
during 2019-20 (₹  
crore)

**40.68**

Total production  
during 2018-19  
(lakh quintals)

**40.35**

Total production  
during 2019-20  
(lakh quintals)

**12.29**

Recovery rate  
during 2018-19 (%)

**12.28**

Recovery rate  
during 2019-20 (%)

**79**

Contribution to  
total revenues  
during 2018-19 (%)

**82**

Contribution to  
total revenues  
during 2019-20 (%)



## Overview

Dwarikesh commissioned its maiden 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. Dwarikesh modernised and

automated its plants periodically to enhance efficiencies, minimise losses and optimise recoveries.

Over the years, Dwarikesh invested in various initiatives to improve cane yield, enhance recovery and optimise costs. These initiatives 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, quicker engagement with farmers through social media and the increased use of digital cane supply notices to enhance transparency.

## Highlights, 2019-20

Crushed 328.07 lakh quintals of cane, down from 331.16 lakh quintals in the previous year.

Recovery was marginally lower at 12.28% compared to 12.29% in FY 2018-19 (on account of the use of B Heavy molasses at one of its plants resulting in lower sugar output but higher ethanol production). The adjusted recovery is higher than in the previous FY across all units.

Enhanced adjusted recovery across all plant thanks to an increasing acreage of early maturing cane, better logistics management and stringent quality control.

## Challenges and responses

The Company is faced with the challenge of an excessive dependence on the successful CO 0238 cane variety. Your company is working on the development of alternative cane varieties.

The CO 0238 cane variety attracted red rot pest attack during the year under review. Your company responded with speed, guiding farmers to uproot the affected clumps and take additional preventive measures.

There is a perception that the recovery being generated from the CO 0238 could be peaking. The Company is enhancing plant efficiencies and incubating other high recovery and high yield-generating cane varieties.

## Way ahead

The promise of normal monsoons and government interventions in normalising the sugar sector augur favourably. The

Company expects to engage deeper with farmers, operate plants at optimal capacity, strengthen its manufacturing

performance and accelerate the development of better cane varieties.

# Our distillery operations

## Business segment review

## Big numbers

36

Revenues earned during 2018-19 (₹ crore)

56

Revenues earned during 2019-20 (₹ crore)

27

EBITDA earned during 2018-19 (₹ crore)

24

EBITDA earned during 2019-20 (₹ crore)

90

Industrial alcohol sold during 2018-19 (lakh litres)

116

Industrial alcohol sold during 2019-20 (lakh litres)

40

Rate per litre during 2018-19 (₹)

48

Rate per litre during 2019-20 (₹)

## 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 to moderate the cyclical impact of the sugar industry and reduce the country's dependence on imported fuel.

During the year under review, Dwarikesh enhanced its distillery capacity by 100 kilolitres per day (~3.75 crore litres of ethanol per year). Following the expansion, Dwarikesh is now empowered to captively utilise all the molasses generated within after the mandatory 18% has been sold, ensuring a compliance with government guidelines. The Company installed best-in-class boilers

and effluent treatment equipment to take this business ahead.

The expansion commenced production in December 2019. The new plant will focus on incinerating effluents generated, extending operations to more than 315 days a year, strengthening revenues.

## Highlights, 2019-20

Sold 115.62 lakh litres of industrial alcohol (90.17 lakh litres previous year)

Generated revenue of ₹5,600 lakh (₹3,632 lakh in previous year)

## Way forward

The increased distillery capacity will enhance the captive utilisation of molasses, strengthening the value chain. Besides, the increased throughput will provide the Company with a larger platform to enter the production a larger number of value-added downstream production (like sanitisers and ENA).

## Business segment review

# Our power segment

## Big numbers

<b>247</b> Revenues earned during 2018-19 (₹ crore)	<b>254</b> Revenues earned during 2019-20 (₹ crore)	<b>108</b> EBITDA earned during 2018-19 (₹ crore)	<b>82</b> EBITDA earned during 2019-20 (₹ crore)
<b>3,165</b> Total production during 2018-19 (lakh units)	<b>2,492</b> Total production during 2019-20 (lakh units)	<b>5.0</b> Average realisations during 2018-19 (₹ per unit)	<b>2.9</b> Average realisations during 2019-20 (₹ per unit)
<b>65</b> Contribution to total EBITDA during 2018-19 (%)	<b>58</b> Contribution to total EBITDA during 2019-20 (%)	<b>18</b> Contribution to total revenues during 2018-19 (%)	<b>15</b> Contribution to total revenues during 2019-20 (%)

## Overview

The Company extended into the business of cogeneration when it commissioned its first power plant in 1996 with an initial

capacity of 6 megawatts (increased to 9 megawatts in 2002). The Company's cumulative cogeneration capacity now

stands at 91 megawatts, among the largest in Uttar Pradesh's sugar industry.

## Highlights, 2019-20

Utilised 85,900 megawatts of power and sold 1,63,279 megawatts to the state electricity grid.

## Outlook

The outlook for this business appears muted following the decision of the Uttar Pradesh government to reduce tariffs from the co-generation segment.



# Risk management

## Our business divisions and risk probability

Divisions	Risk probabilities	Reasons
Sugar	High-moderate	Competitive market
Distillery	Moderate-low	Differentiated products and market
Power	Moderate	New product

### Raw material availability risk

Cane shortage impacts sugar production.

**Mitigation:** Dwarikesh has located its plants in cane-growing regions of Uttar Pradesh, ensuring abundant cane availability. The use of early maturing cane increased farm yields and sucrose content.

### Policy risk

The vulnerability of the sugar industry from policy interventions (cane availability, export, import and releases) could impact operations.

**Mitigation:** The Government has taken initiatives to empower the sugar sector including the introduction of MSP to ensure fair prices and providing of soft loans to reduce cane arrears.

### Farmer relationships risk

The growth of sugar industry is based on collaborative relationships with cane farmers.

**Mitigation:** The Company believes in fair and timely remuneration to farmers. The Company undertakes proactive measures to educate farmers and provides seeds and insecticides at subsidised rates, laying the foundation of longstanding farmer relationships.

### Working capital risk

In an industry marked by high inventory, optimal capital availability is imperative.

**Mitigation:** Dwarikesh operates in a volatile sugar segment, complemented by ethanol and cogeneration divisions. The ethanol and co-generation segments help the Company sustain margins and liquidity.

### Demand-supply risk

Rising sugar inventories could threaten sugar prices and affect realisations.

**Mitigation:** Dwarikesh's focus lies in servicing customers with superior quality lab-tested sugar. Owing to a consistent product quality and superior inventory management, the Company reported consistent demand through the year.

## 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 are

properly safeguarded. Timely review of operations and recommendations of auditors allow the Company to make corrections whenever and wherever necessary.

## Human resource management

The Dwarikesh Parivaar (Dwarikesh family) comprises 711 full-time employees and their dependants. The Company believes that its employees are its biggest asset, focusing on their personal and professional advancement through a culture of empowerment, trust and career growth.

### HR goals

- Establishing healthy linkages to continuous improvement in productivity, quality, cost competitiveness and efficiency
- Carrying out continuous improvements in all areas of work to increase competitiveness and retain customer focus
- Simplifying complex problems to focus on critical issues and maintain a lean organisation structure
- Empowering and motivating the employees to do their best through decentralised operations
- Recruiting the right candidates with positive attitude and growth potential
- Specifications of qualifications and experience customised for different jobs
- Providing opportunities of employment for all irrespective of caste, religion, region or any other criteria

- Rewards and recognition based on meritocracy and achievement of pre-stated target
- Providing proper induction and orientation to all levels and share the group visions for early integration in the group
- Developing a sense of pride, belongingness, pleasure and social fulfilment in being a member of DSIL family
- Providing opportunity at all levels to participate in the decision making process of the Company
- Providing feedback to the employees on their performance, strengths and weakness to increase efficiency

### Initiatives undertaken to achieve these goals

- The Company, through the DSIL Trainee Scheme, develops a pool of qualified and skilled individuals that can be deployed across functions
- The Company conducts quarterly/ half-yearly trainee assessments; appraisals are based on employee performance; the Company implemented an HR software for online appraisal
- The Company catalyses personal employee growth by plugging vacancies from within
- The Company reviews and audits policies at regular intervals
- The Company conducts off-season training to keep employees abreast with the latest technologies

### Total employees including seasonal talents

2015-16	2016-17	2017-18	2018-19	2019-20
1,618	1,650	1,700	1,703	1,781

### Profile of employees as per educational qualification

Particulars	2015-16	2016-17	2017-18	2018-19	2019-20 (P)
Graduate	504	513	522	515	541
Masters	180	189	194	197	199
Engineers	52	61	74	78	100
MBAs	17	18	19	19	22
CAs	2	2	2	2	3

## 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.

# Corporate social responsibility



## The Dwarikesh Group is a responsible corporate citizen.

Since inception, the Company has been engaged in the development of society, well before it became mandatory to donate a portion of profits to CSR initiatives. The Company engages with communities through the R. R. Morarka Charitable Trust, Narbada Devi Charitable Trust, Sewa Jyoti and its business units. During the year under review, it spent a total of ₹3.22 crore towards CSR initiatives.

## Self-help groups

- The Company prioritises women's empowerment. SHG members were linked with micro-enterprise programmes and banks. More than 170 SHG members commenced enterprises in dairying, tailoring, petty shops, making pickled and handicrafts, among others

- Sewa Jyoti organised awareness programmes for SHG members on micro insurance schemes run by the Government of India, addressed by NABARD and bankers. Nearly 390 members benefitted

- Sewa Jyoti introduced E-Shakti digitisation, bringing all SHGs onto a digital platform, facilitating financial inclusion in Jhunjhunu district. NABARD sanctioned 200 SHG digitisation projects to Sewa Jyoti

212

SHGs

₹115.42 lakh

Total savings of SHGs

₹222.82 lakh

Total loans from banks

### Farmer's Club

Sewa Jyoti formed five Farmer Clubs during the year under review. These conducted awareness programmes to educate farmers on the latest technologies and capacity building. The Company arranged meetings with veterinary doctors, banking officials, dairy experts and agriculture officials to farmer knowledge.

### Farmers Producer Organisation

With NABARD's support, Sewa Jyoti incorporated Farmers Producer Organizations to promote member-based institutions of farmers. The Company organised FPO visits to KUREL Kisan Producer Company at Bundito deepen awareness. FPO aggregated 515 shareholders and raised ₹5 lakh in capital. It organised workshops with NCDEX to educate farmers on capacity building and digital methods. It organised trainee visits for agriculture students to the FPO; it educated farmers on hygienic milking and nutrition for animals; it arranged periodic engagements with DDM NABARD.

### Health care

The Company organised eye camps for underprivileged people (benefitted >3,315 patients) while free surgeries were carried out for >2,144 patients. It arranged multi-speciality health care camps that provided diagnosis, treatment and follow-up services at Nawalgarh (benefitted 1,473 patients). It organised multiple blood donation camps and collected >2,300 units of blood. It organised yoga camps (around 200 people participated). It organised free medical health camps for Melarathi during Baba Ramdev Mela and 24 Kosiya Lohargril Mela, benefitting nearly 1,600 people.

### Education

The Company constructed the Shri Radheshyam R. Morarka Government PG College in Nawalgarh (donated to the government on March 26, 2019). It provided Shree Radheshyam R Morarka Samriti Samman scholarships of ₹6,98,900 to 217 deserving students. It provided financial support of ₹17,22,956 to >320 underprivileged girls in line with the

Government's 'Beti bachao – Beti padhao' programme. It provided water coolers, computers, printers, furniture, water hut and other educational equipment to Shri Radheshyam R. Morarka Govt. PG College in Jhunjhunu and Shri Radheshyam R. Morarka Govt. PG College in Nawalgarh. It arranged career counselling workshops for underprivileged girls (>400 girls benefitted).

### COVID-19 responsiveness

The Company responded with speed to community needs following the pandemic outbreak.

It distributed 1,148 food kits to underprivileged people in Nawalgarh and to members of self-help groups. It allocated the Sewa Jyoti office building to the government to turn it into a quarantine facility. It made cash payments to farmers to avoid bank or ATM visits for Farmer Producer Organization projects. It provided educational pocket money to 10 adopted girls. It distributed face masks and PPE kits to health care workers and community members.

## Awards, 2019-20

Bhamashah Award in 2019 as Shiksha Vibhushan from the Rajasthan Government

District level Bhamashah award as Shiksha Prerak in 2019

Saraswati Ratna Award in 2019 from Alliance Club International



# Environment responsibility at Dwarikesh



A number of manufacturers have started recognising that financial upsides can only be achieved through sustainable practices that moderate resource depletion, water scarcity, pollution, harmful impacts and carbon footprint in addition to enhancing the safety of employees, community and products. The manufacture of products through environment-friendly and economically-sound processes has become the primary goal in line with the United Nations' sustainability principles. The United Nations has outlined 10 principles for manufacturing with responsibility and environmental sustainability.

## Dwarikesh's environment focus

At Dwarikesh, we are not focused on matching government regulations; the Company endeavours to stay ahead through strategic investments, plantation campaigns, cleanliness drives, effluents management and investments in cutting-edge technologies.

## Environment

The Company places an emphasis on strengthening its commitment to the environment. The Company developed environment cells in all three manufacturing units manned by the Unit Head, Group Compliance Officer and Manager (Environment). This cell monitors

environment issues and activities. The Company organises training programmes to enhance employee awareness. The Company made proactive investments to moderate its carbon footprint, strengthening its long-term sustainability. During the year under review, the Company invested ₹21.56 crores in 'green' initiatives.

## Sustainability initiatives, 2019-20

During the commissioning of its 100 KLPD distillery plant, the Company moderated environment impact. The Company invested in the best technology for the treatment of effluent and preservation



of air quality. The zero effluent treatment unit was complemented by continuous distillation under vacuum to minimise spent wash to 8 KL Per KL of alcohol production; the spent wash is being concentrated in a multi-effect evaporator; the slop generated is fed to the boiler as fuel. The condensate of the evaporator is treated in the Condensate Polishing Unit to ensure that the treated water quality is good for fermentation and use in cooling towers. The Company achieved zero effluent discharge; its minimal fresh water withdrawal (5.5 KL per KL of alcohol produced) is a benchmark for the industry.

The Company invested in advanced bag filter technology for boiler flue gas

treatment. The Company achieved norms stipulated by MOEF.

The Company installed ESP, wet scrubbers and bag filters to reduce air pollution caused by suspended particulate matter (benchmark below 150 PPM and target below 100 PPM).

The Company installed an effluent treatment plant in 2017 to eliminate sulphur content in water.

The Company installed sewage treatment plants across its three units (comprising an equalisation tank, sewage tank and an aeration tank, among others).

The Company invested in rain-water harvesting to raise the ground water table;

three pits were dug in the employee colony factory premises.

The Company held regular seminars during the non-crushing season to educate employees about environmental policies.

The Company employed 45 individuals (31 operators, 7 chemists, 6 helpers and 1 manager) to institutionalise environment compliance initiatives.

The Company planted saplings on World Environment Day, covering an approximate plant area of 33%. The Company planted 17,000 saplings in its Group units and nearby villages.

Benchmarks		Achievements	
Benchmark BOD of Treated Water	≤ 30 PPM	BOD achieved	< 20
Benchmark COD of Treated Water	≤ 250 PPM	COD Achieved	< 100
Benchmark Suspended Solids of Treated Water	≤ 30 PPM	Suspended Solids Achieved	< 30

# 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 sixth (26<sup>th</sup>) Annual General Meeting of the Company will be held on Tuesday, 11<sup>th</sup> August, 2020, at 11.00 a.m. through Video Conferencing ("VC")/Other Audio Visual Means ("OAVM"), to transact the following business:

## ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements for the year ended 31<sup>st</sup> March, 2020 together with the Directors' Report and the Auditors' Report thereon.
2. To ratify payment of Interim Dividend on Equity Shares of the Company declared during the year.
3. To ratify payment of Dividend on 8% Cumulative Redeemable Preference Shares (Series II).
4. To appoint a Director in place of Shri B. J. Maheshwari (DIN: 00002075), who retires by rotation and being eligible offers himself for re-appointment.

## SPECIAL BUSINESS:

5. To re-appoint Shri K. N. Prithviraj as an Independent Director 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 149 and 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), and all other applicable law(s), regulation(s), guideline(s) and on recommendation of the Nomination and Remuneration Committee, Shri K. N. Prithviraj (DIN: 00115317), who was appointed as an Independent Director by the members and who holds office of Independent Director up to 18<sup>th</sup> September, 2020 and being eligible, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a second term of five years.

**"RESOLVED FURTHER THAT** pursuant to acceptance by SEBI of Kotak Committee Recommendations in the Board Meeting held on 28<sup>th</sup> March, 2018 and other applicable provisions, if any, approval of the Members of the Company, be and are hereby granted for continuation of holding of office of Non-Executive Independent Director by Shri K. N. Prithviraj (DIN: 00115317), who will attain the age of 75 (Seventy Five) years as on 03<sup>rd</sup> March, 2022 before the expiry of his second term of office as on 17<sup>th</sup> September, 2025.

**"RESOLVED FURTHER THAT** the Board of Directors of the Company (including its committee thereof) and/or Company Secretary of the Company, be and are hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution."

6. To re-appoint Ms. Nina Chatrath as an Independent Director of the company appointed in casual vacancy of Ms. Malathi Mohan and in this regard pass, with or without modification(s), the following resolution as **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 149 and 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), and all other applicable law(s), regulation(s), guideline(s) and on recommendation of the Nomination and Remuneration Committee, Ms. Nina Chatrath (DIN: 07700943), who was appointed as an Independent Director in casual vacancy on 04<sup>th</sup> February, 2017 in place of Ms. Malathi Mohan and who holds office of Independent Director up to 18<sup>th</sup> September, 2020 and being eligible, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation to hold office for a second term of five years.

**"RESOLVED FURTHER THAT** the Board of Directors of the Company (including its committee thereof) and/or Company Secretary of the Company, be and are hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution."

7. To re-appoint Shri B. K. Agarwal as an Independent Director 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 149 and 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), and all other applicable law(s), regulation(s), guideline(s) and on recommendation of the Nomination and Remuneration Committee, Shri B. K. Agarwal (DIN: 00001085), who was appointed as an Independent Director by the members and who holds office of Independent Director up to 18<sup>th</sup> September, 2020 and being eligible, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation to hold office for a second term of five years.

**"RESOLVED FURTHER THAT** the Board of Directors of the Company (including its committee thereof) and/or Company Secretary of the Company, be and are hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution."

8. To approval of Related Party Transaction in this regard pass, with or without modification(s), the following resolution as **Special Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Sections 188(1), 188(1)(f) of the Companies Act, 2013 read with Companies (Meeting of Board and Its Powers) Rules, 2014 and other applicable provisions, if any, of the Companies Act, 2013

including statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted from time to time, the consent of Members be and is hereby accorded to the alteration of remuneration of Ms. Priyanka G. Morarka holding office or place of profit, as Vice-President (Corporate Affairs), daughter of Shri Gautam R. Morarka, Executive Chairman and Whole Time Director of the Company w.e.f. 1<sup>st</sup> January, 2020 as set out in explanatory statement attached with this notice.

**"RESOLVED FURTHER THAT** the Audit Committee/Board of Directors has the liberty to alter and vary such remuneration for a sum not exceeding ₹4,50,000/- per month in accordance with the provisions of the Companies Act, 2013, to effect change in designation and responsibilities of Ms. Priyanka G. Morarka holding office or place of profit."

**"RESOLVED FURTHER THAT** for the purpose of giving effect to the foregoing resolution, Shri B. J. Maheshwari, Company Secretary of the Company be and is hereby authorized to do all such acts, deeds, matters and things, as may be considered necessary, proper or desirable in the said regard including filing of returns with any authority."

9. To appoint Cost Auditor for the Financial Year 2020-21 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 31<sup>st</sup> March, 2021, 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: 10<sup>th</sup> June, 2020

**Registered Office:**

Dwarikesh Sugar Industries Limited  
Dwarikesh Nagar-246762, Dist: Bijnor, Uttar Pradesh  
CIN: L15421UP1993PLC018642  
Web: [www.dwarikesh.com](http://www.dwarikesh.com)  
E-mail: [investors@dwarikesh.com](mailto:investors@dwarikesh.com)  
Tel: 01343-267061/64 Fax: 01343-267065

## NOTES:

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated 05<sup>th</sup> May, 2020 read with circulars dated 08<sup>th</sup> April, 2020 and 13<sup>th</sup> April, 2020 (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting ("AGM") through VC/OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC/OAVM.
2. 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.
3. The relevant details, pursuant to Regulations 26(4) and 36(3) of the SEBI Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Director seeking re-appointment at this AGM is annexed.
4. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated 08<sup>th</sup> April, 2020; 13<sup>th</sup> April, 2020 and 05<sup>th</sup> May, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
5. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
6. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM 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. Since this AGM is being held pursuant to the MCA Circulars through VC/OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
7. Institutional/Corporate Shareholders (i.e. other than individuals/ HUF, NRI, etc.) are required to send a scanned copy (PDF/ JPG Format) of its Board or governing body Resolution/ Authorization etc., authorizing its representative to attend the AGM through VC/OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to vkmassociates@gmail.com with a copy marked to helpdesk.evoting@cdslindia.com.
8. The Register of Members & Share Transfer Books of the Company will be closed from Wednesday, 5<sup>th</sup> August, 2020 to Tuesday, 11<sup>th</sup> August, 2020 (both days inclusive) for the purpose of identification of members who shall be entitled to receive Annual report and attend Annual General Meeting of the Company.
9. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from 01<sup>st</sup> April, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's Registrars and Transfer Agents, Universal Capital Securities Private Limited ("RTA") for assistance in this regard.
10. To support the 'Green Initiative', Members who have not yet registered their email addresses are requested to register the same with their DPs in case the shares are held by them in electronic form and with RTA in case the shares are held by them in physical form.
11. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held by them in electronic form and to RTA in case the shares are held by them in physical form.

12. 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 RTA.
13. Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or RTA, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes.
14. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.
15. Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company on or before 10<sup>th</sup> August, 2020 through email on [investors@dwarikesh.com](mailto:investors@dwarikesh.com). The same will be replied by the Company suitably.
16. Members are requested to note that, dividends if not encashed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF"). The shares in respect of such unclaimed dividends are also liable to be transferred to the demat account of the IEPF Authority. In view of this, Members are requested to claim their dividends from the Company, within the stipulated timeline. The Members, whose unclaimed dividends/shares have been transferred to IEPF, may claim the same by making an online application to the IEPF Authority in web Form No. IEPF-5 available on [www.iepf.gov.in](http://www.iepf.gov.in).
17. In compliance with the aforesaid MCA Circulars and SEBI Circular dated 12<sup>th</sup> May, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website [www.dwarikesh.com](http://www.dwarikesh.com), websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively and on the website of CDSL <https://www.evotingindia.com/>
18. Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
19. At the 23<sup>rd</sup> AGM held on 19<sup>th</sup> August, 2017 the Members approved appointment of NSBP & Co, Chartered Accountants (Firm Registration No. 001075N) as Statutory Auditors of the Company to hold office for a period of five years from the

conclusion of that AGM till the conclusion of the 28<sup>th</sup> AGM, subject to ratification of their appointment by Members at every AGM, if so required under the Act. The requirement to place the matter relating to appointment of auditors for ratification by Members at every AGM has been done away by the Companies (Amendment) Act, 2017 with effect from 07<sup>th</sup> May, 2018. Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors at the 26<sup>th</sup> AGM.

