DWARIKESH SUGAR INDUSTRIES LIMITED

Corp. Off.: 511, Maker Chambers V, 221, Nariman Point, Mumbai - 400 021. Tel.: 2283 2468, 2204 2945 Fax : 2204 7288
E-mail : dsilbom@dwarikesh.com • Website : www.dwarikesh.com • CIN : L15421UP1993PLC018642

REF: DSIL/2018-19/269

September 4, 2018

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

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

Scrip Code - 532610

Scrip Code – DWARKESH

Sub: Regulation 34 (1) – Annual Report

Dear Sir,

Pursuant to Regulation 34 (1) of SEBI (LODR) Regulation, 2015, we are pleased to forward herewith the 24th Annual Report of the Company for year ended March 31, 2018.

This is for your information and appropriate dissemination.

Thanking you,

Yours faithfully,

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

Twenty Fourth
Annual Report
2017-18

"RUK JAANA NAHIN TU KAHI HAAR KE, KAANTO PE CHALKE MILENGE SAAYE BAHAR KE"

Dwarikesh Sugar Industries Limited

Cautionary statement

In this annual report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral –that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether because of new information, future events or otherwise.

Contents

"RUK JANA NAHIN TU KAHI HAAR KE..."

IT WAS THE WORST OF YEARS AND IT WAS THE BEST OF YEARS.

Let us start with the 'worst of years'. India's sugar production reported its highest-ever increase in any single year. India's sugar realisations declined the sharpest in recent times. Most sugar mills reported extensive declines in profitability.

Now come to the 'best of years.' Dwarikesh reported its most productive year in existence (measured by recoveries).

Sweating assets. Squeezing the last drop. Moderating costs. Taking every inch of cane furthest.

"...Kaanto pe chalke milenge saaye bahar ke"

9 things you need to know about
Dwarikesh Sugar Industries Limited

01 | Our ethical mooring

Our vision

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

Our mission

- Produce sugar of the highest quality and be the benchmark for the industry to follow.
- Achieve growth every year with optimum technical efficiency and minimum cost of production.
- Ensure maximum customer satisfaction and employee/farmer welfare.
- 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.

02 Our legacy

Founded by Mr. Gautam Morarka in 1993, Dwarikesh Sugar Industries Limited went into business with a cane crushing capacity of 2,500 tons per day. The Company has since evolved into an integrated sugar company with a cane crushing capacity of 21,500 TPD. The Company also manufactures ethanol (30,000 KLPD) and co-generates power (86MW).

G R Morarka
Founder, Mentor

- Founder-promoter with over two decades of sectoral experience
- Commerce graduate and ICWA Inter
- Received Indira Gandhi Priyadarshini Award for Management, coveted Bhamasha Award, Indira Gandhi Sadbhavna Award and Swami Krishnanand Saraswati Purashkar

Vijay S Banka
Managing Director & CFO

- Qualified Chartered Accountant
- Employed with the Company since 2007
- Whole Time Director & CFO since 2009. Recently designated as Managing Director & CFO
- Possesses more than three decades of sectoral experience in the areas of Finance and Strategy

B J Maheshwari
Managing Director & CS cum CCO

- Chartered Accountant cum Company Secretary
- Employed with the Company since 1994
- Whole Time Director & CS cum CCO since 2009. Recently designated as Managing Director, Company Secretary / CCO
- Possesses more than three decades of experience in the areas of Legal, Taxation, Secretarial and Administration

03 Our locations

The Company's business is spread across three manufacturing units in Uttar Pradesh. The Company's Dwarikesh Nagar and Dwarikesh Puram plants are located in the Bijnor district of Uttar Pradesh while Dwarikesh Dham is located in Bareilly district. All three units are proximate to New Delhi, strengthening access to one of the largest sugar consuming pockets of India.

Capacity as on 31st March 2018	Dwarikesh Nagar (Bijnor)	Dwarikesh Puram (Bijnor)	Dwarikesh Dham (Bareilly)	Aggregate
Sugar (TCD)	6,500	7,500	7,500	21,500
Cogeneration (MW)	17	33	36	86
Distillery (LPD)	30,000	-	-	-

04 Our vendors

Dwarikesh works with over 113,000 farmers across command areas stretching over 145,900 hectares. The Company increased its cane drawal from 197.12 lakh quintals in SS 2007-08 to 237.15 lakh quintals in SS 2011-12 and 363.40 lakh quintals in SS 2017-18. The farm supply yields increased from 246 quintals per hectare in 2007-08 to 295 quintals per hectare in 2011-12 to an impressive 431 quintals per hectare during SS 2017-18.

05 Revenue mix

Dwarikesh derived 84.74% of revenues from sugar sales in 2017-18 while industrial alcohol accounted for 1.48% of revenues and power for 13.78% of revenues. The share of non-sugar revenues has risen from 13.71% per cent in 2012-13 to 15.26% per cent in 2017-18, protecting the overall business. The Company markets ethanol to major Indian oil marketing companies; the excess co-generated power is sold to the Uttar Pradesh State Electricity Board.

Raw material	● Sugar cane
Residue	● Molasses (By-product) ● Bagasse (Residue)
Output product	● Sugar ● Power ● Industrial alcohol ● Molasses (external sales) ● Bagasse (external sales) ● Bio-fertilisers

06 Our employees

The sustainability of the Company is derived from the knowledge and passion of its people. Dwarikesh Sugar employed 640 full-time permanent employees besides other indirect manpower across three manufacturing locations and administration offices.

07 Our financials

The Company's robust Balance Sheet comprised minimal debt. Receivables were a modest 13 days of the turnover and 167 days of the turnover equivalent. The Company was rated at A+ for its long-term loans and A1+ for it Commercial paper program of ₹300 crores by ICRA, translating into a modest cost of working capital debt.

8 Our awards and accreditations during season 2017-18

For season 2017-18, the Company was awarded the **second Prize for the highest sugar recovery** till 23.03.2018 in Ganna Kishan Mela Avam Krishank Vaigaynik Vichar Sangosthi (Mithas-2017), organised by U.P. Sugarcane Research Centre, Shahjahanpur

9 Our listing

The Company's shares are listed and traded on the National Stock Exchange and Bombay Stock Exchange. The Company enjoyed a market capitalisation of more than ₹476.40 cr. as on 31st March 2018.

Our capacity growth through the years

Segment	1995	2002	2004	2005	2007	2018
Sugar (TCD)	2,500	6,500	6,500	14,000	21,500	21,500
Power (MW)	6	6	17	26	86	86
Distillery (LPD)	Nil	Nil	Nil	30,000	30,000	30,000

Our journey over the years

1993

- Established the Company.

1995

- Commissioned Dwarikesh Nagar (DN) plant with a crushing capacity of 2,500 TCD and cogeneration capacity of 6 MW.

2002

- Crushing capacity of DN reached 6,500 TCD.
- Commenced supplying surplus power to the State Grid from the DN plant.

2007

- Commissioned Dwarikesh Dham (DD) plant with a crushing capacity of 7,500 TCD and cogeneration capacity of 36 MW (surplus 24 MW). >Increased DP cogeneration capacity to 33 MW (surplus 24 MW).

2008

- Commencement of surplus power supply to state grid at DP and DD units.

2011

- NLDC registration granted (RECs) to all three cogeneration plants.

2004

- Raised INR 325 million through an IPO, which was oversubscribed 23x.
- Cogeneration capacity at DN reached 17MW (commenced supplying surplus of 8MW to the State Grid)

2005

- Set up DN distillery with a capacity of 30,000 LPD.
- Commissioned Dwarikesh Puram (DP) plant with crushing capacity of 7,500TCD and cogeneration capacity of 9MW.
- Raised INR 540 mn through GDR.

2016

- De-bottlenecked DN distillery by commissioning a Bio- Methanated Spent Wash plant
- Raised INR 594 mn through QIP

2017

- Right-sizing of DN plant resulting in optimised capacity utilisation

Humko mann ki shakti dena, mann vijay karein Doosron ki jai se pehle khud ko jai karein.

Lyrics Gulzar, **Film** Guddi (1971), **Song** Humko mann ki shakti dena

IT IS INDEED AN IRONY THAT EVEN 27 YEARS AFTER LIBERALISATION – WHICH IS MORE THAN A GENERATION IN CONVENTIONAL PARLANCE – THE INDIAN SUGAR INDUSTRY CONTINUES TO BE CONTROLLED AND POLITICALLY-INFLUENCED.

I say this with regret and irony.

India is the second largest sugar producer in the world. At a time when there is a growing emphasis on the Make in India story, there could perhaps be no better showpiece of the country's resolve to carve out an international presence for a product than sugar.

I say this for a number of reasons.

If India succeeds in carving out a steady global presence and market for sugar, it could help the country achieve a number of things.

One, it could create an insurance for the time the country subsequently encounters a surplus, making it possible to evacuate sugar with speed, restoring the stability of the country's sugar industry.

Two, the export of an agricultural produce could, in turn, inspire a range of quality best practices and cost management initiatives, integrating the sector into the global way of doing things.

Three, this export could correct sugar's long-standing under-performance compared with inflation, creating a win-win proposition for farmers, millers and consumers alike.