20. 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.
21. Since the AGM will be held through VC/OAVM, the Route Map is not annexed in this Notice.
22. 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 RTA of the Company as on 10<sup>th</sup> July, 2020.
23. 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:** M/s VKM & Associates 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.

24. A Member can opt for only one mode of voting i.e. either through remote e-voting or e-voting at the AGM. Since the AGM is held through VC/OAVM and voting through ballot paper will not be provided. The results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.dwarikesh.com](http://www.dwarikesh.com) and on the website of CDSL [www.evotingindia.com](http://www.evotingindia.com) within two days of the 26<sup>th</sup> AGM of the Company and shall be communicated to BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively where the shares of the Company are listed.
25. Instructions for e-voting and joining the AGM are as follows:



## A. VOTING THROUGH ELECTRONIC MEANS:

The instructions for members voting electronically are as under:

- (i) The voting period begins on 8<sup>th</sup> August, 2020 at 9.00 a.m. and ends on 10<sup>th</sup> August, 2020 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 4<sup>th</sup> August, 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iv) Click on "Shareholders" module.
- (v) 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. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

	For Shareholders holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Shareholders who have not updated their PAN with the Company/ Depository Participant are requested to use the sequence number which is printed on Postal Ballot/Attendance Slip indicated in the PAN Field.</li> </ul>

	For Shareholders holding shares in Demat Form and Physical Form
Dividend Bank Details OR Date of Birth (DOB)	<p>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.</p> <ul style="list-style-type: none"> <li>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 (v).</li> </ul>

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders 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.
- (xi) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant <Dwarikesh Sugar Industries Limited> on which you choose to vote.
- (xiii) 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.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) 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.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xviii) If a demat account holder has forgotten the 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.
- (xix) Shareholders can also cast their vote using CDSL's mobile app "m-Voting". The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

**PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:**

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to Company on investors@dwarikesh.com or to our RTA on info@unisec.in
2. For Demat shareholders – please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to Company on investors@dwarikesh.com or to our RTA on info@unisec.in
3. The Company/RTA shall co-ordinate with CDSL and provide the login credentials to the above mentioned shareholders.

**INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

1. Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.

2. Shareholders are encouraged to join the Meeting through Laptops/iPads for better experience.
3. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast **7 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at (company email id). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance **7 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at investors@dwarikesh.com. These queries will be replied to by the company suitably by email.
6. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

**INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:**

1. The procedure for e-voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system available during the AGM.
3. If any votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

4. Shareholders who have voted through Remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

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

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the “Corporates” module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto: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](mailto: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.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer at [vkmassociates@gmail.com](mailto:vkmassociates@gmail.com) and to the Company at the email address viz; [investors@dwarikesh.com](mailto:investors@dwarikesh.com), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

(xxi) 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](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call 1800225533.

## ANNEXURE TO NOTICE

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

#### ITEM NO. 5

Shri K. N. Prithviraj (DIN: 00115317) was appointed as an Independent Director on the Board of the Company pursuant to the provisions of Section 149 of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014. He holds the office as an Independent Director of the Company upto 18<sup>th</sup> September, 2020 (“first term” in line with the explanation to Sections 149(10) and 149(11) of the Act).

The Board, based on the performance evaluation of Independent Directors and as per the recommendation of the Nomination & Remuneration Committee and considering his background, experience and contributions made by him during his tenure, the continued association of Shri K. N. Prithviraj would be beneficial to the Company and it is desirable to continue to avail his services as an Independent Director. Accordingly, it is proposed to re-appoint Shri K. N. Prithviraj as an Independent Director of the Company, not liable to retire by rotation and to hold office for a second term of five consecutive years.

In the opinion of the Board, Shri K. N. Prithviraj fulfil the conditions for re-appointment as an Independent Director as specified in

the Act, rules made thereunder and the Listing Regulations. The Company has received declarations from Shri K. N. Prithviraj that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under the Listing Regulations.

As per the relevant provisions of the Companies Act, 2013. Shri K. N. Prithviraj, Independent Director will attain the age of 75 years during March, 2022. In view of the acceptance by SEBI of Kotak Committee Recommendation in their Board Meeting held on 28<sup>th</sup> March, 2018 and also for an abundant precaution, the Company seeks consent of the members by way of special resolution for continuation of his holding of existing office after the age of 75 years during the pendency of his Second term of appointment till 17<sup>th</sup> September, 2025 under the provisions of Section 149 of the Companies Act, 2013.

The other details in terms of Regulation 26(4) and Regulation 36 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and pursuant to Clause 1.2.5 of the Secretarial Standard on General Meetings (SS-2) of Directors seeking appointment/re-appointment, Shri K. N. Prithviraj, whose

appointment is proposed in item no. 5 have been given in the attached annexure to the Notice.

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

None of the Directors, Key Managerial Persons (KMPs) of the Company or the relatives of Directors or KMPs, except Shri K. N. Prithviraj is any way concerned or interested in the proposed resolution.

#### ITEM NO. 6

Ms. Nina Chatrath (DIN: 07700943) was appointed as an Independent Director on the Board of the Company in place of Ms. Malathi Mohan in casual vacancy on 04<sup>th</sup> February, 2017 as per the provisions of Section 149 of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014. She holds the office as an Independent Director of the Company upto 18<sup>th</sup> September, 2020 ("first term" in line with the explanation to Sections 149(10) and 149(11) of the Act).

The Board, based on the performance evaluation of Independent Directors and as per the recommendation of the Nomination & Remuneration Committee and considering her background, experience and contributions made by her during her tenure, the continued association of Ms. Nina Chatrath would be beneficial to the Company and it is desirable to continue to avail her services as an Independent Director. Accordingly, it is proposed to re-appoint Ms. Nina Chatrath as an Independent Director of the Company, not liable to retire by rotation and to hold office for a second term of five consecutive years.

In the opinion of the Board, Ms. Nina Chatrath fulfil the conditions for re-appointment as an Independent Director as specified in the Act, rules made thereunder and the Listing Regulations. The Company has received declarations from Ms. Nina Chatrath that she meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under the Listing Regulations.

The other details in terms of Regulation 26(4) and Regulation 36 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and pursuant to Clause 1.2.5 of the Secretarial Standard on General Meetings (SS-2) of Directors seeking appointment/re-appointment, Ms. Nina Chatrath, whose appointment is proposed in item no. 6 have been given in the attached annexure to the Notice.

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

None of the Directors, Key Managerial Persons (KMPs) of the Company or the relatives of Directors or KMPs, except Ms. Nina

Chatrath is any way concerned or interested in the proposed resolution.

#### ITEM NO. 7

Shri B. K. Agarwal (DIN: 00001085) was appointed as an Independent Director on the Board of the Company pursuant to the provisions of Section 149 of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014. He holds the office as an Independent Director of the Company upto 18<sup>th</sup> September, 2020 ("first term" in line with the explanation to Sections 149(10) and 149(11) of the Act).

The Board, based on the performance evaluation of Independent Directors and as per the recommendation of the Nomination & Remuneration Committee and considering his background, experience and contributions made by him during his tenure, the continued association of Shri B. K. Agarwal would be beneficial to the Company and it is desirable to continue to avail his services as an Independent Director. Accordingly, it is proposed to re-appoint Shri B. K. Agarwal as an Independent Director of the Company, not liable to retire by rotation and to hold office for a second term of five consecutive years.

In the opinion of the Board, Shri B. K. Agarwal fulfils the conditions for re-appointment as an Independent Director as specified in the Act, rules made thereunder and the Listing Regulations. The Company has received declarations from Shri B. K. Agarwal that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under the Listing Regulations.

The other details in terms of Regulation 26(4) and Regulation 36 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and pursuant to Clause 1.2.5 of the Secretarial Standard on General Meetings (SS-2) of Directors seeking appointment/re-appointment, Shri B. K. Agarwal, whose appointment is proposed in item no. 7 have been given in the attached annexure to the Notice.

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

None of the Directors, Key Managerial Persons (KMPs) of the Company or the relatives of Directors or KMPs, except Shri B. K. Agarwal is any way concerned or interested in the proposed resolution.

#### ITEM NO. 8

The provisions of Section 188(1) of the Companies Act, 2013 and rule 15 of Companies (Meeting of the Board and its powers) Rules, 2014 that govern the Related Party Transactions require a Company to obtain prior approval of the Board of Directors and in certain cases approval of the shareholders are also required. Section 188(1)(f) of the Companies Act, 2013 provides for the

related party's appointment to any office or place of profit. The Board of Directors of the Company on the recommendation of the Audit Committee, at their meeting held on 10<sup>th</sup> June, 2020 had approved revision in remuneration of Ms. Priyanka G. Morarka as Vice President (Corporate Affairs) from ₹3,50,000/- p.m. to ₹4,50,000/- p.m. with effect from 1<sup>st</sup> January, 2020, subject to approval of the Shareholders by way of Special Resolution. The details of the revised remuneration payable to Ms. Priyanka G. Morarka is as below:

Particular	Ms. Priyanka Morarka (₹ p.m.)
Basic Salary	1,33,200
Personal Pay	1,60,740
Company's Contribution to PF & FPS	15,984
Conveyance allowance	1,600
Helper allowance	4,000
Total	3,15,524

Besides above remuneration, she is also entitled to leave encashment, ex-gratia, bonus or such other payments as per the policy of the Company. Ms. Priyanka G. Morarka who is daughter of Shri G. R. Morarka is a related party to the transaction.

The Audit Committee/Board of Directors has authority to increase remuneration of Ms. Priyanka G. Morarka for a sum not exceeding ₹4,50,000/- p.m. from such date as may be decided by the Committee or Board of Directors.

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

None of the Directors, Key Managerial Persons (KMPs) of the Company or the relatives of Directors or KMPs, except Shri G. R. Morarka is any way concerned or interested in the proposed resolution.

## ITEM NO. 9

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 31<sup>st</sup> March, 2021 at a remuneration of ₹1,55,000/- p.a. exclusive of travelling, boarding, lodging and out of pocket 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. 9 of the Notice for approval of the remuneration payable to the Cost Auditors for the financial year ending 31<sup>st</sup> March, 2020.

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.

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

**B. J. Maheshwari**

Managing Director & CS cum CCO  
(DIN - 00002075)

Place: Mumbai

Date: 10<sup>th</sup> June, 2020

### 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



## 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 B. J. Maheshwari	Shri K. N. Prithviraj	Ms. Nina Chatrath	Shri B. K. Agarwal
Date of Birth	02 <sup>nd</sup> May, 1960	03 <sup>rd</sup> March, 1947	10 <sup>th</sup> October, 1962	23 <sup>rd</sup> August, 1942
Nationality	Indian	Indian	Indian	Indian
Director since	01 <sup>st</sup> May, 2009	19 <sup>th</sup> September, 2015	04 <sup>th</sup> February, 2017	14 <sup>th</sup> October, 2005
Qualifications	Chartered Accountant & Company Secretary	CAIIB- I, MA (Economics)	B.Com	IAS
Experience & Expertise	Experience: He, being CA and CS, has enriched himself with expertise in the arenas of taxation – both direct and indirect, corporate law, Listing regulations, SEBI Guidelines, secretarial practice and compliance of law.  Expertise: Secretarial, Legal & Taxation	Experience: He, as an independent director of various companies' boards, has contributed significantly to the growth of many entities. Shri Prithviraj was also a research fellow of Dept. of Economics, Uni. of Madras and has been associated with organisations of repute like OBC, UBI, PNB, Oriental Insurance Company Award, Indira Gandhi Sadbhavna Award and Swami Krishnanand Saraswati Purashkar.  Expertise: Banking, Finance & Economics	Experience: She has nearly two decades of rich experience in Handling business management and leadership consultancy.  Expertise: Business Management and Leadership Consultancy	Experience: A retired IAS Officer associated with the Company since the past seven years, Shri B. K. Agarwal has wide experience in various companies.  Expertise: Law, Commerce & Strategy
Shareholding of Directors in company	Nil	Nil	Nil	Nil
Directorship held in other public companies excluding foreign and private companies	<ul style="list-style-type: none"> <li>• Morarka Finance Limited</li> <li>• Faridpur Sugars Limited</li> <li>• Dwarikesh Informatics Limited</li> </ul>	<ul style="list-style-type: none"> <li>• Axis Finance Limited</li> <li>• National Financial Holdings Company Limited</li> <li>• UTI Infrastructure and Services Limited</li> </ul>	<ul style="list-style-type: none"> <li>• Oriental Hotels Limited</li> <li>• Century Metal Recycling Limited</li> </ul>	
Chairmanship/ Memberships of committees*	Chairmanship: (2) Membership: (0)	Chairmanship: (0) Membership: (0)	Chairmanship: (0) Membership: (0)	Chairmanship: (0) Membership: (0)
Relationship between Directors inter-se	NA	NA	NA	NA

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

# DIRECTORS' REPORT

*Dear members*

Your Directors take pleasure in presenting their 26<sup>th</sup> (Twenty Sixth) Annual Report together with the Audited Accounts for the year ended 31<sup>st</sup> March, 2020.

## FINANCIAL RESULTS

(₹ in Lakhs)

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
Gross profit before depreciation, interest & tax	14,146.73	16,515.27
Less: Depreciation	3,686.56	3,294.99
Finance Costs	3,302.77	2,126.01
Profit/(Loss) before tax and exceptional items	7,157.40	11,094.27
Profit/(Loss) before tax	7,157.40	11,094.27
Tax expenses	(188.01)	1,583.65
Profit/(Loss) after tax	7,345.41	9,510.62
Total comprehensive income/(loss)	6,550.93	9,778.35

## DIVIDEND

Your Directors recommend payment of Preference dividend on 8% Cumulative Preference Shares (Series II) (falling due for repayment on 06<sup>th</sup> August, 2020) & payment of Interim equity dividend of 100% i.e ₹1/- per Equity Share of Face value of ₹1/- each. The outgo on account of Interim Equity dividend & Preference Dividend (series II) upto the date of redemption including Dividend distribution tax (DDT) amounts to ₹24,31,82,733/-.

In August 2020, at the time of redemption, an amount of ₹16,61,75,342/- along with dividend till redemption is payable to preference shareholders of 8% Cumulative Preference Shares (Series II).

## TRANSFER TO RESERVES

During the year, there was no redemption of Preference Shares, hence no transfer to reserves is required on this account.

## YEAR IN RETROSPECT

### Impact of Covid-19:

In the last month of FY 2020, the COVID-19 pandemic developed rapidly into a global crisis, forcing governments to enforce

lock-downs of all economic activity. For the Company, the focus immediately shifted to ensuring the health and well-being of all employees, and on minimizing disruption to services for all our customers. From a highly centralized model consisting of work spaces set in different locations capable of accommodating many employees, the switch to work from home for employees was carried out seamlessly to work remotely and securely. This response has reinforced customer and employee confidence in DSIL and many of them have expressed their appreciation and gratitude for keeping their businesses running under most challenging conditions.

Although there are uncertainties, DSIL as always involved in public service, started mass production of Sanitizers at a reasonable rate to serve the nation in these trying times. With it's positive outlook, innovative business model and work commitment even in these uncertain time due to the pandemic, the Company is anticipating to navigate the challenges ahead and gain better momentum in the near future.

### 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:

### Sugarcane crushed and sugar produced across three units (FY2019-20)

Particulars	2018-19	2019-20	Change%
Crushing (Lakh Quintal)	331.16	328.07	-0.93
Recovery % (Combined)	12.29	12.28	-0.08
Production (Lakh Quintal)	40.68	40.35	-0.81

### FY2019-20 (1.4.2019 to 31.3.2020), includes a minor part of SS 2018-19 and a major part of SS 2019-20 vis-à-vis SS 2018-19 across three units

Particulars	2018-19	2019-20
Crushing (lakh Quintal)	306.84	336.66
Recovery % (combined)	12.31	12.30
Production (lakh Quintal)	37.77	41.11

For ongoing crushing season 2019-20 (up to 30<sup>th</sup> April 2020) vis-à-vis completed SS 2018-19

### Highlights FY 2019-20

- Sugarcane crushing marginally lower by 0.93%.
- Recovery @ 12.28% as compared to recovery of 12.29% last FY. This recovery is after considering diversion of B heavy molasses at DN plant. Adjusted recovery better than last FY.
- Sugar production marginal down by 0.81%.
- Impressive recovery on account better varietal mix, better logistics management & stringent quality control.
- All units have clocked impressive recoveries.
- Coveted position of highest group recovery in North India for SS 2019-20 is maintained by your company.

### Performance of cogeneration division: Metrics of power sold:

Unit	2018-19 (01.04.2018 to 31.03.2019)		2 019-20 (01.04.2019 to 31.03.2020)	
	Power sold in lakhs units	Amount in ₹/Lakhs	Power sold in lakhs units	Amount in ₹/Lakhs
DN	301.38	1,500	290.16	847
DP	675.73	3,392	651.57	1,922
DD	1,043.16	5,237	691.06	2,039
Total	2,020.27	10,129	1,632.79	4,808

### Performance of Distillery:

During the year 130.10 lakh litres of industrial alcohol (previous FY 66.67 lakh litres) was produced and 115.62 lakh litres of Industrial alcohol worth ₹5,600 lakh vis-à-vis 90.17 lakh litres worth ₹3,632 lakh in FY 2018-19 was sold at the Dwarikesh Nagar unit.


## A SUGAR INDUSTRY OVERVIEW

### Global sugar industry scenario

Ongoing season of 2019-20 is expected to be yet another deficit year with some estimates pegging the production number at 167 million tons lower by almost 8 million tons as compared to production during the previous season 2018-19. Production was lower in all key sugar geographies including Brazil, Thailand &

India. With consumption estimated at 176 million tons the deficit is nearly 9 million tons. (Source: International Sugar organization). Brazil went on a overdrive in its ambitious ethanol blending program and only 35% of the cane juice was used for making sugar while the rest was used for making ethanol.

The estimated deficit is also on account of estimated lower sugar production in all key geographies including Brazil, India and Thailand. High price of crude during the major part of season resulted in more sugarcane being diverted for ethanol manufacture in Brazil (65% for ethanol and the rest used for making sugar). Beet sugar production in European Union is also lower than usual.



Raw sugar prices have been on rollercoaster ride. From a low of 12.5 cents per pound six months ago they rebounded to 15 cents per pound in February, 2020 to crash to almost 10 cents per pound. Presently NY raw quoted at 11 cents per pound. Steep fall in price of raw primarily on account of crude price crashing to abysmally low levels. White sugar price prevailing at around USD 360 per metric ton.

More sugarcane juice is expected to be used for making sugar in SS 2020-21 in Brazil owing to lower crude price and depreciation of Brazilian Real indicating a challenging sugar price scenario for the coming season. However lower production in Thailand may provide some succour to sugar prices even as production in India is also expected to be higher.

### **The Indian sugar industry review**

India's sugar production figure for SS 2018-19 which was at 33.2 million tons is now estimated to be 27 million tons during SS 2019-20. Approximately 1 million tons of sugar production is estimated to have been sacrificed in favor of ethanol production through B-heavy molasses & juice route. Some sugar mills have attempted production of ethanol from sugarcane juice. UP is estimated to clock production in excess 12.5 million tons whereas Maharashtra at 6.2 million tons caused a drag in production numbers. The trend of improvement in recovery clocked by sugar mills in North India during SS 2018-19 continues. State of UP clocked a recovery close to 11.5% during the above season. In view of use of B heavy molasses for ethanol manufacture by many sugar mills and consequent sacrifice of sugar in favor of ethanol some drop in recovery is expected though the adjusted recovery may not witness any fall.

Outbreak of COVID pandemic did not hamper the production which continued uninterrupted owing to Government support although sourcing intermediate inputs did pose some challenges. However the sugar demand suffered major disruption of almost 1 to 1.5 million tons. Off-take of sugar in the last few months has been sluggish as beverage/confectionary manufacturers & sweetmeat makers remained under lockdown, although the Government tried to moderate the situation by giving lesser releases with timely extension/carry forward of releases for the subsequent months. The worsening situation has been arrested by the combined efforts of Government & the Industry. The uninterrupted crushing operations have ensured that the standing cane of the farmers has been harvested on time thus mitigating their hardship.

During SS 2019-20 India is expected to export about 5 million tons although contracts have so far been signed for export of only 4.2 million tons. Iran, Malaysia, Indonesia & Afghanistan have been

the key importing countries of Indian sugar. Indian exports are in pursuance to announcement of Maximum Admissible Export Quota (MAEQ) of 6 million tons and a subsidy of ₹10,448 PMT by the Central Government. Indian exports suffered a setback owing to sudden & rapid fall in the international price of sugar accentuated by the Global decline in the price of crude. Exports also suffered a setback on account of the unfortunate breaking up of the COVID 19 pandemic which resulted in slow movement of sugar from mills to ports and disruption of activities at the ports. DFPD has twice redistributed the quota of sugar mills who have made no progress whatsoever to export their allotted quantity. Urgent and increased redistribution is required to provide fillip to the export program.

The outbreak of pandemic COVID 19 & the lockdown also resulted in poor off-take of ethanol as the fuel consumption plummeted to low levels. Depots of oil marketing companies had no storage space. OMCs did try to help the industry by redistributing ethanol quantities and offering sugar mills opportunity to supply ethanol to some far-off depots. Ethanol blending target of more than 5% has been achieved although more aggressive ethanol blending program is required to correct the sugar imbalance. Creation of ethanol capacities is not as per expectations of the Government as sugar companies with not very robust balance sheets aren't getting loans from the Banking system. Some out of the box solutions are required to prop up the creation of capacities and provide impetus to ethanol blending program. Further for a larger diversion of sugarcane to ethanol sugar mills need to use juice directly to make ethanol, which necessitates setting up of large distillation capacities. It is here that Government needs to spell out its long term policy of ethanol pricing to generate the enthusiasm and confidence of the industry and Banks.

Higher opening stock of sugar at the commencement of SS 2019-20 of 14.6 million tons coupled with demand disruption of sugar owing to the outbreak of pandemic and constraints on exports has once again resulted in the estimates of sugar balance going haywire. Demand disruption of 1 million tons and deficit in export of another 1 million tons will result higher closing stock nearly 11 million tons which otherwise would have been at around 9 million tons.

Since sugarcane is a remunerative crop, there is marked preference on the part of farmers to grow more and more sugarcane. With improvement in yields and recoveries, domestic sugar production of more than 32 million tons will be more a rule than exception unless draught in Maharashtra & Karnataka drags down the production outlook.

Sugar industry in India continues to be dependent on Government intervention. It has got into an orbit of perpetual

surplus production. There is need for paradigm shift in its model such as flexibility and adoptability to produce the right mix of sugar & ethanol. Long term policies are indeed aimed towards this objective, but in the short-term the imbalance persists. Government support to the industry includes the following:

- Retention of Minimum ex-factory selling price of sugar at ₹3,100 per quintal. However higher MSP is warranted to help enable sugar mills to recover their costs and shore up their ability to clear sugarcane dues.
- Monthly release mechanism so as to regulate and moderate the availability of sugar in the open market.
- Announcement of Maximum Admissible Export Quota (MAEQ) of 6 million tons and subsidy of ₹10,448 per metric tons mills exporting sugar under the allotted quota. Quota of non-performing sugar mills was redistributed twice among performing sugar mills.
- Buffer stock subsidy on stock of 4 million tons – valid till July, 2020.
- Reasonable ethanol procurement prices at ₹43.70 per liter in case of ethanol made from C heavy molasses, ₹54.27 per liter in case of ethanol made from B heavy molasses and ₹59.72 in case of ethanol made directly from sugarcane juice. However a long term pricing policy is desirable for big increase in ethanol plant capacities.