Sadly the reality has been completely different.

After a number of years of under-performance, the country's sugar sector revived in 2015-16 and extended its rebound into 2016-17. At a time when most industry players were convinced that the sector would remain stable across the medium-term, the Uttar Pradesh state government announced a small increase in cane prices that millers were required to pay farmers. In view of the successive increase in sugarcane price over the years, cane became easily the most profitable crop from a farmer's perspective; a number of farmers allocated a larger part of their farm areas to cane growing.

The result has been unprecedented, marked by a complete failure of intelligence-gathering agencies related to the country's sugar sector. What started out as an initial annual sugar production estimate of 25.5 million tonnes was revised upwards every successive month; the country finished the 2017-18 sugar season with an output of around 32 million tonnes. Never before in my experience of a quarter of a century have I been witness to such a vast variation between a season-start estimate and a season-end output and seldom too have I been witness to such a short-lived sectoral recovery.

The result is that sugar realisations collapsed from around ₹36 per kg ex-factory to around ₹26 per kg, which in a number of instances could not even recover the cost of sugarcane. The result has been an unprecedented increase in cane arrears in Uttar Pradesh, the ripple effects of this extending deep into the social fabric of the state.

I draw from my experience to state that the scenario will need a policy correction on how the country's sugar industry needs to be treated. If cane prices will continue to be politically influenced and controlled, so should sugar prices with a safety net (which we know is not possible). The only alternative would be to decontrol cane prices and link the cane grower's fortunes closer with sugar realisations: the better sugar realisations, the higher the cane prices – and vice versa. The de-politicisation of cane prices on the one hand and the partnerisation of the cane grower with the sugar industry are the only two sustainable alternatives. If this critical agricultural reform is not implemented, the consequences would be severe: cane arrears, social unrest, bank loan repayment defaults, farmers moving away from cane, declining sugar output and even the ironic prospect of regular sugar import.

The next year's sugar output threatens to be even higher. The need of the hour then is to find collaborative – industry and government – ways to evacuate the national surplus. The savior in the scenario could be the unexpected increase in the cost of crude oil, prompting Brazil to shift from the production of sugar to the manufacture of ethanol, used as a petroleum additive. The result could be a modest global deficit that India could plug. If India can capitalise on this opportunity window, the surplus may be evacuated and the Indian sugar industry may breathe again.

Dwarikesh Sugar is not insulated from the industry scenario. The pain of the sector has had a trickle-down, affecting our profitability. However, as a passion-driven organisation, we took a number of safeguards in the last couple of years to protect ourselves from any prospective slowdown. The company made a qualified institutional placement of equity shares, the proceeds of which were utilised to repay long-term debt. The current sectoral slowdown is possibly the first time in our existence when we have little long-term debt on our books. Besides, we continued to maximise efficiencies and here I am pleased to report that the Company reported its highest-ever recovery in the sugar season 2017-18 (group recovery of 11.88%), making it possible to cover fixed costs more effectively.

Dwarikesh Sugar will continue to maximise efficiencies and economies within its control in the hope that when the sugar industry revives, it would be one of the first off the blocks in strengthening its performance and profits.

We wish to communicate that we continue to stay committed to enhance long-term value for all those who hold shares in our company.

Gautam Morarka,
Founder and Mentor

Dwarikesh Sugar will continue to maximise efficiencies and economies within its control in the hope that when the sugar industry revives, it would be one of the first off the blocks in strengthening its performance and profits.

TEN MINUTES WITH THE MANAGEMENT

At Dwarikesh, we will continue to do what we have always done: crush more, enhance recovery, moderate costs, integrate operations better and maximise returns from our non-sugar businesses.

A performance review by **Vijay S Banka,**
Managing Director and Chief Financial Officer

The overview of our performance

The 2017-18 performance of the Company was largely a mirror of what transpired in the sugar sector during the year under review. The company's average sugar realisation declined from ₹35.28 per kg in 2016-17 to ₹34.65 per kg in 2017-18. The result was that sugar division's EBIDTA contribution to the Company's EBIDTA declined from 66% in 2016-17 to 29% in 2017-18; the Company was largely protected by the stability of its non-sugar business during the year under review.

Debt repayment

There were a number of positives in the Company's performance during the year under review, the slowdown notwithstanding. The company prepaid a substantial quantum of debt in 2017-18. The result is that interest outflow declined 52 percent and the Company finished the year with ₹54.05 crores in long-term debt (excluding outstanding preference shares of ₹16.10 crores) and ₹272.25 crores in working capital debt on its books (which are substantially liquidated anyway by the end of the sugar season). This makes the Company virtually a debt-free company with the capacity to fund debottlenecking and capital investments from within. In an agriculturally cyclical business, a debt-free Balance Sheet provides an effective shock-absorber, strengthening long-term sustainability.