Outlook for the coming year is mixed. There is urgent need for the Government to announce export policy for season 2019-20 to help enable mills to calibrate their production plan and also allow them the flexibility to transact at opportune time. This will also help UP based sugar mills to liquidate the stockpile of sugar held by them. Increase in MSP will also help improve the viability of sugar mills.

Sugar stock levels of UP Based sugar mills are at all time high levels posing serious challenges of storage & logistics.

### **The Uttar Pradesh sugar industry report card**

- UP State is expected to clock sugar production in excess of 12.5 million tons, an all-time high. This is in spite of some use of B heavy molasses for ethanol manufacture. Higher production is

Your Company has built strengths to manage the adversities. Your Company has been recording impressive recovery; its consistent efficiency enhancement and cane development efforts have made it one of the most efficient & lowest cost sugar producers in India. The company's quest to integrate operations is now complete with the addition of a 100 KLPD distillery plant, thus maximizing byproduct optimization and facilitating substantial value-addition. While the expenditure has been incurred, benefits will accrue in the foreseeable future.

Your Company is also judiciously managing its debt profile. All term debts are at subsidized rate of interest. Your Company endeavors to minimize interest outflow. Increase in working capital loans is inevitable as the company is under compulsion to carry larger inventory.

attributable to early closure of Jaggery & khandasari units the wake of pandemic & lockdown and consequent non-diversion of sugarcane and additional availability of sugarcane to sugar mills. The crushing season SS 2019-20 is extended into the months of May and for some sugar mills into the month of June.

- Record production of more than 12.5 million tons & regulated release mechanism has resulted in higher sugar stock levels of sugar mills. The cane arrears are also at an all-time high of more than ₹15,000 crores.
- The tariff of power evacuated by the industry to state grid has been revised downwards by more than ₹2 per unit (more than 40% decline), effective 1<sup>st</sup> April, 2019. The same is being litigated.
- Outbreak of COVID 19 & lockdown coupled with social distancing norms & higher standards of hygiene has opened an opportunity of sugar mills to make sanitizers with ethanol as the basic feedstock.
- SAP for sugar season 2019-20 remained unchanged at ₹315 per quintal for general variety and ₹325 per quintal for the early variety.

### **SANITIZERS**

The outbreak of COVID 19 has exposed the fragility of life. There have been casualties galore across the Globe. It has demanded Social-distancing and practicing the highest standards of hygiene have emerged as the only viable options to break the chain of this virus. Based on the W.H.O. recommended formula, using 80% Ethyl Alcohol, Sanitizers are recommended for daily use and are capable of fighting germs up to 99.9%.

Your company has never faltered in playing its part in nation building and in ensuring the welfare of all its stakeholders – farmers, shareholders, consumers and employees alike. We thought it our duty to help accelerate the production of hand sanitizers in the region so as to fill the massively growing demand.

Dwarikesh Sanitizers are produced with an uncompromising focus on quality. It is an indication of our commitment towards the health and safety of society.



## Dwarikesh – Financial Scorecard:

Particular	2018-19		2 019-20	
	₹ Lakhs	%	₹ Lakhs	%
Net revenue (from operations)	1,08,412	100.00%	1,33,613	100.00%
EBIDTA	16,515	15.23%	14,147	10.59%
EBDTA	14,389	13.27%	10,844	8.12%
EBT	11,094	10.23%	7,157	5.36%
EAT	9,511	8.77%	7,345	5.50%

- There is significant improvement in the revenue from operations during the year under review. The same is attributable to the increased releases under the monthly release mechanism administered by the Central Government.
- EBIDTA, during FY 2019-20 is ₹14,147 lakhs as compared to ₹16,515 lakhs earned during previous FY. Lower EBIDT both in absolute terms as well as % terms is mainly attributable to the reduction in power tariff with effective from 1<sup>st</sup> April, 2019. Reduction in power tariff was steep and more than 40%.
- During the year under review your company earned EBDTA of ₹10,844 lakhs as compared to ₹14,389 lakhs earned in the previous FY.
- Earning before tax is at ₹7,157 lakhs when viewed in conjunction with that of the previous FY (₹11,094 lakhs).
- Earnings after tax at ₹7,345 lakhs is as compared to the earnings after tax of previous FY of ₹9,511 lakhs.

### Salient features:

- Sugar prices were range bound throughout the year.
- During the year under review your company exported a part of its balance contracted export obligation under the MIEQ of 2018-19 and a part of the quantity contracted under MAEQ 2019-20. All sugar exported thus far has been raw sugar.
- Your company has embarked upon project of distillery expansion, the benefits of which will start accruing on full year basis during FY 2020-21.
- 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 at subsidized rates. 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:

- Hitherto applicable levy and free sale sugar ratio of 10:90 for the period up to 31<sup>st</sup> 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.
- 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%.
- Chronology of SMP/FRP announced by the Central Government on the basis of recovery is given hereunder:

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&

Season	SMP/F&RP H/ Quintal
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#
2019-20	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 2019-20, the State Government of Uttar Pradesh announced SAP, which remains unchanged as compared to previous season of 2018-19, 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, Bijnore by adding a new 100 Kilo Litres Per Day (KLPD) capacity plant which will help in mitigating the risk associated with sugar business. The project has been successfully executed during FY 2019-20 and the plant commenced commercial production during December, 2019.

## 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 31<sup>st</sup> March, 2020 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 31<sup>st</sup> March, 2020 none of the Directors of the Company hold instruments convertible into Equity Shares of the Company.

## EXTRACT OF THE ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013, the details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith.

## NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

The Board of Directors of the Company met four (4) times during the year, on 23<sup>rd</sup> May, 2019; 05<sup>th</sup> August, 2019; 07<sup>th</sup> November, 2019 and 10<sup>th</sup> February, 2020.

## 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 I**.

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.

## **MSME RETURN**

MCA vide order dated 22<sup>nd</sup> January, 2019 directed all companies, who get supplies of goods or services from micro and small enterprises and whose payments to micro and small enterprise suppliers exceed forty five days during the year the Company has not filed MSME Return as all payments have been done within prescribed time.

## **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 II**.

## **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

### **A. Changes in Directors and Key Managerial Personnel**

In accordance with the provisions of the Companies Act, 2013 (the Act) and Articles of Association of the Company, Shri B. J. Maheshwari will retire by rotation as Director at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Brief profile of Shri B. J. Maheshwari is annexed to the Notice of Annual General Meeting as stipulated under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

### **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 proposed to re-appoint in the ensuing Annual General Meeting of the Company for a further period of 5 years as per the requirements of Section 149 of the Companies Act, 2013.

The Independent Directors met once, i.e, on 10<sup>th</sup> February, 2020. 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 Regulation 34 of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 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 III**.

## **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 09<sup>th</sup> May, 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) Regulations, 2015, a report on Corporate Governance together with the Auditors Certificate regarding compliance of the conditions of corporate governance is provided under **Annexure IV**.

## **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 V** 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 28<sup>th</sup> 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 31<sup>st</sup> March, 2020 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 31<sup>st</sup> March, 2020. 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 the year end March, 2020 shall be made available by Cost Auditors on or before 30<sup>th</sup> September, 2020.

#### 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 Practicing Company Secretary (Certificate of Practice no. 4279), Secretarial Auditor to undertake the Secretarial Audit of the Company for the year ended 31<sup>st</sup> March, 2020. The Secretarial Audit Report is appended to this Report as **Annexure VI**.

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

### BUSINESS RESPONSIBILITY REPORT

As per SEBI (LODR), Fifth Amendment Regulations, 2019, Business Responsibility Report is mandatory for Top 1000 listed Companies. Our ranking based on Market Capitalization as on 31.03.2020 on BSE is 853 and at NSE is 800. Business Responsibility Report is annexed by way of **Annexure VII**.

### 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.

On behalf of the Board of Director

**B. J. Maheshwari**

*Managing Director & CS cum CCO*  
(DIN-00002075)

**Vijay S. Banka**

*Managing Director*  
(DIN -00963355)

Place : Mumbai

Date : 10<sup>th</sup> June, 2020



## ANNEXURE –I

### 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**

(a) Name(s) of the related party and nature of relationship	Morarka 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 31 <sup>st</sup> March, 2020 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 ₹46,02,000/- paid for the year ended 31 <sup>st</sup> March, 2020.
(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 31 <sup>st</sup> March, 2020 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 01 <sup>st</sup> June, 2011 at rent of ₹2,40,000/- p.a. received during the year ended 31 <sup>st</sup> March, 2020.
(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 ₹40,71,000/- for the year ended 31 <sup>st</sup> March, 2020.
(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 ₹35,71,947/- (excluding Company's contribution to PF ₹1,85,328) paid for the year ended 31 <sup>st</sup> March, 2020.
(e) Date(s) of approval by the Board, if any:	
(f) Amount paid as advances, if any:	Nil
(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 or for any other activity company has paid ₹2,44,99,822/- for the year ended 31 <sup>st</sup> March, 2020.
(e) Date(s) of approval by the Board, if any:	
(f) Amount paid as advances, if any:	Nil
(f) Amount paid as advances, if any:	Nil

On behalf of the Board of Director

**B. J. Maheshwari**

Managing Director & CS cum CCO  
(DIN-00002075)

**Vijay S. Banka**

Managing Director  
(DIN -00963355)

Place : Mumbai

Date : 10<sup>th</sup> June, 2020

## ANNEXURE –II

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	95:67:1
Shri Vijay S. Banka	Managing Director	29.96:1
Shri B. J. Maheshwari	Managing Director & CS cum CCO	29.86:1
Shri B. K. Agarwal	Independent Director	1.21:1
Shri K. N. Prithviraj	Independent Director	0.68:1
Ms. Nina Chatrath	Independent Director	0.82:1

Remuneration includes all remuneration excluding exempt allowances under Income Tax Act & Company's Contribution to PF & PF administration & EDLI charges.

a) Percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer and Company Secretary in the financial year 2019-20:

Name of Director	Designation	Percentage increase/(decrease) in remuneration
Shri G. R. Morarka	Executive Chairman	22%
Shri Vijay S. Banka	Managing Director	(13)%
Shri B. J. Maheshwari	Managing Director & CS cum CCO	(13)%

b) Percentage increase in median remuneration of employee in the financial year 2019-20:

There is increase of 4.84% 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 31<sup>st</sup> March, 2020, the Company has on its payroll 711 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.

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; 3 (**Shri Gautam R. Morarka, Executive Chairman, 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: **Not Applicable**.
- 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 there of 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 & decrease of 13% in managerial remuneration of Managing Directors & increase of 22% in Executive Chairman's remuneration. The increase in Executive Chairman's is not comparable as he was re-appointed only on 1<sup>st</sup> January, 2019 & remuneration was drawn by him only for 3 months in financial year 2018-19. The increase/decrease in managerial remuneration is commensurate with the trend in peer groups as well as considering the efforts, time, skill put in by employees, Managing Directors & Executive Chairman.

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

On behalf of the Board of Director

**B. J. Maheshwari**

*Managing Director & CS cum CCO*

(DIN-00002075)

**Vijay S. Banka**

*Managing Director*

(DIN -00963355)

Place : Mumbai

Date : 10<sup>th</sup> June, 2020

## ANNEXURE –III

### 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 09<sup>th</sup> May, 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 Morarka 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 V. S. Banka – Member  
Shri K. N. Prithviraj- Member

#### 3. Average net profit of the company for last three financial years: ₹14,649.48 lakhs

#### 4. Prescribed expenditure (two percent of the amount as in item 3 above): ₹2,92.99 lakhs

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

- Total amount to be spent for the financial year – ₹2,92.99 lakhs
- Amount spent, if any: ₹3,22.33 lakhs
- 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	Project or Programs 1. Local area or other 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: 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 and livelihood enhancement project	Local area – Bijnore, Uttar Pradesh			3,22,32,871	Refer Note. 2
			<b>Total</b>			<b>3,22,32,871</b>	

#### Notes:

- The programs and projects identified are restricted not only to manufacturing state of the company but also to other state.
- The Company spends the amounts allocated for CSR activities either by itself or through its implementing agency R R Morarka Charitable Trust or Manotsav Foundation.
- 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.

On behalf of the Board of Director

**B. J. Maheshwari**

Managing Director & CS cum CCO  
(DIN-00002075)

**Vijay S. Banka**

Managing Director  
(DIN -00963355)

Place : Mumbai

Date : 10<sup>th</sup> June, 2020



# ANNEXURE –IV

## 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 Executive 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 31<sup>st</sup> March, 2020 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 (Whole Time Director)	4	1	–	2,85,66,590
Shri B. K. Agarwal	Non-Executive Independent Director	–	–	–	–
Shri K. N. Prithviraj	Non-Executive Independent Director	3	-	–	–
Ms. Nina Chatrath	Non-Executive Independent Director	2	–	–	–
Shri B. J. Maheshwari	Managing Director	3	-	2	–
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.

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 LODR 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 31<sup>st</sup> March, 2020, Four (4) Board Meetings were held: on; **23<sup>rd</sup> May, 2019; 05<sup>th</sup> August, 2019; 07<sup>th</sup> November, 2019 & 10<sup>th</sup> February, 2020.** 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 05 <sup>th</sup> September, 2019
Shri G.R. Morarka	4	No
Shri B. K. Agarwal	4	Yes
Shri B. J. Maheshwari	4	Yes
Shri Vijay S. Banka	4	Yes
Shri K. N. Prithviraj	3	No
Ms. Nina Chatrath	4	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 familiarization 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 13<sup>th</sup> 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.

Shri B. J. Maheshwari being 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:

- oversight the company's financial reporting procedure and the disclosure of its financial information;
- to examine the Financial Statement and the Auditor's Report on it;
- recommendation for appointment, remuneration and terms of appointment of Auditors of the Company;
- to review and monitor the Auditor's independence and performance, effectiveness of the audit process;
- approval or any subsequent modification of the transactions of the company with related parties;
- to scrutinize inter corporate loans and investments;
- valuation of undertakings or assets of the company, wherever it is necessary;
- to evaluate the Internal Financial Controls and Risk Management System;
- 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 31<sup>st</sup> March, 2020:

1.	Shri B. K. Agarwal	(Chairperson)	Non-Executive Independent Director
2.	Shri V. 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 year ended 31<sup>st</sup> March, 2020, Four (4) Audit Committee Meetings were held **23<sup>rd</sup> May, 2019; 05<sup>th</sup> August, 2019; 07<sup>th</sup> November, 2019 & 10<sup>th</sup> February, 2020;**

Name of the Directors	No. of meeting attended
Shri Vijay S. Banka	4
Shri K. N. Prithviraj	3
Shri B. K. Agarwal	4
Ms. Nina Chatrath	4

#### 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 22<sup>nd</sup> 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 31<sup>st</sup> March, 2020:

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 31<sup>st</sup> March, 2020, Three (3) Nomination and Remuneration committee meetings was held on **23<sup>rd</sup> May, 2019, 7<sup>th</sup> November, 2019 & 10<sup>th</sup> February, 2020.**

Name of the Directors	No of meeting attended
Shri B. K. Agarwal	3
Shri K. N. Prithviraj	2
Ms. Nina Chathrath	3

#### Performance Evaluation Criteria for Independent Directors:

The performance evaluation of Independent Directors was 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 17<sup>th</sup> 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 consists 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 31<sup>st</sup> March, 2020:

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
4.	Ms. Nina Chathrath	(Member)	Non-Executive Independent Director
5.	Shri K. N. Prithviraj	(Member)	Non-Executive Independent Director

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 are 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 31<sup>st</sup> March, 2019, Four (4) Stakeholder and Relationship committee meetings was held on **23<sup>rd</sup> May, 2019, 05<sup>th</sup> August, 2019, 07<sup>th</sup> November, 2019 & 10<sup>th</sup> February, 2020.**

Name of the Directors	No. of meeting attended
Shri B. K. Agarwal	4
Shri Vijay S. Banka	4
Shri B. J. Maheshwari	4
Ms. Nina Chathrath	4
Shri K. N. Prithviraj	3

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 05<sup>th</sup> September, 2019.

#### Complaints & Share Transfer:

During the year ended 31<sup>st</sup> March, 2020, One complaint was received. No complaint 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 13<sup>th</sup> 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 Directors, out of which one being Chairman of the Committee, namely Shri B. K. Agarwal and three Executive Directors 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
4.	Shri G. R. Morarka	(Member)	Executive Chairman (Whole Time Director)
5.	Shri K. N. Prithviraj	(Member)	Non-Executive Independent Director

#### Meeting and Attendance

During the year ended 31<sup>st</sup> March, 2020, Four (4) Corporate Social Responsibility committee meetings was held on **23<sup>rd</sup> May, 2019, 05<sup>th</sup> August, 2019, 07<sup>th</sup> November, 2019 & 10<sup>th</sup> February, 2020.**

Name of the Directors	No. of meeting attended
Shri B. K. Agarwal	4
Shri Vijay S. Banka	4
Shri B. J. Maheshwari	4
Shri G. R. Morarka	4
Shri K. N. Prithviraj	3

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 year ended 31<sup>st</sup> March, 2020 are provided below:

##### A. EXECUTIVE DIRECTORS:

Shri Gautam R. Morarka was appointed as Whole Time Director designated as Executive Chairman of the Company, w.e.f, 1<sup>st</sup> January, 2019 in the Board Meeting held on 17<sup>th</sup> December, 2018. Thereafter the appointment was approved by members of the Company in the Annual General meeting held on 05<sup>th</sup> September, 2019.

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	207.17
Ex Gratia & Interim Bonus	20.00
Leave Encashment	-
Commission	-
<b>Total</b>	<b>227.17</b>
Company's Contribution to P.F. (exempted allowance)	6.37

##### 2. Remuneration to Executive Chairman

Particulars	(₹ in lakhs)
Salary	240.02
Other Allowances	-
Gratuity	-
Leave Salary	-
Commission	123.25
Interim Bonus	-
<b>Total</b>	<b>363.27</b>
Company's Contribution to P.F. (exempted allowance)	28.80

- In the Board Meeting held on 07<sup>th</sup> May, 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 30<sup>th</sup> April, 2021.
- Shri Gautam 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 2019-20
Shri B. K. Agarwal	4.60	---	4.60
Shri K. N. Prithviraj	2.60	---	2.60
Ms. Nina Chatrath	3.10	---	3.10

- 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.
- They were paid sitting fees of ₹50,000 for attending every meeting of Board of Directors of the Company and ₹10,000 for attending every Committee Meeting of the Company.
- None of the Non-Executive Directors of the Company had any pecuniary relationship or transactions vis-à-vis the Company.

Notes:

- There is no notice period for Directors of the Company.
- No stock options have been granted to any directors of the Company.
- Severance fees is Nil.
- 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
2016-17	19 <sup>th</sup> August, 2017	Dwarikesh Nagar – 246 762 District : Bijnor, Uttar Pradesh	10.00 a.m.	AGM
2017-18	31 <sup>st</sup> August, 2018	Dwarikesh Nagar – 246 762 District : Bijnor, Uttar Pradesh	12.30 p.m.	AGM
2018-19	05 <sup>th</sup> September, 2019	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
19 <sup>th</sup> 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).
31 <sup>st</sup> 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).
5 <sup>th</sup> September, 2019	a. Alteration of Articles of Association of the Company. b. Appointment of Shri G. R. Morarka (DIN: 00002078) as Whole Time Director Designated as Executive Chairman of the Company

## Details of Special Resolution Passed through Postal Ballot

No Special Resolution was passed through postal ballot for year ended 31<sup>st</sup> March, 2020 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](http://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	26 <sup>th</sup> Annual General Meeting
Date, Time and Venue	Tuesday, 11 <sup>th</sup> August, 2020 at 11.00 a.m. through video conferencing (VC) or other audio visual means (OAVM)
Financial Calendar Particulars (April - March) (tentative and subject to change)	The financial year of the Company is from 1 <sup>st</sup> April to 31 <sup>st</sup> March every year
First Quarter Results	On or before 14 <sup>th</sup> August, 2020
Second Quarter Results	On or before 14 <sup>th</sup> November, 2020
Third Quarter Results	On or before 14 <sup>th</sup> February, 2021
Last Quarter Results	On or before 30 <sup>th</sup> May, 2021
Dates of Book Closure	Wednesday, 05 <sup>th</sup> August, 2020 to Tuesday, 11 <sup>th</sup> August, 2020 (both days inclusive).
Dividend Payment Date	Dividend if any, 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:**

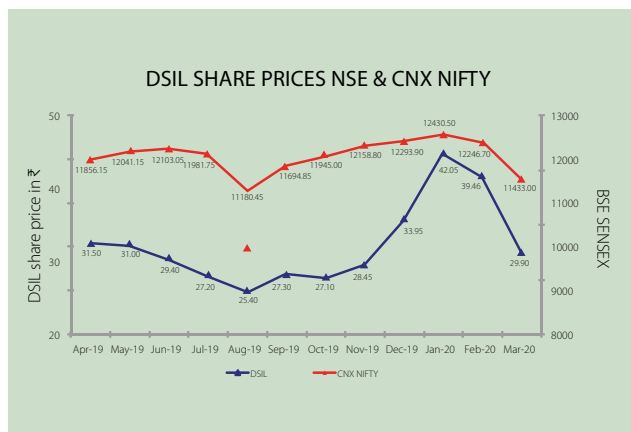
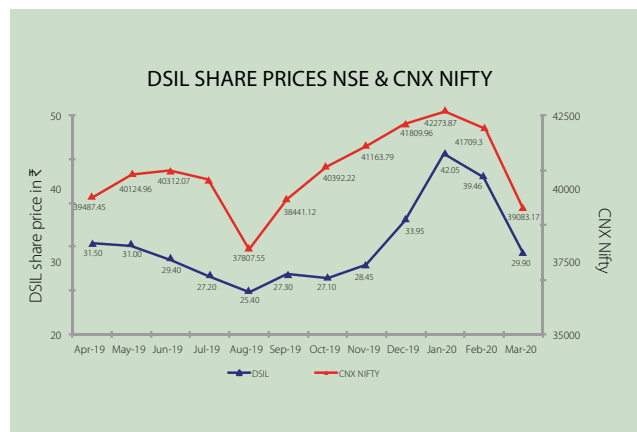
Name	Address	Stock Code
BSE Limited (BSE)	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	532610
The National Stock Exchange of India Ltd.(NSE)	"EXCHANGE PLAZA", Bandra-Kurla Complex Bandra (E), Mumbai - 400 051	"DWARKESH"
International Securities Identification Number (ISIN)		INE366A01041

**Payment of Listing Fees:** Annual listing fee for the year 2020-21 (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-19	31.55	27.10	1,26,24,277	31.50	27.15	15,24,409
May-19	30.95	24.65	1,40,31,584	31.00	24.00	19,43,110
Jun-19	29.40	24.25	68,57,039	29.40	23.90	9,11,154
Jul-19	27.70	21.00	66,01,626	27.20	21.15	8,23,400
Aug-19	24.50	19.25	87,35,536	25.40	19.50	10,96,989
Sep-19	27.35	21.40	1,30,81,396	27.30	21.40	15,32,413
Oct-19	27.25	23.35	72,18,461	27.10	23.45	7,35,871
Nov-19	28.50	23.90	82,07,666	28.45	23.85	6,67,881
Dec-19	34.00	23.15	2,44,96,236	33.95	23.50	17,97,505
Jan-20	42.00	33.20	6,91,01,632	42.05	33.15	53,72,157
Feb-20	39.35	27.80	2,99,55,073	39.35	28.00	30,18,234
Mar-20	29.85	13.35	2,39,86,263	29.90	13.30	1,03,59,085

#### STOCK PERFORMANCE:



### 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.

25, Shakil Niwas, Mahakali Caves Road,

Andheri (East), Mumbai - 400 093.

Tel: 28207203/7204/7205

Fax: 28369704

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 08<sup>th</sup> 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:

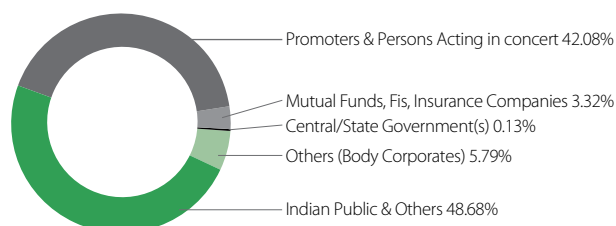
- Company & RTA shall not effect transfer of securities held in physical form from 01<sup>st</sup> April, 2019,
- This restriction shall not be applicable for transmission or transposition of securities held in physical form.

### 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 31<sup>st</sup> March, 2020.

Particulars	Percentage
Promoters & Persons Acting in concert	42.08
Mutual Funds, Fis, Insurance Companies	3.32
Central/State Government(s)	0.13
Others (Body Corporates)	5.79
Indian Public & Others	48.68
Total	100



### Distribution of Shareholding as on 31<sup>st</sup> March, 2020:

Sr. No.	No. of Equity Shares Held in the range of	No. of Shareholders	Percentage	No. of Shares	Total Percentage
1	1 – 500	26,498	64.778	49,37,667	2.622
2	501 – 1,000	6,106	14.927	52,58,770	2.793
3	1,001 – 2,000	3,464	8.468	54,89,796	2.915
4	2,001 – 3,000	1,392	3.403	36,46,384	1.936
5	3,001 - 4,000	687	1.679	24,96,580	1.326
6	4,001 – 5,000	667	1.631	32,02,032	1.700
7	5,001-10,000	1,015	2.481	77,50,322	4.116
8	10,001 & above	1,077	2.633	15,55,19,919	82.591
	<b>Total</b>	<b>40,906</b>	<b>100.00</b>	<b>18,83,01,470</b>	<b>100.00</b>

### 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 dematerialized form for all the investors. As on 31<sup>st</sup> March, 2020, 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, U.P.

#### 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: Bhagwanpur Fulwa, 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- [ICRA]A+ with outlook being stable

Commercial Paper- [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>.
- BSE Ltd and National Stock Exchange of India Ltd levied penalty for delayed submission of copy of Annual Report as per Regulation 34 of the SEBI (Listing Obligations & Disclosure Requirement) Regulations, 2015 but after representations from the Company showing there was no malafide intention, both the Stock exchanges waived the penalty amount.
- 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 09<sup>th</sup> May, 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 01<sup>st</sup> April, 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 PREFERENTIAL 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 APART:

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	---
2018-2019	100%	05/09/2019
2019-2020 (Interim Dividend)	100%	10/02/2020

#### STATUS OF UNPAID DIVIDEND & SUSPENSE ACCOUNT:

Dividend for the year	Amount of Dividend (₹)	Amount of unpaid dividend as on 31.03.2020 (₹)	Due Date of transfer to IEPF
2016-17	18,83,01,470.00	7,77,060.00	22/09/2024
2018-19	18,83,01,470.00	7,13,761.00	11/10/2026
2019-20	18,83,01,470.00	9,43,802.00	10/03/2027

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.

#### EQUITY SHARES IN SUSPENSE ACCOUNT

No shares of the Company are lying in Equity Suspense Account.

#### M. 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 31<sup>st</sup> March, 2020 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 had been appointed as Whole Time Director designated as Executive Chairman, w.e.f 01.01.2019.

**Separate posts of Chairman and CEO:** Shri Gautam 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 31<sup>st</sup> March, 2020 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.

Place : Mumbai  
Date : 10<sup>th</sup> June, 2020

On behalf of the Board of Director  
**B. J. Maheshwari**  
Managing Director & CS cum CCO  
(DIN-00002075)



## CODE OF BUSINESS CONDUCT AND ETHICS

The Board at its meeting held on 24<sup>th</sup> 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 14<sup>th</sup> May, 2013.

A copy of the Code has been put on the Company's website: [www.dwarikesh.com](http://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 2019-20.

On behalf of the Board of Director

**B. J. Maheshwari**

*Managing Director & CS cum CCO*

(DIN-00002075)

Place : Mumbai

Date : 10<sup>th</sup> June, 2020

# 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 01<sup>st</sup> 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	Shri Balkumar Agarwal	00001085	Independent Director	19/09/2015	Active
2	Shri Balkishan J. Maheshwari	00002075	Managing Director (Executive Director)	07/05/2018	Active
3	Shri Gautam R. Morarka	00002078	Executive Director	01/01/2019	Active
4	Shri Prithviraj Kokkarne	00115317	Independent Director	19/09/2015	Active
5	Shri Vijay S. Banka	00963355	Managing Director (Executive Director)	07/05/2018	Active
6	Ms. 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*

Place : Mumbai  
 Date : 05<sup>th</sup> June, 2020

M. No. F-5023 COP No.4279  
 UDIN : F005023B000319623

# 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 31<sup>st</sup> March, 2020 and that to the best of our knowledge and belief:
  - i. These statements do not contain any materially untrue statement or omit any material factor 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.

Place : Mumbai  
Date : 10<sup>th</sup> June, 2020

**Vijay S. Banka**  
*Managing Director*  
DIN No. 00963355

**Alok Lohia**  
*Chief Financial Officer*



# 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, NSBP & Co., Chartered Accountants, the Statutory Auditors of the Company, have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31<sup>st</sup> March, 2020 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.
6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on

Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the "ICAI"), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

## Opinion

8. 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 31<sup>st</sup> March, 2020.
9. 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

10. 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.

Place : Mumbai

Date : 10<sup>th</sup> June, 2020

For **NSBP & CO.**  
Chartered Accountants  
**Deepak K. Aggarwal**

Partner

Membership No. 095541  
UDIN: 20095541AAAADE5838

## ANNEXURE –V

### 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

Particulars		Current Year 2019-20	Previous Year 2018-19
1.	Electricity		
a)	Purchased		
	Unit – KWH	9,66,501	8,30,574
	Total amount (₹)	1,06,61,252	93,46,998
	Rate/Unit (₹)	11.03	11.25
b)	Own Generation		
i)	Through Diesel Generator		
	Unit –KWH	1,00,128	1,07,272
	Unit Per Ltr of Diesel	3.26	3.17
	Oil cost/Unit(₹)	19.83	21.64
ii)	Through Steam Turbine/Generator		
	Unit –KWH	28,95,02,896	31,65,17,804
	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.)	
Particulars	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Quantity	92,67,905.42	93,45,877.27	–	–	30,668	33,791
Total Cost (C)	Own generation	Own generation	–	–	19,85,842	23,20,898.6
Rate/Unit (C)			–	–	19.83	21.64

## B. CONSUMPTION PER UNIT OF PRODUCTION

PRODUCT – SUGAR (Unit Qtls.)

Total Sugar Produced = 40,34,707 Qtl

Particulars	Standards (if any)	Current Year 2019-20	Previous Year 2018-19
Electricity (KWH)*	N.A.	–	–
Furnace Oil	*N.A.	–	–
Coal (Specify Qua)	N.A.	–	–
Others (Specify)	N.A.	–	–
Firewood (MT)	N.A.	–	–
G.N. Husk (MT)	N.A.	–	–
Bagasse (MT)		0.23 MT/Qtl of Sugar	0.24 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 its 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 collect the representative soil sample 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 Thiophanate Methylate (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 agro-chemicals 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 leafs trip and leafs tripe 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 Safflizer was provided on subsidized rates for control of Pokka Boeng disease. For future as precautionary measures, we have planned timely spray of Safflizer 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 September 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 agredviculture 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. MECHANIZATION IN CANELOADING:-

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 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, biofertilizers & other developmental activities have improved cane production, productivity and sugar recovery also. **Since last two years as 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 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 (sugarcane information system) which helped in providing different types 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 are a 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 weighing 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.

Sr No.	Particulars	Amount (₹ lakh)
1	Capital	Nil
2	Recurring	203.66
3	Total	203.66
4	Total R&D expenditure as percentage of total turnover	0.16%

### FOREIGN EXCHANGE EARNINGS & OUTGO

Sr. No	Particulars	Amount (₹ lakh)
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	0.07
	Computer software purchase	0.03
	Legal fees	2.05
c)	EXPENDITURE IN FOREIGN CURRENCY	
	FOB value of export sales	13,397.83
	Other income	8.37

On behalf of the Board of Director

**B. J. Maheshwari**

Managing Director & CS cum CCO  
(DIN-00002075)

**Vijay S. Banka**

Managing Director  
(DIN -00963355)

Place : Mumbai

Date : 10<sup>th</sup> June, 2020

## ANNEXURE –VI

### FORM MR-3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31<sup>ST</sup> MARCH, 2020

[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 31<sup>st</sup> March, 2020 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 31<sup>st</sup> March, 2020 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder;
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 Factories Act, 1948.
  - ii. The Payment of Wages Act, 1936.
  - iii. The Minimum Wages Act, 1948.
  - iv. The Employee Provident Fund and Miscellaneous Provisions Act, 1952.
  - v. The Payment of Gratuity Act, 1972.

- vi. The Bombay Shops and Establishments Act, 1948.
- vii. The Maharashtra Labour Welfare Fund Act, 1953.
- viii. The Environment (Protection) Act, 1986.
- ix. The Industrial Dispute Act, 1947

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:

- The members in the Annual General Meeting held on 05<sup>th</sup> September, 2019 approved the appointment of Shri Gautam R. Morarka as an Executive Chairman and Whole Time director of the Company.

The aforementioned change was 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.

Place : Mumbai  
Date : 05<sup>th</sup> June, 2020

For **VKM & ASSOCIATES**  
Company Secretaries  
**(Vijay Kumar Mishra)**

Partner

M. No. F-5023 COP No.4279  
UDIN : F005023B000319755

*Note: This report is to be read with our letter of even date which is annexed as "ANNEXURE A" and forms an integral part of this report.*

## ANNEXURE –A

To,  
The Members,  
**DWARIKESH SUGAR INDUSTRIES LIMITED**  
Dwarikesh Nagar, Bijnore, Uttar Pradesh-246762

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.

Place : Mumbai  
Date : 05<sup>th</sup> June, 2020

For **VKM & ASSOCIATES**  
*Company Secretaries*  
**(Vijay Kumar Mishra)**  
*Partner*  
M. No. F-5023 COP No.4279  
UDIN : F005023B000319755



## ANNEXURE –VII

### BUSINESS RESPONSIBILITY REPORT

This section is as per Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### Section A : General Information about the Company

1.	Corporate Identity Number (CIN) of the Company	: L15421UP1993PLC018642
2.	Name of the Company	: Dwarikesh Sugar Industries Limited
3.	Registered Office	: Dwarikesh Nagar, Bijnore, Uttar Pradesh 246762
4.	Website	: www.dwarikesh.com
5.	E-mail ID	: investors@dwarikesh.com
6.	Financial Year reported	: 01 <sup>st</sup> April, 2019 to 31 <sup>st</sup> March, 2020
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	: Sugar Manufacturing
8.	List three key products/services that the Company manufactures/provides (as in balance sheet)	: Manufacturing of Sugar, Industrial Alcohol & Generation of Power
9.	Total number of locations where business activity is undertaken by the Company	
	Number of International Locations	: Not applicable
	Number of National Locations	: 3(Three) i.e. Uttar Pradesh, Delhi & Mumbai
10.	Markets served by the Company – Local/State/ National/International	: We serve all 4 areas .

#### Section B : Financial Details of the Company

1.	Paid up Capital (INR)	: 1,883.01 Lakhs
2.	Total Turnover (INR)	: 1,34,152.98
3.	Total profit after taxes (INR)	: 7,345.41
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	: 2% of average net profit for previous three years in respect of standalone Dwarikesh Sugar Industries Ltd
5.	List of activities in which expenditure in 4 above has been incurred	: Education and Skill Building, Health and wellness & Contribution to Trust

#### Section C : Other Details

1.	Does the Company have any Subsidiary Company/ Companies?	: No
2.	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s) –	: Not Applicable
3.	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	: No

## Section D : BR Information

### 1. Details of Director/Directors responsible for BR

(a) Details of the Director/Directors for implementation of the BR policy/policies:

The Corporate Social Responsibility (CSR) Committee of the Board of Directors is responsible for implementation of BR policies. The members of the CSR Committee are as follows:

DIN Number	Name	Designation
00001085	Shri B. K. Agarwal	Non-Executive Independent Director
00963355	Shri Vijay S. Banka	Managing Director
00002075	Shri B. J. Maheshwari	Managing Director & CS Cum CCO
00002078	Shri G. R. Morarka	Executive Chairman
00115317	Shri K. N. Prithviraj	Non-Executive Independent Director

(b) Details of the BR head

Name : Shri B. J. Maheshwari  
DIN : 00002075  
Designation : Managing Director & CS cum CCO  
Tel No. : 022 22042945  
Email ID : bjmaheshwari@dwarikesh.com

### 2. Principle wise (as per NVGs) BR Policy/policies

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These briefly are as follows:

- P1 Business should conduct and govern themselves with Ethics, Transparency and Accountability
- P2 Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
- P3 Businesses should promote the wellbeing of all employees
- P4 Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized
- P5 Businesses should respect and promote human rights
- P6 Business should respect, protect, and make efforts to restore the environment
- P7 Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
- P8 Businesses should support inclusive growth and equitable development
- P9 Businesses should engage with and provide value to their customers and consumers in a responsible manner

S. No	Questions	P 1	P 2	P 3	P 4	P 6	P 7	P 8	P 9
1	Do you have a policy/policies for....	Y	Y	Y	Y	N	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	N	Y	Y	Y
3	Does the policy conform to any national/international standards?	Y	Y	Y	Y	N	Y	Y	Y
4	Has the policy being approved by the Board? If yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Y	Y	Y	Y	N	Y	Y	Y

S. No	Questions	P 1	P 2	P 3	P 4	P 6	P 7	P 8	P 9
5	Does the company have a specified committee of the Board/Director/ Official to oversee the implementation of the policy?	Y*	Y*	Y*	Y**	N	Y*	Y*	Y*
6	Indicate the link for the policy to be viewed online?	Y	Y	Y	Y	N	Y	Y	Y
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	N	Y	Y	Y
8	Does the company have in-house structure to implement the policy/ policies.	Y	Y	Y	Y	N	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	N	Y	Y	Y
10	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y	N	Y	N	N	N	N	Y

\* DSIL Code of Conduct: [https://www.dwarikesh.com/pdf/2018/Code\\_of\\_Conduct\\_for\\_Senior\\_Management\\_and\\_Director.pdf?abc=1](https://www.dwarikesh.com/pdf/2018/Code_of_Conduct_for_Senior_Management_and_Director.pdf?abc=1)

\*\*CSR Policy: <https://www.dwarikesh.com/pdf/2018/Policy-on-Corporate-Social-Responsibility.pdf>

#### 2a. If answer to S. No. 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

S. No	Questions	P 1	P 2	P 3	P 4	P 6	P 7	P 8	P 9
1	The company has not understood the Principles								
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles								
3	The company does not have financial or manpower resources available for the task								
4	It is planned to be done within next 6 months					√			
5	It is planned to be done within the next 1 year								
6	Any other reason (please specify)								

### 3 Governance related to BR

a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year?

Four Board Meetings were held during the year.

b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

Yes, the company publishes its Sustainability Report annually. In FY 2020, the Sustainability Report is part of this Annual Report.

### Section E : Principle wise performance

#### PRINCIPLE 1

1. Does the policy relating to ethics, bribery and corruption cover only the company?

No

2. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

Yes

3. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so:

In FY 2020, 01 concern from stakeholder were received. All concerns were satisfactorily resolved as on 31<sup>st</sup> March, 2020.

## PRINCIPLE 2

- 1 List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

- i. Sugar - Our sugar grades are L-31, M-31, S-31, L-30, M-30 and S-30, of which maximum production is of 31 colour sugar. (31 is the best colour standard fixed by the Government of India). Sugar grading is done for colour and grain size and the sugar produced at our units is regularly matched with N.S.I. standards. We maintain the percentage retention of our sugar at 85%+ as against minimum requirement of 70%.
- ii Ethanol and Industrial Alcohol -Molasses is a bye product generated in manufacture of sugar .Molasses becomes raw material for manufacture of Industrial alcohol & ethanol. Ethanol is procured by Oil Marketing Companies (OMC) for blending with petrol. It's Central Government's policy to permit blending of ethanol with Petrol upto 10% . Ethanol is eco-friendly fuel & use of ethanol saves precious foreign exchange of the nation by reducing import of crude oil.
- iii Power-Company generates power from the sugar cane residue viz Bagasse. The power is used for captive consumption as well as surplus power is sold to Uttar Pradesh Power Corporation (UPPCL), Company has entered into agreement with UPPCL for export of 56MW.

- 2 For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):

- i. Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?
- ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year?

3. Does the company have procedures in place for sustainable sourcing (including transportation)?

- i. If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

We are procuring sugar cane from farmers around 50 to 70 % of sugarcane is delivered at mill gate & brought by farmers by their own transportation viz tractor trolleys. The Company arranges for pickup of the balance sugar cane at centres close the farmers villages to facilitate them to offload their sugarcane & the company arranges for transportation of sugar cane from these centres to mills by it's own transportation.

- 4 Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The Company procures sugarcane from thousands of farmers from the neighbouring area of the sugar mills . We are interacting with them through SMS & other communications for updating them with various information for updating their knowledge. We make model fields & educate the farmers to learn the best farming practices. We provide seeds to farmers for planting sugar cane, We provide pesticides to farmers at competitive rates to fight against diseases.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as 10%). Also, provide details thereof, in about 50 words or so.

Yes. For more details refer Operations and Performances which forms part of this Annual Report and also on the weblink: <https://www.dwarikesh.com/captive.html>

### PRINCIPLE 3

1	Please indicate the Total number of employees.	2,765																
2	Please indicate the Total number of employees hired on temporary/contractual/casual basis.	1,321																
3	Please indicate the Number of permanent women employees.	18																
4	Please indicate the Number of permanent employees with disabilities	Nil																
5	Do you have an employee association that is recognized by management?	Yes																
6	What percentage of your permanent employees is members of this recognized employee association?	50																
7	Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.	<div>The company has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (India) and the Rules thereunder.</div> <table><tr><th>Sr. No.</th><th>Category</th><th>No. of Complaints filed during the financial year</th><th>No of complaints pending as on end of the financial year</th></tr><tr><td>1</td><td>Child labour/ forced labour/ involuntary labour</td><td>NA</td><td>NA</td></tr><tr><td>2</td><td>Sexual harassment</td><td>NA</td><td>NA</td></tr><tr><td>3</td><td>Discriminatory employment</td><td>NA</td><td>NA</td></tr></table>	Sr. No.	Category	No. of Complaints filed during the financial year	No of complaints pending as on end of the financial year	1	Child labour/ forced labour/ involuntary labour	NA	NA	2	Sexual harassment	NA	NA	3	Discriminatory employment	NA	NA
Sr. No.	Category	No. of Complaints filed during the financial year	No of complaints pending as on end of the financial year															
1	Child labour/ forced labour/ involuntary labour	NA	NA															
2	Sexual harassment	NA	NA															
3	Discriminatory employment	NA	NA															
8	What percentage of your under mentioned employees were given safety & skill up- gradation training in the last year?	<table><tr><td>Permanent Employees</td><td>90</td></tr><tr><td>Permanent Women Employees</td><td>100</td></tr><tr><td>Casual/Temporary/Contractual Employees</td><td>50</td></tr><tr><td>Employees with Disabilities</td><td>NA</td></tr></table>	Permanent Employees	90	Permanent Women Employees	100	Casual/Temporary/Contractual Employees	50	Employees with Disabilities	NA								
Permanent Employees	90																	
Permanent Women Employees	100																	
Casual/Temporary/Contractual Employees	50																	
Employees with Disabilities	NA																	

### PRINCIPLE 4

- Has the company mapped its internal and external stakeholders? Yes
- Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders. Yes
- Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.  
Yes. Please refer the CSR policy of the Company attached in this Annual Report and also more details are provided at: <https://www.dwarikesh.com/farmers.html>

## PRINCIPLE 5

- 1 Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

The principles stated in our code and policies which include respect for human rights and dignity of all stakeholders, extend to the group, joint venture, suppliers and all those who work with us.

- 2 How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

In FY 2020, 01 concern from stakeholder were received. 100% concerns were satisfactorily resolved quickly & there are no grievances as on 31<sup>st</sup> March, 2020.

## PRINCIPLE 6

- 1 Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.

A proper systematic policy is planned to be implemented within next 6 months.

- 2 Does the company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

A proper systematic policy is planned to be implemented within next 6 months.

- 3 Does the company identify and assess potential environmental risks?

Yes

- 4 Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

Not Applicable

- 5 Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

Yes. Kindly refer our products page at weblink: <https://www.dwarikesh.com/captive.html>

- 6 Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Yes

- 7 Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

None

## PRINCIPLE 7

- 1 Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

Federation of India Chambers of Commerce and Industry (FICCI).

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas ( drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

No

## PRINCIPLE 8

- 1 Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8?

Yes. Please refer the Performances & Operations part in the Annual Report & CSR Report.

- 2 Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

The Company uses all kinds of modes.

- 3 Have you done any impact assessment of your initiative?

Yes.

- 4 What is your company's direct contribution to community development projects Amount in INR and the details of the projects undertaken.

Dwarikesh Group strongly believes that "Businesses cannot be successful when the society around them fails."

DSIL has always tried to contribute to the development of our society employing all the resources we can. The DSIL Group's definition of Corporate Social Responsibility. "CSR is integral to the business model of Dwarikesh Sugar Industries Ltd. through R R Morarka Charitable Trust, Narbada Devi Charitable Trust, Sewa Jyoti and its business unit CSR programs, 'DSIL' serves as a catalyst for development in the communities it operates in. DSIL serves as catalyst because it's like a substance that causes quick change or development in the community where they operate. The development explains not just about economic or financial development but also the development



of community in terms of education, health, livelihood and more.

DSIL works in a host 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. Its services have benefitted people of all religions, castes, regions and sections of the society as it works without any bias, discrimination or favoritism.

CSR initiatives create an immense influence on winning over the trust and confidence of concerned stakeholders thereby improving the business sustainability and performance of sugar manufacturing units. The findings of the study seem to be consistent with the stakeholder theory in order to understand and explain the firms' responsibilities toward their stakeholders.

DSIL and supporting NGO SEWAJYOTI is working exactly as a flame of service spreading light of hope and happiness among those who are not in a position to meet their basic needs such as food, education, self-employment, shelter and medical aid etc. The Rajasthan Government has FIVE times recognized our services to the society and has generously bestowed upon our chief trustee the highly prestigious BHAMASHAH AWARD in 2006, 2011, 2016, 2018 and 2019 and SHIKSHA BHUSHAN AWARDS – 2018 and SHIKSHA VIBHUSHAN AWARD - 2019 for a keen contribution to the cause of social development and expressed our commitment to work in the fields of education, Infrastructure development, health, women empowerment through employment generation, agriculture and industrial development.

#### (A) DSIL Activities

- I To combat COVID-19 - As a part of its Corporate Social Responsibility initiatives, DSIL has incurred following amounts:
  - i One day salary of employees deducted from March 2020 salary and deposited to PM for PM Cares in April 2020 – ₹10,70,383
  - ii Donation given to:
    - a PM Cares – ₹51,00,000 on 06.04.2020
    - UP COVID Care – ₹30,00,000 on 13.04.2020 (10 lakhs each from all three units)

- Dean Poor Box Charity Fund LTMG Hospital for PPE kit and N 95 Masks – ₹10,00,000 on 06.05.2020

iii From 01.04.2020 to 31.05.2020:

- a. Other expenses related to providing grocery items/ PPE Kits/Masks to hospitals and required persons – ₹18,85,240

II DSIL has also started various welfare initiatives to help the underprivileged, the company has supplied around 2,500 numbers of packets of uncooked meals and donated medical supporting equipments. DSIL provided direct help to migrant workers and other needy individuals. Till date, DSIL has already supported around 2,500 needy families by supplying ration packets during the current nationwide lockdown.

#### 5 Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

Yes. Initiatives conducted under CSR are tracked to determine the outcomes achieved and the benefits to the community. Internal tracking mechanisms, monthly reports and follow-up field visits, telephonic and email communications are regularly carried out. The company has engaged highly trained employees to drive and monitor the CSR activities.

#### PRINCIPLE 9

##### 1 What percentage of customer complaints/consumer cases are pending as on the end of financial year.

Nil

##### 2 Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks(additional information)

No

##### 3 Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so?

No

##### 4 Did your company carry out any consumer survey/ consumer satisfaction trends?

No

## FORM NO. – MGT 9

### EXTRACT OF ANNUAL RETURN

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	01 <sup>st</sup> November, 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. 25, Shakil Niwas, Mahakali Caves Road, Andheri (East), Mumbai - 400 093. Tel: 28207203 /7204/7205 Fax: 28369704

#### 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	86.15

#### 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 <sup>st</sup> March, 2019]				No. of Shares held at the end of the year [As on 31 <sup>st</sup> March, 2020]				% 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	3,13,93,440	–	3,13,93,440	16.67	0.21
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	-
e) Banks/Fl									
f) Any other									

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31 <sup>st</sup> March, 2019]				No. of Shares held at the end of the year [As on 31 <sup>st</sup> March, 2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>Total shareholding of Promoter (A)</b>	7,88,33,510	–	7,88,33,510	41.87	7,92,33,510	–	7,92,33,510	42.08	0.21
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	49,78,525	-	49,78,525	2.64	62,61,017	-	62,61,017	3.32	0.68
b) Banks/FI	9,23,035	-	9,23,035	0.49	5,94,825	-	5,94,825	0.32	(0.17)
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) FIs/FPI	1,18,106	-	1,18,106	0.06	42,400	-	42,400	0.02	(0.04)
h) Foreign Venture Capital Funds									
i) Others (specify)									
<b>Sub-total (B)(1):-</b>	<b>62,69,666</b>	<b>-</b>	<b>62,69,666</b>	<b>3.32</b>	<b>71,48,242</b>	<b>-</b>	<b>71,48,242</b>	<b>3.79</b>	<b>(0.47)</b>
2. Non-Institutions									
a) Bodies Corp.	1,50,68,947	-	1,50,68,947	8.00	1,09,04,536	-	1,09,04,536	5.79	(2.21)
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹1 lakh	4,71,77,979	1,57,880	4,73,35,859	25.14	4,87,66,640	1,45,450	4,89,12,090	25.98	0.84
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	2,29,49,741	-	2,29,49,741	12.19	2,85,27,079	-	2,85,27,079	15.15	2.96
c) Others (specify)	95,07,304	-	95,07,304	5.05	75,16,558	-	75,16,558	3.99	(1.06)
Non Resident Indians	35,63,378	1,13,000	36,76,378	1.95	33,68,694	1,13,000	34,81,694	1.85	(0.10)
Overseas Corporate Bodies									

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31 <sup>st</sup> March, 2019]				No. of Shares held at the end of the year [As on 31 <sup>st</sup> March, 2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Foreign Nationals									
Clearing Members	29,72,829	-	29,72,829	1.58	8,65,921	-	8,65,921	0.46	(1.12)
Trusts/LLPs	16,87,236	-	16,87,236	0.90	17,11,840	-	17,11,840	0.91	0.01
Foreign Bodies - D R									
<b>Sub-total (B)(2):-</b>	<b>10,29,27,414</b>	<b>2,70,880</b>	<b>10,31,98,294</b>	<b>54.81</b>	<b>10,16,61,268</b>	<b>2,58,450</b>	<b>10,19,19,718</b>	<b>54.12</b>	<b>(0.69)</b>
Total Public Shareholding (B)= (B)(1)+ (B)(2)	10,91,97,080	2,70,880	10,94,67,960	58.13	10,88,09,510	2,58,450	10,90,67,960	57.92	(0.21)
C. Shares held by Custodian for GDRs & ADRs									
<b>Grand Total (A+B+C)</b>	<b>18,80,30,590</b>	<b>2,70,880</b>	<b>18,83,01,470</b>	<b>100</b>	<b>18,80,43,020</b>	<b>2,58,450</b>	<b>18,83,01,470</b>	<b>100</b>	<b>-</b>

#### 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	Shri Gautam R. Morarka	2,82,66,590	15.01	-	2,85,66,590	15.17	-	0.16
2	Shri Pranay Gautam Morarka	12,49,710	0.66	-	12,49,710	0.66	-	-
3	Ms. Priyanka G. Morarka	5,12,360	0.27	-	5,12,360	0.27	-	-
4	Smt. S. G. Morarka	9,01,780	0.48	-	10,01,780	0.53	-	0.05
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

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
1	<b>Gautam R. Morarka</b>				
	At the beginning of the year	2,82,66,590	15.01	2,82,66,590	15.01
	Market sale acquisition on 12.03.2020	3,00,000	0.16	-	-
	Market sale	-	-	-	-
	At the end of the year	2,85,66,590	15.17	2,85,66,590	15.17
2	<b>Smriti G. Morarka</b>				
	At the end of the year	9,01,780	0.48	9,01,780	0.48
	Market acquisition on 12.03.2020	1,00,000	0.05	-	-
	Market sale	-	-	-	-
	At the end of the year	10,01,780	0.53	10,01,780	0.53

### 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 (31.03.2019)		Shareholding at the end of the year (31.03.2020)	
		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	82,00,000	4.35
2.	DSP SMALL CAP FUND	49,78,525	2.64	62,61,017	3.32
3.	SEEMA GOEL	37,20,000	1.98	38,30,000	2.03
4.	RAJESH NUWAL	-	-	30,00,000	1.59
5.	PREMIER CREDIT CAPITAL LIMITED	17,53,890	0.93	21,67,394	1.15
6.	VISHANJI SHAMJI DEDHIA	7,75,000	0.41	11,50,000	0.61
7.	SANJAY DATTA	-	-	10,50,000	0.56
8.	VLS FINANCE LIMITED	1,50,000	0.08	10,20,000	0.54
9.	UNIVERSAL CINE TRADES	-	-	9,40,000	0.50
10.	PRAMOD KUMAR SARAF	6,00,000	0.32	8,81,000	0.47

### 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 (31.03.2019)		Shareholding at the end of the year (31.03.2020)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Gautam R. Morarka	2,82,66,590	15.01	2,85,66,590	15.17
	B. J. Maheshwari	-	-	-	-
	Vijay S. Banka	-	-	-	-

## V. INDEBTEDNESS - Indebtedness of the Company including interest outstanding/accrued but not due for payment

Particulars of Remuneration	Secured Loans excluding deposits	*Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year as on April 1, 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	-	6,64,91,38,555
Change in Indebtedness during the financial year				
* Addition	2,38,99,16,426	-		2,38,99,16,426
* Reduction	54,95,89,723	-		54,95,89,723
Net Change	1,84,03,26,703	-		1,84,03,26,703
Indebtedness at the end of the financial year as on 31 <sup>st</sup> March, 2020				
i) Principal Amount	8,33,33,43,632	15,00,00,000		8,48,33,43,632
ii) Interest due but not paid	-	-		-
iii) Interest accrued but not due	2,56,24,997	-		2,56,24,997
<b>Total (i+ii+iii)</b>	<b>8,35,89,68,629</b>	<b>15,00,00,000</b>		<b>8,50,89,68,629</b>

\* 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 lakhs

SN.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		Shri Gautam Morarka (Executive Chariman & Whole time director)	Shri Vijay S. Banka (Managing Director)	Shri B. J. Maheshwari (Managing Director & CS Cum CCO)	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	271.22	106.84	107.23	485.29
	(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	-	-	-	-



SN.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		Shri Gautam Morarka (Executive Chariman & Whole time director)	Shri Vijay S. Banka (Managing Director)	Shri B. J. Maheshwari (Managing Director & CS Cum CCO)	
2	Stock Option	-	-	-	
3	Sweat Equity	-	-	-	
4	Commission - as % of profit-5%	-	-	-	
5	Others, please specify	-	10.00	25.00	35.00
	Total (A)	271.22	116.84	132.23	520.29
	Ceiling as per the Act				788.94

## B. Remuneration to other Directors

₹ in lakhs

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	4.60	2.60	3.10	10.30
	Commission				
	Others, please specify				
	Total (1)	4.60	2.60	3.10	10.30
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)	4.60	2.60	3.10	10.30
	Total Managerial Remuneration	4.60	2.60	3.10	10.30
	Overall Ceiling as per the Act				78.89

\* 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/WTB

We have Whole Time Directors acting as CS & CFO and Managing Director acting as CEO, hence -NOT APPLICABLE

₹ in lakhs

SN.	Particulars of Remuneration	Key Managerial Personnel	
		Shri Alok Lohia (CFO)	Total
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	42.53	42.53
	(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	2.95	2.95
	Total	45.48	45.48

### 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:	NIL				
Penalty					
Punishment					
Compounding					
B. DIRECTORS	NIL				
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT	NIL				
Penalty					
Punishment					
Compounding					

On behalf of the Board of Director

**B. J. Maheshwari**

Managing Director & CS cum CCO  
(DIN-00002075)

**Vijay S. Banka**

Managing Director  
(DIN -00963355)

Place : Mumbai

Date : 10<sup>th</sup> June , 2019



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# FINANCIAL SECTION

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# 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, 2020, 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, 2020, 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 ethical 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 obtained by us 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 year. 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	<p><b>Calculation of deferred tax liability on the basis of dual rates</b></p> <p>During the year, the Government of India Promulgated the Taxation Laws (Amendment) Ordinance, 2019 (enacted into Taxation Laws) (Amendment) Act, 2019) has introduced Section 115BAA of the Income Tax Act 1961 in which companies can opt for lower tax rate based on certain conditions such as foregoing exemptions/deductions including deduction under chapter VI A and foregoing the benefits of MAT credit entitlement.</p> <p>As per Para 47 of IND AS 12 and clarifications given in bulletin no 23 of ITFG, where a company expects to avail of the lower tax rate only from a later financial year it should apply the lower tax rate in measurement of deferred taxes only to the extent that the deferred tax assets are expected to be realised or deferred tax liabilities are expected to be settled in the periods during which the company expects to be subject to lower tax rate. To the extent deferred tax assets are expected to be realised or deferred tax liabilities are expected to be settled in earlier periods, the normal tax rate should be applied.</p>	<p><b>Principal Audit Procedures</b></p> <p>Our audit procedures in relation to the recognition of deferred tax assets/liabilities included, but were not limited to, the following:</p> <p>Evaluated the design and tested the operating effectiveness of key controls implemented by the Company over recognition of deferred tax assets based on the assessment of Company's ability to generate sufficient taxable profits in foreseeable future allowing the use of deferred tax assets.</p> <p>Considered the relevant accounting standards and clarifications given by ITFG for recognition of deferred tax assets and liabilities based on the tax rates expected to be applied at the time of reversal and assessed the appropriateness of the recognition of Deferred Tax Assets/Liabilities.</p>

Sr. No.	Key Audit Matters	Auditor's Response
	<p>Based on the assessment made by the company, deferred tax liability/Assets as on March 31, 2020 has been calculated on the basis of dual rates as may be applicable in future. Re-measurement of deferred tax assets &amp; liabilities has resulted in reversal of deferred tax liability of ₹ 1,315.25 Lakhs.</p> <p>For details: - Refer note no 59 to the financial statements.</p>	<p>Evaluated the management's assessment for complying with the prescribed conditions as mentioned in the relevant notification issues by income Tax department.</p> <p>Understood and verified the assumptions taken for preparation of future profit projections, utilisation of MAT Credit and for migration to new tax regime as prepared by the management.</p> <p>Tested the arithmetical accuracy of the calculations performed by the management.</p> <p>Evaluated management's assessment of time period available for adjustment of such deferred tax assets as per provisions of the Income-tax Act, 1961 and appropriateness of the accounting treatment with respect to the recognition of deferred tax assets as per requirements of Ind AS 12, Income Taxes.</p> <p>Evaluated the appropriateness of the disclosures made in the financial statements in respect of deferred tax assets.</p> <p>Based on the above procedures performed, we are reasonably certain on recognition and disclosure of Deferred Tax Assets/Liabilities.</p>
2	<p><b>Determination of net realizable value of inventory of sugar as at the year ended March 31, 2020</b></p> <p>As on March 31, 2020, the Company has inventory of sugar with the carrying value ₹ 86,296.93 lakhs. The inventory of sugar is valued at the lower of cost and net realizable value.</p> <p>We considered the value of the inventory 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.</p> <p>For details: - Refer note no 11 &amp; 45 (c) to the financial statements.</p>	<p><b>Principal Audit Procedures</b></p> <p>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.</p> <p>We considered various factors including the actual selling price prevailing around and subsequent to the year-end minimum selling price &amp; monthly quota and other notifications of the Government of India, initiatives taken by the Government with respect to sugar industry as a whole.</p> <p>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.</p>

### Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for 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, Business Responsibility Report, Corporate Governance and Shareholder's Information, 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, including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. 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 scepticism 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 control 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 reasonableness of accounting estimates and related disclosures made by the 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 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, statement of changes in equity and the statement of cash flow dealt with by this Report are in agreement with the relevant books of account;
  - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act, read with relevant Rules issued thereunder;
  - e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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, 2020 on its financial position in its financial statements – Refer Note 40, 41 and 42 to the financial statements;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; 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, 2020.

For **NSBP & CO.**

Chartered Accountants

Firm's Registration No. 001075N

**Deepak K. Aggarwal**

Partner

Membership No. 095541

UDIN : 20095541AAAADD3088

Place: New Delhi

Date: June 10, 2020

## “Annexure A” to the Independent Auditor’s Report to the members of Dwarikesh Sugar Industries Limited dated June 10, 2020.

**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. In view of the lockdown restriction imposed by the Government, our attendance at the physical inventory verification done by the management was impracticable. Related alternate audit procedures were therefore relied up on to obtain assurance over the existence and condition of inventory at the year end.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms and 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, goods and service tax, excise duty, value added 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, 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 statute	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	12.16	June 07 to August 08	CESTAT, Mumbai
Central Excise Act, 1944	Excise duty and penalty	14.25	Apr-11 to Sep-11, Apr-10 to Sep-10, Apr-09 to Sep-09, Jan-07 to Feb-07, Apr-06 to Dec-06, Apr-11 to Sep-11, Apr-10 to Sep-10, Apr-09 to Sep-09.	AC/DC

Name of the statute	Nature of dues	Amount (₹ in Lakhs) *	Period to which the amount pertains	Forum where dispute is pending
Finance Act, 1994	Service Tax	3.25	Jun-16 to Jun-17	AC/DC
Central Excise Act, 1944	Excise duty and penalty	7.73	Nov-07 to Aug-08, Jan-07 to Oct-07, Nov-07 to Aug-08, Mar-07, Apr-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
Finance Act, 1994	Service Tax	0.33	Jul-15 to May-16	CESTAT, Allahabad

\* 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 were 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

UDIN : 20095541AAAADD3088

Place: New Delhi

Date: June 10, 2020

## **“Annexure B” to the Independent Auditor’s Report to the members of Dwarikesh Sugar Industries Limited dated June 10, 2020.**

### **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, 2020 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.

#### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting of the Company 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.

Our 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 company’s 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 company’s 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 controls over financial reporting were operating effectively as at March 31, 2020, 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"

Place: New Delhi  
Date: June 10, 2020

For **NSBP & CO.**  
Chartered Accountants  
Firm's Registration No. 001075N

**Deepak K. Aggarwal**  
Partner  
Membership No. 095541  
UDIN : 20095541AAAADD3088

# Balance Sheet as at March 31, 2020

(₹ In Lakhs)

	Note No.	As at Match 31, 2020	As at Match 31, 2019
<b>I. ASSETS</b>			
<b>1. Non - current assets</b>			
(a) Property, plant and equipment	3	42,720.50	31,941.85
(b) Right-of-use assets	3a	313.65	-
(c) Capital work - in - progress	4	189.86	1,614.84
(d) Intangible assets	3	-	-
(e) Financial assets			
(i) Investments	5	32.92	31.77
(ii) Loans	6	46.88	37.81
(iii) Others	7	45.21	38.65
(e) Deferred tax assets (net)	8	5,889.42	4,014.82
(f) Income tax assets (net)	9	1,600.81	1,600.79
(g) Other non - current assets	10	185.58	2,265.97
		<b>51,024.83</b>	<b>41,546.50</b>
<b>2. Current assets</b>			
(a) Inventories	11	91,249.58	82,400.87
(b) Financial assets			
(i) Trade receivables	12	9,800.49	6,013.31
(ii) Cash and cash equivalents	13	192.00	51.17
(iii) Bank balances other than (ii) above	14	116.11	78.90
(iv) Loans	15	12.85	20.55
(v) Others	16	764.54	562.47
(c) Other current assets	17	7,775.40	5,837.57
		<b>1,09,910.97</b>	<b>94,964.84</b>
<b>Total assets</b>		<b>1,60,935.80</b>	<b>1,36,511.34</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>1. Equity</b>			
(a) Equity share capital	18	1,883.01	1,883.01
(b) Other equity	19	46,487.76	44,476.98
		<b>48,370.77</b>	<b>46,359.99</b>
<b>2. Liabilities</b>			
<b>(I) Non - current liabilities</b>			
(a) Financial liabilities			
Borrowings	20	19,324.77	13,960.55
(b) Other financial liability			
Lease liabilities	21	143.25	-
(c) Provisions	22	1,898.74	1,751.80
(d) Other non-current liabilities	23	481.58	809.40
		<b>21,848.34</b>	<b>16,521.75</b>
<b>(II) Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	24	46,116.64	49,595.33
(ii) Trade payables	25		
(a) Total outstanding dues of the Micro and, Small Enterprises		95.35	44.77
(b) Trade payables other than (a) above		20,890.84	18,206.54
(iii) Other financial liabilities	26		
(a) Lease Liabilities		183.18	-
(b) Trade payables other than (a) above		21,867.35	3,936.23
(b) Other current liabilities	27	1,035.65	1,148.53
(c) Provisions	28	293.84	288.29
(d) Current tax liabilities (net)	29	233.84	409.91
		<b>90,716.69</b>	<b>73,629.60</b>
<b>Total equity and liabilities</b>		<b>1,60,935.80</b>	<b>1,36,511.34</b>

Significant accounting policies

1 & 2

The accompanying notes form an integral part of these financial statements

As per our report of even date

For and on behalf of Board of Directors of Dwarikesh Sugar Industries Limited

For NSBP & Co.  
Chartered Accountants  
Firm Regn. No. 001075N

G. R. Morarka  
Executive Chairman  
DIN: 00002078

Vijay S. Banka  
Managing Director  
DIN: 00963355

Deepak K. Aggarwal  
Partner  
Membership No. 095541  
UDIN : 20095541AAAADD3088

B.J. Maheshwari  
Managing Director & CS cum CCO  
DIN: 00002075

Alok Lohia  
Chief Financial Officer

Place: Delhi  
Date: June 10, 2020

Place: Mumbai  
Date: June 10, 2020



# Statement of Profit and Loss for the year ended March 31, 2020

(₹ In Lakhs)

	Note No.	Year ended March 31, 2020	Year ended March 31, 2019
<b>I. Revenue</b>			
Revenue from operations	30	1,33,612.98	1,08,411.57
Other income	31	540.00	3,610.04
<b>II. Total income</b>		<b>1,34,152.98</b>	<b>1,12,021.61</b>
<b>III. Expenses</b>			
Cost of materials consumed	32	1,11,573.25	1,09,050.56
Changes in inventories of finished goods and work-in-progress	33	(8,646.71)	(29,154.09)
Employee benefits expense	34	7,878.45	7,083.95
Finance costs	35	3,302.77	2,126.01
Depreciation and amortization expenses	36	3,686.56	3,294.99
Other expenses	37	9,201.26	8,525.92
<b>IV. Total expenses</b>		<b>1,26,995.58</b>	<b>1,00,927.34</b>
<b>V. Profit/(Loss) before exceptional items and tax (II - IV)</b>		<b>7,157.40</b>	<b>11,094.27</b>
<b>VI. Exceptional items</b>		<b>-</b>	<b>-</b>
<b>VII. Profit/(Loss) before tax (V+VI)</b>		<b>7,157.40</b>	<b>11,094.27</b>
<b>VIII. Tax expense:</b>			
(1) Current tax	38	1,265.72	2,426.04
(2) Prior year tax reversal		(6.32)	(13.05)
(3) Deferred tax	8	(1,447.41)	(829.34)
<b>IX. Net Profit/(Loss) for the year from continuing operations (VII - VIII)</b>		<b>7,345.41</b>	<b>9,510.62</b>
<b>X. Other comprehensive income/(loss)</b>			
A (i) Items that will not be reclassified to profit or loss	39	(83.57)	(145.12)
(ii) Income tax relating to items that will not be reclassified to profit or loss		29.48	49.69
B (i) Items that will be reclassified to profit or loss			
Fair value changes on derivatives designated as cash flow hedge		(1,138.08)	558.23
(ii) Income tax relating to items that will be reclassified to profit or loss		397.69	(195.07)
<b>Total other comprehensive income/(loss), net of taxes</b>		<b>(794.48)</b>	<b>267.73</b>
<b>XI. Total comprehensive income/(loss) for the year (IX + X)</b>		<b>6,550.93</b>	<b>9,778.35</b>
<b>XII. Earning per equity share (face value ₹1 per share)</b>			
(1) Basic		3.90	5.05
(2) Diluted		3.90	5.05

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  
UDIN : 20095541AAAADD3088

Place: Delhi  
Date: June 10, 2020

For and on behalf of Board of Directors of **Dwarikesh Sugar Industries Limited**

**G. R. Morarka**  
Executive Chairman  
DIN: 00002078

**B.J. Maheshwari**  
Managing Director & CS cum CCO  
DIN: 00002075

Place: Mumbai  
Date: June 10, 2020

**Vijay S. Banka**  
Managing Director  
DIN: 00963355

**Alok Lohia**  
Chief Financial Officer

## Cash Flow Statement for the year ended March 31, 2020

(₹ In Lakhs)

	Year ended March 31, 2020		Year ended March 31, 2019	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net profit before tax		7,157.40		11,094.27
Adjustments for :				
Depreciation and amortization expenses	3,687.40		3,294.99	
Loss/(surplus) on sale of property, plant and equipment	7.52		(20.41)	
Finance costs	3,302.77		2,126.01	
Provision for doubtful debts/ advances	-		2.16	
Interest income	(16.70)	6,980.99	(395.44)	5,007.31
Operating profit before working capital changes		14,138.39		16,101.58
Adjustments for changes in Working Capital :				
(Increase)/Decrease in :-				
Inventories	(8,848.71)		(29,279.07)	
Trade and other receivables	(5,653.14)		(6,307.95)	
Trade and other payables	2,928.98	(11,572.87)	(3,534.99)	(39,122.01)
Cash generated from operations		2,565.52		(23,020.43)
Direct taxes paid (Net of refund)		(1,435.49)		(2,016.17)
Net cash from operating activities		1,130.03		(25,036.60)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipment (including capital advances)	(11,194.89)		(4,804.83)	
Sale of property, plant and equipment	40.15		25.84	
Interest received	(743.60)		392.43	
Net cash used in investing activities		(11,898.34)		(4,386.56)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds/(repayment) of long term borrowings (net)	22,219.02		8,968.92	
Proceeds/(repayment) of short term borrowings (net)	(3,478.69)		22,368.82	
Finance costs	(3,097.53)		(2,110.28)	
Equity Dividend (including dividend distribution tax)	(4,540.15)		-	
Repayment of lease liability	(193.51)		-	
Net cash used in financing activities		10,909.14		29,227.46
Net increase/(decrease) in cash and cash equivalents (A+B+C)		140.83		(195.70)
Cash and cash equivalents at the beginning of the year		51.17		246.87
Cash and cash equivalents at the end of the year		192.00		51.17

## Cash Flow Statement for the year ended March 31, 2020

(₹ In Lakhs)

	Year ended March 31, 2020		Year ended March 31, 2019	
<b>Notes:</b>				
1. Cash and cash equivalents at the end of the year comprise:				
i) Current accounts	172.32		31.44	
ii) Cash on hand	19.68		19.73	
<b>Total</b>		<b>192.00</b>		<b>51.17</b>

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 year 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

UDIN : 20095541AAAADD3088

Place: Delhi

Date: June 10, 2020

For and on behalf of Board of Directors of **Dwarikesh Sugar Industries Limited**

**G. R. Morarka**

Executive Chairman

DIN: 00002078

**B.J. Maheshwari**

Managing Director & CS cum CCO

DIN: 00002075

Place: Mumbai

Date: June 10, 2020

**Vijay S. Banka**

Managing Director

DIN: 00963355

**Alok Lohia**

Chief Financial Officer

# Statement of Change In Equity as at March 31, 2020

## A. Equity Share Capital

(₹ In Lakhs)

	March 31, 2020	Change during the year	March 31, 2019	Change during the year	April 1, 2018
Balance of Equity Share Capital	1,883.01	-	1,883.01	-	1,883.01
	<b>1,883.01</b>	<b>-</b>	<b>1,883.01</b>	<b>-</b>	<b>1,883.01</b>

## B. Other equity

(₹ In Lakhs)

	Reserves and surplus				Other comprehensive income			Total
	Capital reserve	Securities premium	Surplus in Statement of Profit and Loss	Other reserve	Equity instruments through other comprehensive income	Cash flow hedging reserves	Other	
Balance as at April 01, 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
Add : Change during the year	-	-	7,345.41	-	1.15	(740.39)	(55.24)	6,550.93
Less : Dividend (including dividend distribution tax) paid during the year	-	-	(4,540.15)	-	-	-	-	(4,540.15)
Less : Transfer during the year	-	-	-	-	-	-	-	-
Balance as at March 31, 2020	59.87	14,688.11	29,750.46	2,489.57	11.11	(377.23)	(134.13)	46,487.76

Significant accounting policies 1 & 2

### Note:

- 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.
- Retained earnings represents the undistributed profits of the company.
- 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.
- Capital redemption reserve represents the statutory reserve created when capital is redeemed.
- 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  
UDIN : 20095541AAAADD3088

Place: Delhi  
Date: June 10, 2020

For and on behalf of Board of Directors of Dwarikesh Sugar Industries Limited

G. R. Morarka  
Executive Chairman  
DIN: 00002078

B.J. Maheshwari  
Managing Director & CS cum CCO  
DIN: 00002075

Place: Mumbai  
Date: June 10, 2020

Vijay S. Banka  
Managing Director  
DIN: 00963355

Alok Lohia  
Chief Financial Officer

# Notes to Financial Statement as at March 31, 2020

## 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 : 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 Wednesday, June 10, 2020.

### 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.

## Notes to Financial Statement as at March 31, 2020

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.



## Notes to Financial Statement as at March 31, 2020

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 property, plant and equipment.

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

## Notes to Financial Statement as at March 31, 2020

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, depreciation 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.

## Notes to Financial Statement as at March 31, 2020

### 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.
<b>Finished Goods :</b>	
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

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives.

## Notes to Financial Statement as at March 31, 2020

The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the company has concluded that no changes are required to lease period relating to the existing lease contracts.

### **The Company as a lessee**

The Company's lease asset classes primarily consist of leases for buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the 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.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are re-measured with a corresponding adjustment to the related right-of-use asset if the Company changes its assessment of whether it will exercise an extension or a termination option. Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

### **The Company as a lessor**

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

### **Transition**

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application.

## Notes to Financial Statement as at March 31, 2020

Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019.

The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.
2. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
4. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

### 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 dilutive potential 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 settle 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 an 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.

## Notes to Financial Statement as at March 31, 2020

### **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.



## Notes to Financial Statement as at March 31, 2020

### **Sale of goods**

Sales is accounted for upon dispatch of goods from the factory when the risks and rewards of ownership are transferred to the buyer.

Ind AS 115 provides for a 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.

### **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

## Notes to Financial Statement as at March 31, 2020

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 through 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.

## Notes to Financial Statement as at March 31, 2020

### 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 amortized cost. Amortized cost if both the following conditions are met.

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flow, and
- Contractual terms of the asset 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 measured 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 comprehensive 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 included within the FVTPL category are measured at fair value with all changes recognized in the Statement of profit or loss.

### vii. Derecognition

A financial asset (or, where applicable, a part of a financial asset) is primarily derecognized when:

- The right to receive cash flows from the asset has expired or
- The company has transferred substantially all the risks and rewards of the asset, or
- The company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

### 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 recognizes impairment loss allowance based on lifetime expected credit loss at each reporting date, right from its initial recognition.

## Notes to Financial Statement as at March 31, 2020

### (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 lender 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.

## Notes to Financial Statement as at March 31, 2020

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".

## Notes to Financial Statement as at March 31, 2020

3		Property, plant and equipment										(₹ In Lakhs)
		A. Tangible Assets							B. Intangible Assets			
		Freehold Land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computers	Total (A)	Computer softwares (Bought out)	Total (B)	Total (A+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
Additions		-	1,316.36	12,770.06	51.93	170.36	4.32	32.55	14,345.58	9.53	9.53	14,355.11
Disposals		-	(26.01)	(274.74)	(5.48)	(52.70)	(0.09)	(17.05)	(376.07)	-	-	(376.07)
As at 31.03.2020		817.60	13,644.33	73,938.60	455.66	623.56	159.34	442.83	90,081.92	214.80	214.80	90,296.72
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
Charge for the year		-	271.04	3,044.33	27.75	39.69	7.99	32.55	3,423.35	9.53	9.53	3,432.88
Disposals		-	(9.75)	(179.11)	(4.80)	(21.75)	(0.03)	(17.05)	(232.49)	-	-	(232.49)
As at 31.03.2020		-	5,354.62	40,883.56	317.23	262.45	100.73	442.83	47,361.42	214.80	214.80	47,576.22
Net Block as at 31.03.2020		817.60	8,289.71	33,055.04	138.43	361.11	58.61	-	42,720.50	-	-	42,720.50
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

Note: Refer note no 44 for charges.

Note: Out of ₹3,432.88 Lakhs depreciation and amortisation for the period, ₹0.84 Lakhs transferred to preoperative expenses.



## Notes to Financial Statement as at March 31, 2020

(₹ In Lakhs)

	Amount
<b>3a Right-of-use assets:</b>	
<b>Gross Block (at cost)</b>	
As at 01.04.2019	-
Additions	472.28
Disposals	-
As at 31.03.2020	472.28
<b>Amortisation</b>	
As at 01.04.2019	-
Charge for the year	158.63
Disposals	-
As at 31.03.2020	158.63
<b>Net Block as at 31.03.2020</b>	<b>313.65</b>
<b>Net Block as at 31.03.2019</b>	<b>-</b>

On transition of Ind AS 116, it resulted in recognition of 'Right-of-use asset' of ₹472.28 Lakhs and a 'Lease Liability' of equivalent amount. The effect of this adoption is insignificant on the profit before tax, profit for the year and earnings per share. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

(₹ In Lakhs)

	Amount	Amount
<b>4 Capital work in progress:</b>		
<b>Opening As at 01.04.2018</b>		<b>19.47</b>
<b>Additions</b>		
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)
<b>As at 31.03.2019</b>		<b>1,614.84</b>
<b>Expenditure made during the year</b>		<b>12,298.02</b>
<b>Pre-operative expenses</b>		
(i) Interest and other processing fees	256.46	
(ii) Employee benefit expenses	58.76	
(iii) Depreciation & amortisation	0.84	316.06
Capitalised during the year		(14,039.06)
<b>As at 31.03.2020</b>		<b>189.86</b>

## Notes to Financial Statement as at March 31, 2020

(₹ In Lakhs)

	As at March 31, 2020	As at March 31, 2019
<b>5 Non-current investments</b>		
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'	11.86	10.75
9,600 (previous year - 9,600) equity shares of ₹10 each fully paid up in 'Faridpur Sugars Limited'	1.06	1.02
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
<b>Total non-current investments</b>	<b>32.92</b>	<b>31.77</b>
Aggregate amount of unquoted investments	32.92	31.77
Aggregate provision for impairment in the value of investments	-	-

<b>6 Non-current loans</b>		
Unsecured, considered good:		
Security deposits	46.88	37.81
<b>Total non current loans</b>	<b>46.88</b>	<b>37.81</b>

<b>7 Other non-current financial assets</b>		
Unsecured, considered good:		
i) Fixed deposit (Including interest accrued ₹3.03 lakhs (previous year ₹1.62 lakhs)*)	44.21	37.65
ii) Others:		
Considered good	1.00	1.00
Doubtful	63.90	63.90
Provision for doubtful advances	(63.90)	(63.90)
<b>Total other non-current financial assets</b>	<b>45.21</b>	<b>38.65</b>

\*Held as margin money with government departments and others.

## Notes to Financial Statement as at March 31, 2020

8 Net deferred tax asset /(liabilities)		(₹ In Lakhs)						
	Year ended March 31, 2020				Year ended March 31, 2019			
	As at April 01, 2019	Recognised in Profit & Loss	Recognised in OCI	As at March 31, 2020	As at April 01, 2018	Recognised in Profit & Loss	Recognised in OCI	As at March 31, 2019
<b>Deferred tax assets</b>								
Business loss carry forward	-	-	-	-	-	-	-	-
Disallowances under section 43B								
i) Bonus	64.19	(39.00)	-	25.19	62.47	1.72	-	64.19
ii) Gratuity	540.20	51.94	29.60	621.74	471.00	18.47	50.73	540.20
iii) Leave encashment	172.69	(28.26)	-	144.43	164.40	8.29	-	172.69
iv) Purchase tax	-	-	-	-	-	-	-	-
v) Interest subvention	22.33	-	-	22.33	21.57	0.75	-	22.32
vi) Provision for excise duty	-	-	-	-	-	-	-	-
Indexation of land (note 1)	1,821.65	64.68	-	1,886.33	1,764.53	57.13	-	1,821.66
MAT credit entitlement	7,650.13	794.68	-	8,444.81	7,049.67	600.46	-	7,650.13
<b>Total deferred tax assets</b>	<b>10,271.19</b>	<b>844.04</b>	<b>29.60</b>	<b>11,144.83</b>	<b>9,533.64</b>	<b>686.82</b>	<b>50.73</b>	<b>10,271.19</b>
<b>Deferred tax liabilities</b>								
Change in WDV of property, plant and equipment	6,060.26	(603.37)	-	5,456.87	6,197.61	(137.35)	-	6,060.26
Cash flow hedge reserve	195.07	-	(397.69)	(202.62)	-	-	195.07	195.07
Fair value of investment (note 2)	1.04	-	0.12	1.16	-	-	1.04	1.04
Others*	-	-	-	-	5.17	(5.17)	-	-
<b>Total deferred tax liabilities</b>	<b>6,256.37</b>	<b>(603.37)</b>	<b>(397.57)</b>	<b>5,255.41</b>	<b>6,202.78</b>	<b>(142.52)</b>	<b>196.11</b>	<b>6,256.37</b>
<b>Net deferred tax assets/(liabilities)</b>	<b>4,014.82</b>	<b>1,447.41</b>	<b>427.17</b>	<b>5,889.42</b>	<b>3,330.86</b>	<b>829.34</b>	<b>(145.38)</b>	<b>4,014.82</b>

\* Includes items routed through other equity

### Note:

- Deferred tax calculated on land @ 23.296%.
- Deferred tax on investment fair value is calculated @ 10.40%.

		(₹ In Lakhs)	
9	Income tax assets (net)	As at March 31, 2020	As at March 31, 2019
	Prepaid Taxes	10,689.23	8,324.89
	Provision for taxes	(9,088.42)	(6,724.10)
	<b>Net income tax assets</b>	<b>1,600.81</b>	<b>1,600.79</b>

10	Other non-current assets		
	Unsecured, considered good:		
a)	Capital advances	-	2,048.89
b)	Advances other than capital advances:		
	Prepaid expenses	23.16	27.55
	Advance Lease Rent	2.48	4.90
	Balances deposit with government authorities under protest	32.03	56.72
	Others	127.91	127.91
	<b>Total other non-current asset</b>	<b>185.58</b>	<b>2,265.97</b>

## Notes to Financial Statement as at March 31, 2020

(₹ In Lakhs)

	As at March 31, 2020	As at March 31, 2019
<b>11 Inventories</b>		
(As taken, valued and certified by the Management)		
Valued at or below cost: (Refer note. G of note no. 2 )		
a) Raw materials	23.52	75.81
b) Work-in-progress (Refer note c of note no. 45 )	712.87	772.85
c) Finished goods (Refer note c of note no. 45 )	87,822.19	79,115.49
d) Stores and spares	2,489.73	2,288.24
e) Chemicals	93.72	73.16
f) Packing material	107.55	75.32
<b>Total inventories</b>	<b>91,249.58</b>	<b>82,400.87</b>

**Note:** 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

<b>12 Trade receivables</b>		
Unsecured, considered good:	9,800.49	6,013.31
Includes unbilled revenue of ₹798.77 Lakhs (previous year - ₹1,639.52 Lakhs)		
Less: Impairment allowance	-	-
<b>Total trade receivable</b>	<b>9,800.49</b>	<b>6,013.31</b>

<b>13 Cash and cash equivalents</b>		
Balance with banks	172.32	31.44
Cash on hand	19.68	19.73
<b>Total cash and cash equivalents</b>	<b>192.00</b>	<b>51.17</b>

<b>14 Bank balances other than cash and cash equivalents</b>		
i) Fixed deposit account (Including interest accrued ₹0.91 lakhs (previous year ₹ Nil )*)	47.52	43.50
ii) Earmarked balance for unpaid dividend	24.35	8.33
iii) Earmarked balance in current account (as per Uttar Pradesh State Molasses Control Rules, 1974)	44.24	27.07
<b>Total bank balances other than cash and cash equivalents</b>	<b>116.11</b>	<b>78.90</b>

\*Held as margin money with government departments and others.

<b>15 Current - loans</b>		
unsecured, considered good:		
Advances other than capital advances:		
Security deposit	-	6.49
Advance Lease Rent	2.41	2.51
Other loans (advances to employees)	10.44	11.55
<b>Total current loans</b>	<b>12.85</b>	<b>20.55</b>

## Notes to Financial Statement as at March 31, 2020

(₹ In Lakhs)

	As at March 31, 2020	As at March 31, 2019
<b>16 Other financial assets</b>		
unsecured, considered good:		
Income receivable and others		
Rent receivable	2.52	2.57
Interests subvention receivable from SDF	762.02	1.67
Derivative financial assets	-	558.23
<b>Total other financial assets</b>	<b>764.54</b>	<b>562.47</b>

<b>17 Other current assets</b>		
Advances other than capital advances:		
Prepaid expenses	316.89	194.23
Balance with government authorities	262.19	228.18
Advances given to suppliers	65.96	29.31
Claim receivable from Government	7,130.36	5,385.85
<b>Total other current asset</b>	<b>7,775.40</b>	<b>5,837.57</b>

<b>18 Equity share capital</b>		
<b>Authorised:</b>		
22,50,00,000 (previous year- 22,50,00,000) equity shares of ₹1 each	2,250.00	2,250.00
<b>Issued, Subscribed and Fully paid up:</b>		
18,83,01,470 (previous year - 18,83,01,470) equity shares of ₹1 each paid up	1,883.01	1,883.01
<b>Total share capital</b>	<b>1,883.01</b>	<b>1,883.01</b>

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 & 26)

### 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, 2020		As at March 31, 2019	
	No of shares	Amount	No of shares	Amount
<b>Authorised:</b>				
<b>Equity shares:-</b>				
At the beginning of the year	22,50,00,000	2,250.00	22,50,00,000	2,250.00
Change during the year	-	-	-	-
Outstanding at the end of the year	22,50,00,000	2,250.00	22,50,00,000	2,250.00
<b>Issued, Subscribed and Fully paid up:</b>				
<b>Equity shares:-</b>				
At the beginning of the year face value ₹1 (previous year ₹1)	18,83,01,470	1,883.01	18,83,01,470	1,883.01
Change during the year	-	-	-	-
Outstanding at the end of the year face value ₹1	18,83,01,470	1,883.01	18,83,01,470	1,883.01

## Notes to Financial Statement as at March 31, 2020

### B. Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company:

	As at March 31, 2020		As at March 31, 2019	
	No of shares	% holding	No of shares	% holding
<b>Equity shares:-</b>				
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%
Gautam R Morarka	2,85,66,590	15.17%	2,82,66,590	15.01%

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

		(₹ In Lakhs)	
		As at March 31, 2020	As at March 31, 2019
<b>19 Other equity</b>			
<b>a) Capital reserve</b>			
Opening balance		59.87	59.87
Changes during the year		-	-
Closing balance		59.87	59.87
<b>b) Securities premium</b>			
Opening balance		14,688.11	14,688.11
Changes during the year		-	-
Closing balance		14,688.11	14,688.11
<b>c) Surplus in statement of profit and loss</b>			
Opening balance		26,945.20	17,544.56
Add: profit during the year		7,345.41	9,510.64
Less: appropriations			
Transfer to capital redemption reserve		-	110.00
Dividend *		4,540.15	-
Closing balance of surplus in statement of profit and loss		29,750.46	26,945.20
<b>d) Other reserves</b>			
<b>(i) Capital redemption reserve</b>			
Opening balance		2,362.00	2,252.00
Changes during the year		-	110.00
Closing balance		2,362.00	2,362.00
<b>(ii) General reserve</b>			
Opening balance		127.57	127.57
Changes during the year		-	-
Closing balance		127.57	127.57



## Notes to Financial Statement as at March 31, 2020

(₹ In Lakhs)

	As at March 31, 2020	As at March 31, 2019
<b>19 Other equity (contd...)</b>		
<b>e) Other Comprehensive Income/(loss)</b>		
<b>(i) Cash flow hedging reserves</b>		
Opening balance	363.16	-
Changes during the year	(740.39)	363.16
Closing balance	(377.23)	363.16
<b>(ii) Other items of other comprehensive income/(loss)</b>		
Opening balance	(68.94)	26.50
Changes during the year	(54.08)	(95.43)
Closing balance	(123.02)	(68.93)
<b>Total other equity</b>	<b>46,487.76</b>	<b>44,476.98</b>

\*Dividend includes interim dividend for FY 2019-20 @ ₹1 per share amounting to ₹2,270.07 Lakhs ((Including dividend distribution tax of ₹387.06 Lakhs) and final dividend for FY 2018-19 @ ₹1 per share amounting to ₹2,270.07 Lakhs ((Including dividend distribution tax of ₹387.06 Lakhs (previous year ₹ Nil)

<b>20 Long-term borrowings (Note. 44)</b>		
<b>Secured</b>		
Term loans		
From banks	19,844.80	13,317.64
Less : Ind AS adjustment	(520.03)	(857.09)
From banks	19,324.77	12,460.55
<b>Unsecured</b>		
Liability component of compound financial instruments	-	1,500.00
<b>Total long term borrowings</b>	<b>19,324.77</b>	<b>13,960.55</b>

<b>21 Other financial liabilities</b>		
Lease Liabilities	143.25	-
<b>Total other financial liabilities</b>	<b>143.25</b>	<b>-</b>

<b>22 Provisions (non-current)</b>		
Provision for employee benefits		
Gratuity	1,628.95	1,395.57
Leave encashment	269.79	356.23
<b>Total provisions (non-current)</b>	<b>1,898.74</b>	<b>1,751.80</b>

<b>23 Other non-current liabilities</b>		
Government grant	481.58	809.40
<b>Total other non-current liabilities</b>	<b>481.58</b>	<b>809.40</b>

## Notes to Financial Statement as at March 31, 2020

(₹ In Lakhs)

	As at March 31, 2020	As at March 31, 2019
<b>24 Short term borrowings (note 44)</b>		
Secured		
Loan payable on demand:		
From banks (cash credit)	46,116.64	49,595.33
<b>Total Short Term Borrowings</b>	<b>46,116.64</b>	<b>49,595.33</b>

<b>25 Trade payables</b>		
a) Micro and small enterprises* (note 47)	95.35	44.77
b) Others	20,890.84	18,206.54
<b>Total trade payables</b>	<b>20,986.19</b>	<b>18,251.31</b>

\*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.

<b>26 Other current financial liabilities</b>		
a) Current maturities of long term debts (Note 44)		
From banks	17,372.00	2,017.20
Less: Ind AS adjustment	(343.23)	(413.84)
Term loans	17,028.77	1,603.36
Government grant	333.99	404.60
Liability component of compound financial instruments	1,500.00	-
<b>Total current maturities of long term debts</b>	<b>18,862.76</b>	<b>2,007.96</b>
b) Interest accrued		
Interest accrued but not due on borrowings	256.25	61.22
Interest accrued but not due on liability component of compound financial instruments (including dividend distribution tax of ₹ Nil (previous year ₹24.67 Lakhs))	120.00	144.67
<b>Total interest accrued</b>	<b>376.25</b>	<b>205.89</b>
c) Unpaid dividend*	24.35	8.33
d) Other payables		
Salary & wages payable	603.54	655.63
Remuneration-due to directors	142.90	142.42
Security/Retention money payable	867.64	596.35
Others	324.55	319.65
{Including amount payable to related parties of ₹7.28 Lakhs (previous year- ₹9.92 lakh)}		
e) Lease Liabilities	183.18	-
f) Derivative financial liabilities	665.36	-
<b>Total others</b>	<b>2,811.52</b>	<b>1,722.38</b>
<b>Total other current financial liabilities</b>	<b>22,050.53</b>	<b>3,936.23</b>

\* There are no amounts outstanding in respect of unpaid dividend for more than seven years to be transferred to Investor Education and Protection Fund.

## Notes to Financial Statement as at March 31, 2020

(₹ In Lakhs)

	As at March 31, 2020	As at March 31, 2019
<b>27 Other current liabilities</b>		
a) Advance from customer and others {Including amount payable to related parties of ₹0.40 lakhs (previous year ₹0.40 lakhs)}	788.26	951.27
b) Security deposit	0.27	-
c) Other payables		
Statutory dues payable (Including TDS, PF and GST)	247.12	197.26
<b>Total other current liabilities</b>	<b>1,035.65</b>	<b>1,148.53</b>

<b>28 Short term provisions</b>		
Provision for employee benefits		
Gratuity	150.29	150.32
Leave encashment	143.55	137.97
<b>Total short term provisions</b>	<b>293.84</b>	<b>288.29</b>

<b>29 Income tax liabilities (net)</b>		
Other provisions		
Provision for taxes	1,304.54	2,520.68
Prepaid taxes	(1,070.70)	(2,110.77)
<b>Net income tax Liabilities</b>	<b>233.84</b>	<b>409.91</b>

## Notes to Financial Statement for the year ended March 31, 2020

(₹ In Lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
<b>30 Revenue from operations (Refer note. c of note no. 45 &amp; 56)</b>		
a) Sale of products	1,27,315.61	1,08,326.78
b) Other operating revenues	6,297.37	84.79
<b>Total revenue from operations</b>	<b>1,33,612.98</b>	<b>1,08,411.57</b>

<b>31 Other income</b>		
a) Interest income		
on deposits with banks	16.70	395.44
b) Assistance received from Governments	-	2,790.18
c) Profit on sale of property, plant and equipment (net)	-	20.41
d) Gain on foreign exchange fluctuations (net)	2.07	95.96
e) Rent (including lease rent)	2.18	-
f) Other non operating income	519.05	308.05
<b>Total other income</b>	<b>540.00</b>	<b>3,610.04</b>

<b>32 Cost of materials consumed</b>		
a) Raw material consumed (note no 54)		
Sugar cane		
Opening stock	75.81	40.77
Add: purchases	1,09,587.99	1,06,705.69
Less: closing stock	23.52	75.81
	<b>1,09,640.28</b>	<b>1,06,670.65</b>
b) Other materials consumed		
i) Chemicals		
Opening stock	73.16	59.65
Add: purchases	815.98	969.41
Less: closing stock	93.72	73.16
	<b>795.42</b>	<b>955.90</b>
ii) Packing Material consumed		
Opening stock	75.32	164.74
Add: purchases	1,169.78	1,334.59
Less: closing stock	107.55	75.32
	<b>1,137.55</b>	<b>1,424.01</b>
<b>Total cost of materials consumed</b>	<b>1,11,573.25</b>	<b>1,09,050.56</b>

## Notes to Financial Statement for the year ended March 31, 2020

(₹ In Lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
<b>33 (Increase)/decrease in stocks (Refer note c of note no. 45)</b>		
Closing stock		
Finished goods	87,822.19	79,115.49
Work in progress	712.87	772.85
	<b>88,535.06</b>	<b>79,888.34</b>
Opening stock		
Finished goods	79,115.49	50,085.54
Work in progress	772.85	648.73
	<b>79,888.34</b>	<b>50,734.27</b>
<b>Net (increase)/decrease in stock</b>	<b>(8,646.71)</b>	<b>(29,154.09)</b>
<b>Total (increase)/decrease in stocks</b>	<b>(8,646.71)</b>	<b>(29,154.09)</b>

<b>34 Employee benefit expenses</b>		
a) Salary, wages, bonus and other payments	7,236.25	6,472.83
b) Contribution to provident and other funds	501.96	447.32
c) Staff welfare expenses	140.24	163.80
<b>Total employee benefit expenses</b>	<b>7,878.45</b>	<b>7,083.95</b>

<b>35 Finance costs</b>		
a) Interest expense		
i) Interest on fixed loans :		
Term loans*	1,064.06	424.16
Others	-	0.12
	1,064.06	424.28
ii) Interest on cash credit and others (Net of ₹1,012.92 lakhs towards interest reimbursed/ to be reimbursed on buffer stock by the Central Government, previous year ₹623.77 lakhs)	1,393.89	1,008.19
iii) Interest on delayed payment of direct taxes	38.82	94.58
iv) Unwinding of discount (Increase in financial liabilities)	443.82	248.44
v) Net interest on defined benefit liability	110.30	102.18
b) Dividend on redeemable preference share (including dividend distribution tax)	120.00	149.99
c) Other borrowing costs**	131.88	98.35
<b>Total finance costs</b>	<b>3,302.77</b>	<b>2,126.01</b>

\* Interest expenses are net off interest capitalized of ₹248.04 Lakhs (previous year ₹8.42 Lakhs)

\*\*Mainly consist of loan processing facilities from banks.

## Notes to Financial Statement for the year ended March 31, 2020

(₹ In Lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
<b>36 Depreciation and amortisation expenses</b>		
a) Depreciation		
Depreciation of tangible assets	3,422.49	3,277.35
Obsolescence	95.91	2.16
	3,518.40	3,279.51
b) Amortization		
Amortization of intangible assets	9.53	15.48
Amortization on Right to Use Assets	158.63	-
	168.16	15.48
<b>Total depreciation and amortization expenses</b>	<b>3,686.56</b>	<b>3,294.99</b>

<b>37 Other expenses</b>		
Power and fuel		
Power	77.48	89.77
(Net of ₹68.19 Lakhs power banked previous year ₹38.26 Lakhs)		
Fuel	47.63	40.51
Other manufacturing expenses	1,127.86	965.81
Repairs to buildings	214.86	236.31
Repairs to machinery	2,778.87	2,332.28
Repairs & maintenance - others	107.28	99.66
Rent (including lease rent)	-	166.17
Insurance	142.22	88.99
Rates and taxes	55.95	42.08
Travelling & conveyance	197.55	162.03
Sugar sales promotion expenses	315.95	323.13
Freight and forwarding (net of recovery from customers/Govt. assistance) (note no 56)	2,711.04	586.36
Donations & charity*	150.84	211.74
Loss on sale of property, plant and equipment (net)	7.52	-
Payment to the auditors [note 45 (a)]	26.24	23.15
Export Facilitation Charges	127.39	1,885.75
CSR expenses [note 45 (b)]	172.33	423.92
Doubtful Advance	-	2.16
Miscellaneous expenses (Net of ₹173.64 lakhs towards insurance & storage expense reimbursed/ to be reimbursed on buffer stock by the Central Government, previous year ₹108.18 Lakhs)	940.25	846.10
<b>Total other expenses</b>	<b>9,201.26</b>	<b>8,525.92</b>

\* Includes CSR expenses of ₹150 Lakhs ( previous year nil)

<b>38 Tax expenses</b>		
Current year	1,265.72	2,426.04
<b>Total tax expenses</b>	<b>1,265.72</b>	<b>2,426.04</b>



## Notes to Financial Statement for the year ended March 31, 2020

(₹ In Lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
<b>39 Other comprehensive income/(loss)</b>		
<b>Item that will not be reclassified to profit or loss</b>		
Re-measurement of defined benefit plans	(84.72)	(145.17)
Fair valuation of non current investment	1.15	0.05
Income tax relating to items that will not be reclassified to profit or loss	29.48	49.69
<b>Item that will be reclassified to profit or loss</b>		
Cash Flow hedging Reserve	(1,138.08)	558.23
Income tax relating to items that will be reclassified to profit or loss	397.69	(195.07)
<b>Total other comprehensive income/(loss)</b>	<b>(794.48)</b>	<b>267.73</b>

<b>40 Contingent liabilities &amp; commitments (to the extent not provided for)</b>		
<b>i) Contingent Liabilities: *</b>		
<b>a) Claim against the company not acknowledged as debts.</b>		
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 ₹53.49 Lakhs (previous period ₹214.40 Lakhs)].	38.93	220.24
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 ₹ Nil (previous period ₹7.44 Lakhs)].	-	14.57
<b>b) Guarantees issued by bankers on behalf of the Company</b>	600.25	570.48
<b>c) Other money for which the company may contingently liable</b>	15.74	15.74
<b>ii) Commitments:</b>		
<b>a) Estimated amount of contracts remaining to be executed on capital account and not provided for net of advance of ₹ Nil (previous year ₹2,048.89)</b>	357.42	8,227.67
<b>b) Balance of Investment committed</b>	-	-
<b>c) Other commitments</b>	-	-

\* In respect of certain disallowances and additions made by the Income Tax Authorities, Appeals are pending before the Appellate Authorities and adjustment, if any, will be made after the same are finally settled.

**41** Allahabad High Court in the case of PIL Rashtriya Kisan Mazdoor Sangathan VS State of U.P. passed a final order on March 09, 2017 directing the Cane Commissioner to decide afresh the issue 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'). Thereafter in an CAPL (contempt application) No. 2815/2018 titled 'V.M. Singh versus Shri Sanjay Bhoosereddy' in the Hon'ble Allahabad High Court and its follow-on proceedings, the Cane Commissioner is understood to have filed an affidavit specifying interest rates on delayed cane price payments but no such order of the Cane Commissioner has been served on the Company or industry association. Based on the legal review of the facts of this case, possibility of liability crystalizing is remote and hence no provision is considered necessary.

**42** Cane societies were 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 as a part of its relief package to sugar industry. Hon'ble Allahabad High Court held that concessional rate of society commission fixed by the U.P. Government cannot have retrospective operations and shall be applicable prospectively from the date of the notification. Against the said judgment, the U.P. Sugar Mill Association filed SLP (C) No 032225-032227/2018. Hon'ble Supreme Court, vide order dated 03.12.2018, issued notice and directed that no coercive steps shall be taken against the petitioners. The matter is pending for further adjudication. Based on the legal advice no liability is likely to crystalize on the Company on this matter.

## Notes to Financial Statement for the year ended March 31, 2020

### 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, 2020	Year ended March 31, 2019
Lease rentals recognized during the year	180.72	135.71
The future minimum non-cancellable operating lease payable are as follows:		
Not later than one year	160.48	144.77
Later than one year and not later than five years	161.98	302.83
Later than five years	-	-

#### General description of lease terms:

- 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.
- 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 - Dwariakesh Nagar Unit	PNB- Punjab National Bank
DP- Dwariakesh Puram Unit	O/S- Amount outstanding
DD - Dwariakesh Dham Unit	Qtly.- Quarterly
ROI- Rate of interest	

(₹ In Lakhs)

Bank/FI, amount sanctioned and outstanding as on reporting Date	Current (₹ in Lakhs)	Non-Current (₹ in Lakhs)	Security	Repayment Schedule of amount outstanding and ROI on the reporting date
<b>i) Long Term Borrowings - Secured</b>				
PNB Sanctioned - ₹13,448 Lakhs O/S - ₹11,430.80 Lakhs (₹13,448 Lakhs)	2,689.60 (2,017.20)	8,741.20 (11,430.80)	Pari-passu charge on fixed assets: Ist on DN, DP & DD	ROI - 5% - 51 monthly installments of ₹224.13 lakhs each payable in April, 20 and onward.
PNB Sanctioned - ₹11,688 Lakhs O/S - ₹11,688 Lakhs (₹1,886.84 Lakhs) (under disbursal)	584.40 (-)	11,103.60 (1,886.84)	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.
PNB Sanctioned - ₹14,098 Lakhs O/S - ₹14,098 Lakhs (₹ Nil)	14,098.00 (-)	- (-)	-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% - Soft Loan sanctioned under subvention scheme of the GOI by carving out equivalent amount from Fund Based Working Capital limit. - Bullet payment to be made in April 2020 and to be restored as Fund Based Working Capital.
<b>Total term loans from Banks</b>				
O/S - ₹37,216.80 Lakhs (₹15,334.84 Lakhs)	17,372.00 (2,017.20)	19,844.80 (13,317.64)		

## Notes to Financial Statement for the year ended March 31, 2020

(₹ In Lakhs)

Bank/FI, amount sanctioned and outstanding as on reporting Date	Current (₹ in Lakhs)	Non-Current (₹ in Lakhs)	Security	Repayment Schedule of amount outstanding and ROI on the reporting date
<b>Unsecured</b>				
Liability component of compound financial instruments (preference share):			Not Applicable	15,00,000, 8% cumulative redeemable preference share of ₹100 each redeemable in August 2020.
O/S - ₹1,500 lakhs (₹1,500 lakhs)	1,500.00 (-)	- (1,500.00)		
<b>Total long term borrowings</b>				
O/S - ₹38,716.80 Lakhs (₹16,834.84 Lakhs)	18,872.00 (2,017.20)	19,844.80 (14,817.64)		
<b>ii) Short Term Borrowings:</b>				
<b>a. Cash Credit</b>				
PNB Sanctioned - ₹77,000 Lakhs	46,116.64 (49,595.33)	-	- 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
<b>Total short term borrowings</b>	<b>46,116.64</b> (49,595.33)	-		

Term Loans and cash credit from banks aggregating to ₹71,902.64 Lakhs (previous year - ₹51,482.17 Lakhs) are personally guaranteed by the Executive Chairman of the company out of which the company has given Counter guarantees of ₹46,116.64 Lakhs (previous year - ₹49,595.33 Lakhs) to him to secure all these personal guarantees.

Note: Figures in the brackets are for the previous year.

### 45 Other disclosures :

#### a) Auditors remuneration

(₹ In Lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
Statutory auditors		
i) Audit fee (including limited review fee)	21.25	18.75
ii) Tax audit fee	2.75	2.25
iii) Certification/other services	1.90	1.65
iv) Out of pocket Expenses	0.34	0.50
<b>Total</b>	<b>26.24</b>	<b>23.15</b>

## Notes to Financial Statement for the year ended March 31, 2020

### 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, 2020	Year ended March 31, 2019
1. Gross amount required to be spent by the company during the year	292.99	240.45
	<b>292.99</b>	<b>240.45</b>
2. Amount spent during the year		
Construction/Acquisition of assets	145.00	404.05
Others	177.33	19.87
	<b>322.33</b>	<b>423.92</b>

Note: ₹245 lakhs (previous year ₹404.05 lakhs) on construction of assets and other activities is made through R R Morarka charitable trust and ₹50 lakhs (previous year Nil) on other activities is made through Manotsav foundation.

### c) Particulars of revenue from operations & inventory

#### Revenue from operations

(₹ In Lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
i) Sugar	1,15,103.91	94,128.86
ii) Molasses	891.55	212.62
iii) Power	4,808.02	10,129.37
iv) Industrial alcohol		
-Spirit	-	293.77
-Ethanol	5,599.99	3,338.11
v) Miscellaneous/other residual sale	912.14	224.05
vi) Other operating revenue	6,297.37	84.79
<b>Total revenue from operations</b>	<b>1,33,612.98</b>	<b>1,08,411.57</b>

#### Inventory:

##### Finished goods

##### Opening stock

(₹ In Lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
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
<b>Total</b>	<b>79,115.49</b>	<b>50,085.54</b>

##### Closing stock

(₹ In Lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
i) Sugar	85,682.04	78,680.19
ii) Molasses	1,679.94	407.11
iii) Industrial alcohol		
-Spirit	-	14.72
-Ethanol	460.20	13.47
<b>Total</b>	<b>87,822.18</b>	<b>79,115.49</b>

## Notes to Financial Statement for the year ended March 31, 2020

### Work in progress

#### Opening stock

(₹ In Lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
i) Sugar	736.56	647.10
ii) Molasses	36.29	1.63
iii) Industrial alcohol	-	-
<b>Total</b>	<b>772.85</b>	<b>648.73</b>

#### Closing stock

(₹ In Lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
i) Sugar	614.89	736.56
ii) Molasses	47.86	36.29
iii) Industrial alcohol	50.12	-
<b>Total</b>	<b>712.87</b>	<b>772.85</b>

### Raw materials, chemicals and packing material consumed

(₹ In Lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
Sugar cane	1,09,640.28	1,06,670.65
Chemicals	795.42	955.90
Packing material	1,137.55	1,424.01
<b>Total</b>	<b>1,11,573.25</b>	<b>1,09,050.56</b>
Indigenous (100%)	1,11,573.25	1,09,050.56
Imported (0%)	-	-
<b>Total</b>	<b>1,11,573.25</b>	<b>1,09,050.56</b>

### d) Transactions in foreign currency

(₹ In Lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
<b>i. Expenditure in foreign currency (on accrual basis)</b>		
Bank Charges on foreign remittances	0.07	0.08
Computer software purchase	0.03	0.03
Legal Fees	2.05	-
<b>Total</b>	<b>2.15</b>	<b>0.11</b>
<b>ii. Earnings in foreign currency</b>		
FOB value of export sales	13,397.83	2,798.47
Other Income	8.37	6.44
<b>Total</b>	<b>13,406.20</b>	<b>2,804.91</b>

## Notes to Financial Statement for the year ended March 31, 2020

### 46 Earning per share:

(₹ In Lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
Net Profit for the year from continuing operations	7,345.41	9,510.62
Profit attributable to equity share holders	7,345.41	9,510.62
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	3.90	5.05
Diluted	3.90	5.05

### 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, 2020	Year ended March 31, 2019
a) Principal amount and Interest due thereon remaining unpaid to any supplier at the end of accounting year.	95.35	44.77
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.	-	-



## Notes to Financial Statement for the year ended March 31, 2020

### 48 Segment information for the year ended March 31, 2020 prepared under Ind AS 108

#### (i) Information about primary business segment

(₹ In Lakhs)

	Sugar	Co-generation	Distillery	Adjustment	Total
<b>Revenue</b>					
External revenue	1,23,204.40	4,808.02	5,600.56		1,33,612.98
	(94,650.10)	(10,129.37)	(3,632.10)		(1,08,411.57)
Internal revenue	17,529.09	20,612.51	-	(38,141.60)	-
	(11,777.97)	(14,559.17)	-	(26,337.14)	-
<b>Total income from operations</b>	<b>1,40,733.49</b>	<b>25,420.53</b>	<b>5,600.56</b>	<b>(38,141.60)</b>	<b>1,33,612.98</b>
	(1,06,428.07)	(24,688.54)	(3,632.10)	(26,337.14)	(1,08,411.57)
<b>Results</b>					
Segment results	1,815.32	6,484.64	2,160.21		10,460.17
	(1,203.13)	(9,471.52)	(2,545.63)		(13,220.28)
Less: unallocated expenditure (net of income)					
<b>Interest</b>					<b>3,302.77</b>
					(2,126.01)
<b>Profit/(loss) before exceptional item and tax</b>					<b>7,157.40</b>
					(11,094.27)
<b>Exceptional item</b>					-
					-
<b>Profit/(loss) before tax</b>					<b>7,157.40</b>
					(11,094.27)
<b>Tax expense</b>					<b>(188.01)</b>
					(1,583.65)
<b>Net Profit/(loss) for the period after tax</b>					<b>7,345.41</b>
					(9,510.62)
<b>Other information</b>					
Segment assets	1,22,690.81	19,321.36	11,400.48		1,53,412.65
	(1,10,182.42)	(15,085.51)	(5,596.03)		(1,30,863.96)
Unallocable corporate assets					7,523.15
					(5,647.38)
<b>Total assets</b>					<b>1,60,935.80</b>
					(1,36,511.34)
Segment liabilities	99,655.56	4,784.76	7,747.97		1,12,188.29
	(87,199.70)	(34.84)	(2,364.48)		(89,599.02)
Unallocable corporate liabilities					376.74
					(552.33)
<b>Total liabilities</b>					<b>1,12,565.03</b>
					(90,151.35)
Capital expenditure	658.18	5,807.25	7,889.68		14,355.11
	(968.80)	(191.29)	(0.48)		(1,160.57)
Depreciation/obsolescence	1,755.42	1,670.95	260.19		3,686.56
	(1,866.81)	(1,290.27)	(137.91)		(3,294.99)

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.

## Notes to Financial Statement for the year ended March 31, 2020

### (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)

Particulars	March 31, 2020	March 31, 2019
Revenue from operation		
Domestic	1,12,452.61	1,05,472.68
Overseas (including merchant export of ₹7,138.42 Lakhs (previous year ₹ Nil))	21,160.37	2,938.89
<b>Total</b>	<b>1,33,612.98</b>	<b>1,08,411.57</b>

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, 2020 and March 31, 2019.

## 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 ₹501.96 Lakhs (previous period ₹447.32 Lakhs).

### 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, 2020	Year ended March 31, 2019
Opening defined benefit obligation	1,545.88	1,347.87
Current service cost	122.05	111.00
Interest cost	110.30	102.18
Actuarial loss/ (gain)	84.72	145.17
Past service cost	-	-
Benefit paid	(83.72)	(160.34)
Closing defined benefit obligation	1,779.23	1,545.88
<b>Change in fair value of assets :</b>		
Contribution by employer	83.72	160.34
Benefit paid	(83.72)	(160.34)
Change in fair value of plan assets	-	-
<b>Expense recognized in Statement of Profit &amp; Loss</b>		
Current service cost	122.05	111.00
Interest cost	110.30	102.18
Net actuarial losses / ( gain)	84.72	145.17
Past service cost	-	-
Expense recognized in Statement of Profit & Loss	317.07	358.35
<b>Financial Assumptions at the valuation date</b>		
Discount rate	7.00%	7.50%
Expected rate of return on assets (p.a.)	---	---
Salary escalation	6.00%	6.00%

## Notes to Financial Statement for the year ended March 31, 2020

### (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 change in defined benefit obligation and impact in percentage terms compared with 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, 2020		Year ended March 31, 2019	
	Discount Rate	Salary Escalation Rate	Discount Rate	Salary Escalation Rate
Impact of increase in 50 bps on DBO	-4.28%	4.61%	-4.33%	4.57%
Impact of decrease in 50 bps on DBO	4.59%	-4.34%	4.64%	-4.32%

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, 2020

### 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	
	-Manotsav Foundation	
ii) Key management personnel	-Shri G.R.Morarka	Executive Chairman
	-Shri B.J.Maheshwari	Managing Director & Company Secretary Cum Chief Compliance Officer
	-Shri Vijay S. Banka	Managing Director
	-Shri Alok Lohia	Chief Financial Officer
	-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)	

## Notes to Financial Statement for the year ended March 31, 2020

### 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.	Rent Received	31.03.20	2.40			
			31.03.19	2.40			
		Rent Paid	31.03.20	80.29			
			31.03.19	80.29			
		Advance Rent	31.03.20		0.40		
			31.03.19		0.40		
		Other Reimbursement	31.03.20	5.52			
			31.03.19	5.03			
2	Dwarikesh Informatics Ltd.	Services Purchased	31.03.20	40.71	7.28		31.86
			31.03.19	37.76	9.92		30.75
3	Dwarikesh Agriculture Research Institute (Formerly Dwarikesh Sugarcane Research Institute)	Interest Paid	31.03.20	-	-		
			31.03.19	0.12	-		
4	Faridpur Sugars Limited		31.03.20	-			1.06
			31.03.19	-			1.02
5	Morarka Finance Limited	Rent Paid	31.03.20	18.29			
			31.03.19	18.29			
		Management Consultancy Paid	31.03.20	46.02			
			31.03.19	39.65			
		Other Reimbursement	31.03.20	2.04			
			31.03.19	2.09			
6	R R Morarka Charitable Trust	Construction/ Acquisition of assets	31.03.20	145.00			
			31.03.19	404.05			
		Donation	31.03.20	100.00			
			31.03.19	-			
7	Manotsav Foundation	Donation	31.03.20	50.00			
			31.03.19	-			
8	Shri G.R.Morarka	Remuneration	31.03.20	271.22			
			31.03.19	80.53			
		Gratuity	31.03.20	-			
			31.03.19	110.77			
		Commission	31.03.20	123.25			
			31.03.19	115.77			
9	Shri B.J. Maheshwari	Remuneration	31.03.20	107.23			
			31.03.19	99.44			
		Ex-gratia/Interim Bonus	31.03.20	10.00			
			31.03.19	25.00			
		Leave Encashment	31.03.20	-			
			31.03.19	9.00			

## Notes to Financial Statement for the year ended March 31, 2020

(₹ 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)
10	Shri Vijay S. Banka	Remuneration	31.03.20	106.84			
			31.03.19	99.06			
		Ex-gratia/Interim Bonus	31.03.20	10.00			
			31.03.19	25.00			
		Leave Encashment	31.03.20	-			
			31.03.19	10.27			
11	Ms. Priyanka G. Morarka	Remuneration	31.03.20	35.19			
			31.03.19	31.06			
		Ex-gratia/Interim Bonus	31.03.20	1.98			
			31.03.19	0.17			
		Leave Encashment	31.03.20	0.55			
			31.03.19	-			
12	Shri Alok Lohia	Remuneration	31.03.20	42.53			
			31.03.19	29.61			
		Ex-gratia/Interim Bonus	31.03.20	1.78			
			31.03.19	0.18			
		Leave Encashment	31.03.20	1.17			
			31.03.19	1.10			
13	Shri B. K. Agarwal	Sitting Fees	31.03.20	4.60			
			31.03.19	3.20			
14	Shri K. N. Prithviraj	Sitting Fees	31.03.20	2.60			
			31.03.19	2.65			
15	Smt Nina Chatrath	Sitting Fees	31.03.20	3.10			
			31.03.19	2.90			

**Note:**

- Remuneration is excluding provision of gratuity and leave encashment, where the actuarial valuation is done on overall company basis.
- Above value includes taxes wherever applicable.

# Notes to Financial Statement for the year ended March 31, 2020

## 51 Financial instruments

### Financial assets

(₹ In Lakhs)

Sl. No.		Fair value hierarchy	As at March 31, 2020		As at March 31, 2019	
			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	12.92	1.81	11.77
3	Financial assets designated at amortised cost					
	a) Trade receivables		-	-	-	-
	b) Loans					
	Security deposit		49.36	46.88	42.71	37.81
	c) Other non-current financial assets		45.21	45.21	38.65	38.65
			116.38	125.01	103.17	108.23

### Financial liabilities

(₹ In Lakhs)

Sl. No.		As at March 31, 2020		As at March 31, 2019	
		Carrying amount	Fair value	Carrying amount	Fair value
	Financial liability designated at amortised cost				
	Borrowings	38,716.80	37,853.54	16,834.84	15,563.91
		38,716.80	37,853.54	16,834.84	15,563.91

The following methods and assumptions were used to estimate the fair values.

- 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.
- 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).

Valuation of investment has been done on the basis of latest available financials with the Company.

# Notes to Financial Statement for the year ended March 31, 2020

## 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 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, 2020	18,661.39	310.59	18,971.98
As at March 31, 2019	12,563.97	2,374.20	14,938.17

#### 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, 2020				
Borrowings	46,116.64	18,862.76	19,324.77	84,304.17
Other financial Liabilities	-	3,187.77	143.25	3,331.02
Trade and other payables	22,021.84	-	481.58	22,503.42
<b>Total</b>	<b>68,138.48</b>	<b>22,050.53</b>	<b>19,949.60</b>	<b>1,10,138.61</b>
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
<b>Total</b>	<b>68,995.17</b>	<b>3,936.23</b>	<b>14,769.95</b>	<b>87,701.35</b>



## Notes to Financial Statement for the year ended March 31, 2020

### 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:

(USD in Lakhs)

Particulars	As at	As at
	March 31, 2020	March 31, 2019
Trade receivables	0.12	0.09

The details in respect of outstanding foreign currency forward contracts are as follows :

Particulars	As at March 31, 2020		As at March 31, 2019	
	Amount (USD in Lakhs)	(₹ In Lakhs)	Amount (USD in Lakhs)	(₹ In Lakhs)
Forward Contracts	208.77	15,153.22	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, 2020		As at March 31, 2019	
	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	208.77	15,153.22	51.18	3,568.53
Later than three months and not later than One year	-	-	-	-

During the year ended March 31, 2020, 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, 2020 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	As at
	March 31, 2020	March 31, 2019
Gain / (Loss)		
Balance at the beginning of the year	363.16	-
Gain / (Loss) recognized in other comprehensive income during the period	(1,138.08)	558.23
Tax impact on above	397.69	(195.07)
Balance at the end of the year	(377.23)	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.

## Notes to Financial Statement for the year ended March 31, 2020

### 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, 2020	12,930.80	71,902.64	84,833.44
As at March 31, 2019	14,948.00	51,482.17	66,430.17

(₹ In Lakhs)

Sensitivity on variable rate borrowings	Impact on statement of profit & loss account	
	March 31, 2020	March 31, 2019
Interest rate increase by 0.25%	(179.76)	(128.71)
Interest rate decrease by 0.25%	179.76	128.71

### 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.

### iv. Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The primary objective of the Company's Capital Management is to maximise the shareholder's value. Management also monitors the return on capital. The board of directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position. However, sugar being a seasonal industry, it is very highly capital and working capital intensive, therefore required to raise need based short term and long term debt for smooth running of the operations.

(₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Total debt	84,304.17	65,563.84
Less: cash and cash equivalents & bank balances	308.11	130.07
Net debt	83,996.06	65,433.77
Total equity	48,370.77	46,359.99
Gearing Ratio { net debt / (equity + net debt)}	0.63	0.59

### 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

## Notes to Financial Statement for the year ended March 31, 2020

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 financial year ended March 31, 2020, as per GOI's notification no 1/(14)/2018 – S P 1, the Company has accounted assistance @ ₹13.88 per quintal of cane crushed during sugar season 2018-19 amounting to ₹664.03 lakhs (previous year ₹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 on 1st July, 2018 for a period of one year for which inventory carrying cost (including interest & storage cost) is to be reimbursed by the Government as specified in the notification.

On expiry of the said period GOI issued another notification no 1(8)/2019-SP-I dated 31st July 2019 and accordingly company created fresh buffer stock of 4,47,930 quintal sugar on 1st August 2019 for a period of another one year.

Total claim during the FY 2019-20 under both the notifications works out to ₹1,186.56 lakhs (previous year ₹731.95 Lakhs), of which ₹1,012.92 lakhs (previous year ₹623.77 Lakhs) towards interest reimbursement is deducted from Finance cost and ₹173.64 lakhs (previous year ₹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 for sugar season 2018-19 notified by the Government. Under the said Scheme, the Company has accounted for an amount of ₹1,531.16 lakhs (previous year ₹1,383.67 Lakhs). The said amount is netted off from the actual expenditure incurred by the Company.

Further, GOI vide notification no 1(14)/2019 –S.P.-1 dated 12.09.2019, notified a Scheme for providing assistance @ ₹10,448/- per MT to sugar mills for expenses on marketing cost including handling, upgrading and other processing costs and costs of international and internal transport and freight charges on export of sugar under MAEQ Scheme for sugar season 2019-20. Under the said Scheme, the Company's entitlement till March, 2020 works out to ₹6,221.78 lakhs. The said amount is shown as Other operating revenues.

**57** 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 estoppel & natural justice.

Company has since then written to competent authorities and submitted the requisite information/documents in support of its claims, the matter is yet to be concluded by the authorities.

### **58 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, 2020

### 59 Income tax:

#### a) Amount recognised in statement of profit and loss

(₹ In Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Current income tax	1,265.72	2,426.04
Deferred tax	(1,447.41)	(829.34)
<b>Income tax expense reported in the statement of profit and loss</b>	<b>(181.69)</b>	<b>1,596.70</b>

#### b) Reconciliation of effective tax rate

(₹ In Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>Tax expense</b>		
Profit before tax	7,157.40	11,094.27
Add: Interest on Tax as grouped in finance cost	38.82	94.58
Less: Other comprehensive income	(84.72)	(145.17)
Add: Ind AS Adjustment	137.15	165.43
	<b>7,248.65</b>	<b>11,209.11</b>
Less: Profit on sale of Land	-	22.28
Less: Income exempted under Income Tax Act (Power Income)	5,238.23	8,378.37
	<b>2,010.42</b>	<b>2,808.46</b>
Applicable tax rate*	34.944%	34.944%
<b>Computed tax expense</b>	<b>702.52</b>	<b>981.39</b>
Add: Capital Gain Tax	-	4.81
<b>Total Tax Expense</b>	<b>702.52</b>	<b>986.20</b>
<b>Adjustments for:</b>		
Income exempt for tax purpose	2.63	0.65
Expenses not allowed for tax purpose	86.59	150.44
Additional income for tax purposes	-	-
Brought forward unabsorbed depreciation setoff	-	-
Changes in recognized deductible temporary differences	(297.70)	662.33
Prior year MAT entitlement	(23.01)	25.95
Effect of deferred tax adjustment (excluding MAT credit entitlement)	(652.72)	(228.87)
<b>Net adjustments</b>	<b>(884.21)</b>	<b>610.50</b>
<b>Tax expense</b>	<b>(181.69)</b>	<b>1,596.70</b>

\*Pursuant to introduction of section 115BAA of the Income Tax Act, 1961 through Taxation Law (Amendment) Ordinance, 2019 (Ordinance), the domestic companies have with effect from financial year commencing from April 1, 2019 and thereafter, option to pay corporate income tax at reduced rate plus applicable surcharge and cess (New Tax Rate) by foregoing certain exemptions / deduction. Based on the assessment made by the company, exemptions / deductions as available to the company will get exhausted in future financial years after which the company will opt for lower tax rate as stated above. Accordingly Company has re-measured its deferred tax assets and liabilities using the dual income tax rates, resulting in reversal of deferred tax liability of ₹1,315.25 lakhs.

# Notes to Financial Statement for the year ended March 31, 2020

## 60 COVID 19

The outbreak of Coronavirus (COVID -19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. The Government of India ordered a nationwide lockdown for 21 days from 25<sup>th</sup> March, 2020, (further extended) to prevent community spread of COVID-19 in India resulting in significant reduction in economic activities. Sugar manufactured by company is considered as an essential commodity and operations of the Company are not impacted due to outbreak of Covid-19.

The Company has assessed the impact of this pandemic on its business operations. The Company has assessed the recoverability and carrying values of its assets comprising property, plant and equipment; intangible assets; trade receivables, inventories and other assets as at the balance sheet date using various internal and external information up to the date of approval of these financial statements. The Company has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered and no material adjustment required in the financial statements. Also, basis the future cash flow projections and availability of working capital limits, the Company is expected to have sufficient cash flows to meet its obligations for next twelve months and does not anticipate that it will not be able to realize its assets and discharge its liabilities in the normal course of business. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements due to uncertainties associated with its nature and duration and is highly dependent on future economic developments.

The situation is changing rapidly giving rise to inherent uncertainty around the extent and timing of the potential future spread of the COVID-19 and its impact on the Company's business operations. The Company will continue to closely monitor any material changes to future economic conditions.

## 61 Details of loans given, investments made and guarantee given under Section 186(4) of the Companies Act, 2013

(₹ In Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Loan given	-	-
Guarantee given	-	-
Investment made	32.92	31.77

62 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  
UDIN : 20095541AAAADD3088

Place: Delhi

Date: June 10, 2020

For and on behalf of Board of Directors of **Dwarikesh Sugar Industries Limited**

**G. R. Morarka**

Executive Chairman  
DIN: 00002078

**B.J. Maheshwari**

Managing Director & CS cum CCO  
DIN: 00002075

Place: Mumbai

Date: June 10, 2020

**Vijay S. Banka**

Managing Director  
DIN: 00963355

**Alok Lohia**

Chief Financial Officer

## Key Financial Data

(₹ In Lakhs)

Particulars	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)	2019-20 (Apr 19 - Mar 20)
Sales	48,461	57,728	61,655	72,595	96,282	1,17,643	83,151	1,25,610	1,45,828	1,08,412	1,33,613
Excise Duty	(2,274)	(2,221)	(2,342)	(2,735)	(3,521)	(4,035)	(3,717)	(6,570)	(2,833)	-	-
Net revenue from operations	46,188	55,507	59,313	69,860	92,761	1,13,608	79,434	1,19,040	1,42,995	1,08,412	1,33,613
Other Income	155	190	35	216	1,310	265	862	1,456	1,748	3,610	540
<b>Total Income</b>	<b>46,342</b>	<b>55,698</b>	<b>59,348</b>	<b>70,076</b>	<b>94,072</b>	<b>1,13,874</b>	<b>80,296</b>	<b>1,20,496</b>	<b>1,44,743</b>	<b>1,12,022</b>	<b>1,34,153</b>
Manufacturing and operating expenses	20,499	50,735	43,134	63,790	74,247	1,19,978	61,717	85,923	1,10,178	1,09,051	1,11,573
Decrease / (Increase) in stock	9,318	(6,132)	1,829	(9,941)	4,511	(28,228)	(2,856)	(7,014)	4,716	(29,154)	(8,647)
Exception item/ Deferred revenue expenditure	30	30	-	-	-	-	(492)	(323)	-	-	-
Staff expenses	2,858	3,218	3,543	3,805	4,030	7,144	4,968	7,157	6,933	7,084	7,879
Selling & administration expenses (other expenses*)	1,038	1,346	3,359	2,811	4,101	5,393	4,785	5,638	6,919	8,526	9,201
<b>Total Expenditure</b>	<b>33,744</b>	<b>49,197</b>	<b>51,865</b>	<b>60,465</b>	<b>86,889</b>	<b>1,04,286</b>	<b>68,122</b>	<b>91,381</b>	<b>1,28,746</b>	<b>95,507</b>	<b>1,20,006</b>
Profit before interest, depreciation and tax (PBITD)	12,598	6,500	7,483	9,611	7,183	9,587	12,174	29,115	15,997	16,515	14,147
Depreciation and amortization expenses	3,295	3,206	3,272	3,289	3,319	4,725	3,076	2,994	3,250	3,295	3,687
Profit before interest and tax (PBIT)	9,302	3,294	4,212	6,322	3,864	4,862	9,098	26,121	12,747	13,220	10,460
Interest	6,164	4,631	5,978	7,886	7,056	7,521	5,159	5,250	2,531	2,126	3,303
Profit before tax (PBT)	3,138	(1,336)	(1,766)	(1,564)	(3,192)	(2,659)	3,939	20,871	10,216	11,094	7,157
Taxes	630	(431)	(450)	(433)	(1,256)	(984)	42	5,260	71	1,583	(188)
Profit after Tax (PAT)	2,508	(906)	(1,316)	(1,131)	(1,936)	(1,675)	3,897	15,611	10,145	9,511	7,345
Cash accruals	6,103	1,651	1,506	1,725	117	2,066	7,006	23,865	13,349	12,563	10,373
Equity Share Capital	1,631	1,631	1,631	1,631	1,631	1,631	1,631	1,883	1,883	1,883	1,883
Preference Share Capital	1,610	1,610	1,610	1,610	3,110	3,110	3,110	-	-	-	-
Share Application money pending allotment	-	-	-	1,000	-	-	-	-	-	-	-
Reserves & Surplus/Other Equity	12,608	11,702	10,386	9,255	7,319	5,644	6,960	26,718	34,699	44,477	46,488
Secured loan funds/ Financial liabilities borrowings excluding cash credit limits/secured loan including repayable within 1 year*	38,459	32,305	39,308	33,169	23,983	27,154	30,141	14,390	5,390	14,469	36,688
Unsecured loan funds and Liability component of compound financial instrument	44	5,617	239	11	9	9	9	3,113	1,611	1,500	1,500
Net block of fixed assets/ Property, Plant Equipment, Right to use asset and capital work in progress	55,544	52,531	50,032	46,999	44,044	39,861	35,666	33,185	34,101	33,557	43,224
Investment	22	27	24	24	24	24	20	32	32	32	33
Deferred tax liability	1,701	1,261	683	249	-	-	-	-	-	-	-
Deferred tax Assets	-	-	-	-	1,017	2,001	1,707	1,398	3,331	4,015	5,889
Current assets	12,820	18,300	14,058	26,967	19,837	56,964	61,725	66,928	59,045	94,965	1,09,911
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	1,878
Current Liabilities / current liabilities excluding short term borrowing & current maturity of loan term debts	5,928	9,306	3,301	7,813	13,529	25,560	21,190	18,408	25,996	22,026	25,737
Non Current Liabilities/Other long term liabilities, lease liability & long term provisions	-	-	1,046	1,159	1,237	1,494	1,670	1,580	1,556	2,561	2,524
Current Liabilities including cash credit limit	12,361	16,732	10,419	27,137	28,758	60,833	56,602	54,188	53,223	71,622	71,854
Capital raising expenditure to the extent not written off	30	-	-	-	-	-	-	-	-	-	-

\*regrouped /reclassified as per schedule VI since 2010-11

#regrouped/ recasted as per IND AS

## Financial Icons

(₹ In Lakhs)

Particulars	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)	2019-20 (Apr 19 - Mar 20)
<b>OPERATING RATIOS</b>											
Cost of material sold / Net revenue from operations	64.56%	80.36%	75.81%	77.08%	84.90%	80.76%	74.10%	66.29%	80.35%	73.70%	77.03%
Cost of material sold = cost of material consumed* + increase / decrease in stock											
Staff expenses / Net revenue from operations	6.19%	5.80%	5.97%	5.45%	4.34%	6.29%	6.25%	6.01%	4.85%	6.53%	5.90%
Selling & administration expenses / Total income	2.25%	2.42%	5.66%	4.02%	4.42%	4.75%	6.02%	4.74%	4.84%	7.86%	6.89%
Other expenses* / Net revenue from operations											
PBIDT / Net revenue from operations	27.28%	11.71%	12.62%	13.76%	7.74%	8.44%	15.33%	24.46%	11.19%	15.23%	10.59%
PBIT / Net revenue from operations	20.14%	5.94%	7.10%	9.05%	4.17%	4.28%	11.45%	21.94%	8.91%	12.19%	7.83%
PBT / Net revenue from operations	6.79%	-2.41%	-2.98%	-2.24%	-3.44%	-2.34%	4.96%	17.53%	7.14%	10.23%	5.36%
PAT / Net revenue from operations	5.43%	-1.63%	-2.22%	-1.62%	-2.09%	-1.47%	4.91%	13.11%	7.09%	8.77%	5.50%
<b>BALANCE SHEET RATIO</b>											
Debt Equity Ratio	2.43	2.16	2.88	2.65	1.99	2.61	2.58	0.50	0.15	0.31	0.76
(Secured loan excluding cash credit / share holder's funds)											
Inventory Turnover Ratio	5.67	3.89	4.76	3.08	5.17	2.39	1.52	2.01	2.82	1.36	1.51
(Net Revenue from operations / closing stock of inventory)											
Fixed Assets Turnover Ratio (Net Revenue from operations / net block of fixed assets)	0.83	1.06	1.19	1.49	2.11	2.85	2.23	3.59	4.19	3.23	3.09
Fixed Assets Coverage Ratio (FACR) (Net block of fixed assets/ Secured loan excluding cash credit)	1.44	1.60	1.26	1.41	1.83	1.47	1.18	2.31	6.33	2.32	1.18
<b>PER SHARE DATA</b>											
Earnings per share (EPS) (₹)	14.20	(6.50)	(9.02)	(7.88)	(13.53)	(13.19)	22.02	8.87	5.39	5.05	3.90
Cash earnings per share (CEPS) (₹)	35.90	9.17	8.28	9.62	(0.95)	15.77	41.08	7.59	7.09	6.67	5.51
Dividend (₹ per Equity Share)	1.50	-	-	-	-	-	-	10	-	-	2.00
Dividend Payout %	15%	-	-	-	-	-	-	100%	-	-	200%
Book Value (₹)	87.28	81.73	73.66	66.73	54.86	44.60	52.66	15.19	19.43	24.62	25.69

\*regrouped /reclassified as per schedule VI since 2010-11

#regrouped/ recasted as per IND AS



## Value-Added Statement

(₹ In Lakhs)

Particulars	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)	2019-20 (Apr 19 - Mar 20)
Corporate Output (Total Income incl.excise duty)	48,616	57,919	61,690	72,811	97,593	1,17,909	84,013	1,27,066	1,47,576	1,12,022	1,34,153
Less: Manufacturing & Operating expenses/ cost of material consumed*+Increase/decrease in stock	29,818	44,603	44,963	53,849	78,758	91,749	58,861	78,909	1,14,894	79,897	1,02,926
Less:Exceptional Item/ deferred revenue expenditure	30	30	-	-	-	-	(492)	(323)	-	-	-
Less: Selling & Administrative expenses/ Other Expenses*	1,038	1,346	3,359	2,811	4,101	5,393	4785	5,638	6,919	8,526	9,201
Gross Value Added	17,730	11,940	13,368	16,151	14,733	20,766	20,859	42,842	25,764	23,599	22,026
Less: Depreciation	3,295	3,206	3,272	3,289	3,319	4,725	3,076	2,994	3,250	3,295	3,687
Net Value Added	14,435	8,734	10,096	12,862	11,415	16,041	17,783	39,847	22,513	20,304	18,339
Allocation of Net Value Added											
to personnel	2,858	3,218	3,543	3,805	4,030	7,144	4,968	7,157	6,933	7,084	7,879
to Exchequer (Excise)	2,274	2,221	2,342	2,735	3,521	4,035	3,717	6,570	2,833	-	-
to Exchequer (Direct Taxes)	360	249	-	-	-	-	145	4,375	2,059	2,413	1,259
to Mat Credit entitlement	(487)	(239)	128	-	-	-	(135)	(4,375)	(1,942)	(600)	(795)
to deferred tax	757	(441)	(578)	(433)	(1,256)	(984)	33	5,260	(46)	(230)	(652)
to Stake holders (Interest)	6,164	4,631	5,978	7,886	7,056	7,521	5,159	5,250	2,531	2,126	3,303
to Investors (Dividend)	598	-	-	-	-	-	-	-	-	-	-
to Company (Retained earnings)	1,910	(906)	(1,316)	(1,131)	(1,936)	(1,674)	3,897	15,611	10,145	9,511	7,345
	<b>14,435</b>	<b>8,734</b>	<b>10,096</b>	<b>12,862</b>	<b>11,415</b>	<b>16,041</b>	<b>17,783</b>	<b>39,847</b>	<b>22,513</b>	<b>20,304</b>	<b>18,339</b>

\*regrouped /reclassified 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 ₹5,989 lakhs, ₹5,053 lakhs and ₹4,727 lakhs for F.Y 2019-20, F.Y 2018-2019 and F.Y 2017-2018 respectively.

## Key Statistics

Particulars-SS	2008-09	2009-10	2010-11*	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
No of days crushed												
- DN	119	140	141	155	159	141	156	146	173	197	175	208
- DP	106	134	132	147	148	131	139	127	169	188	175	202
- DD	66	114	113	145	143	111	113	98	148	203	153	183
Sugar cane Crushed in Qtls.												
- DN	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	1,28,10,128
- DP	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	1,19,46,807
- DD	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	1,26,60,044
Recovery % - DN	10.31	10.31	10.30	10.16	10.32	10.47	11.11	12.12	12.34	12.24	12.44	12.00
Recovery % - DP	9.93	9.77	9.47	9.73	10.00	10.52	10.98	11.77	12.11	12.24	12.24	12.42
Recovery % - DD	8.61	8.77	8.55	9.09	9.15	9.65	10.14	11.16	10.89	11.24	12.24	12.39
Total losses % -DN	1.84	1.89	1.85	1.82	1.83	1.79	1.70	1.82	1.75	1.76	1.77	2.17
Total losses % -DP	1.97	1.96	1.93	1.76	1.81	1.66	1.61	1.62	1.61	1.66	1.74	1.60
Total losses % -DD	2.14	2.04	2.07	1.90	1.92	1.68	1.72	1.74	1.75	1.86	1.70	1.72
Sugar Cane Bagged in Qtls. - DN	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	15,36,915
Sugar Cane Bagged in Qtls. - DP	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	14,84,250
Sugar Cane Bagged in Qtls. - DD	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	15,67,955

\*regrouped /reclassified as per schedule VI since 2010-11

## NOTES

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# Corporate information

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## 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

## Vice President (Corporate Affairs)

Priyanka G. Morarka

## Vice President (Works) – DN & DP Units

K. P. Singh

## 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.

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## Bankers

Punjab National Bank

## Solicitors

Kanga & Co.

## Auditors

N S B P & Co.  
Chartered Accountants



**Dwarikesh**  
Sugar Industries Limited

[www.dwarikesh.com](http://www.dwarikesh.com)