Our cane management

We continued to leverage the benefits of having been a first-mover in advocating the planting of the landmark Co 0238 cane variety when it was largely unknown in Uttar Pradesh a few years ago. We convinced farmers of the superiority of this variety. Our Bijnor farmers were among the first to replace their existing varieties in favour of Co 0238, as a result of which DN and DP units in Bijnor command areas now enjoy a Co 0238 coverage of 96 per cent and 68 per cent respectively, which could possibly be among the highest across any command area in Uttar Pradesh.

Right-sizing capacities

The company continued to focus on right-sizing its crushing capacities across plants. Even before the season had commenced, we were aware of a possible increase in the state's cane output. In view of this, the Company set about debottlenecking its Dwarikesh Nagar plant, enhancing average crush rate from 5,200 TCD to 6,000 TCD improving the capacity utilisation. The increase – the first by the Company in the last many years – was implemented with the objective to crush cane faster during the higher recovery months instead of extending crushing into a low-recovery summer and was entirely funded from internal accruals

Increase in recoveries

The company focused on operational efficiencies through the interplay of enhanced vigilance and operational automation. The result is that recoveries increased: from 11.78% to 11.88% across the last two seasons, translating into incremental output. The increase in recovery across two of our three manufacturing facilities makes our plants among the highest in Uttar Pradesh, a validation of the passion that our people bring to the workplace. It would not be out of place to mention that the next highest group recovery in the state was at least 45 bps lower. This increase in recovery made it possible for the Company to moderate the impact of an increase in cane costs during the season.

Tightening the screws

In a year when we continued to be witness to a sharp increase in the cost of raw material on the one hand and a steady decline in sugar realisations on the other, there was a growing priority in identifying processes that could be made better. The company continued to raise the bar. The result was that our Dwarikesh Puram plant's process losses declined 4 bps to 1.66% on a higher crush while our cut-to-crush time was lower.

A word on governance

At a time when the industry was passing through a challenging phase, our Mentor and erstwhile Managing Director of the Company restricted his salary to ₹5 crores, thus limiting the 5% remuneration on profit after tax that he was entitled to. This is a reflection of a management committed to enhance shareholder value.

Imbalance hurt

Even as our company is an integrated, whereby we consume the molasses and bagasse generated from sugar manufacture to manufacture downstream products, the integration is not complete and balanced. As a result, we market more than two-thirds of our molasses due to inadequate ethanol capacity. Following the sugar glut of the last season, molasses realisations crashed from ₹400 per quintal to virtually nothing, affecting our divisional profitability. The management intends to plug this imbalance with suitable ethanol capacity creation across the foreseeable future.

Outlook

Even as immediate realities appear grim, there are prospects of a sharp reversal for the better. There is a growing recognition that a pro-industry government will not allow the fortunes of one of the most influential agricultural sectors to be compromised; besides, the government will not allow the fortunes of millions of cane growers to be affected. Various initiatives have been announced and more are on the anvil. Those announced include a compulsory export of 2 million tons of sugar, minimum ex-factory sugar selling price, reverse stock holding limits, and creation of buffer stock and subvention of the cost of carrying the buffer stock. From a long-term perspective the Government announced a bio-fuel policy that will encourage the sugar industry to manufacture sugar from B heavy molasses, thereby reducing sugar production. However, the fundamental problem of surplus stock remains unaddressed, which can be resolved only by evacuating more sugar out of the country.

The industry's understanding is that if 2 mn tons of sugar can be exported, a buffer stock of 3 mn tons is created and sugar be priced no less than ₹29 per kg in the open market, the country's sugar sector would be well-placed to minimise losses on sugar operations and generate a profit from its non-sugar businesses.

The Dwarikesh strategy

At Dwarikesh, we will continue to do what we have always done: crush more, enhance recovery, moderate costs, integrate operations better and maximise returns from our non-sugar businesses.

We believe that in this strategy lies the essence of our long-term viability and sustainability.

The industry's understanding is that if 2 mn tons of sugar can be exported, a buffer stock of 3 mn tons is created and sugar be priced no less than ₹29 per kg in the open market, the country's sugar sector would be well-placed to minimise losses on sugar operations and generate a profit from its non-sugar businesses.

Tooti hue patwaar hain kashti ke toh gham kya
Haari hui baahon ko hi patwaar bana le
Apne pe bharosa hai toh ek daanv laga le!

Lyrics Sahir Ludhianvi, **Film** Baazi (1951),, **Song** Tadbeer se bigdi hui

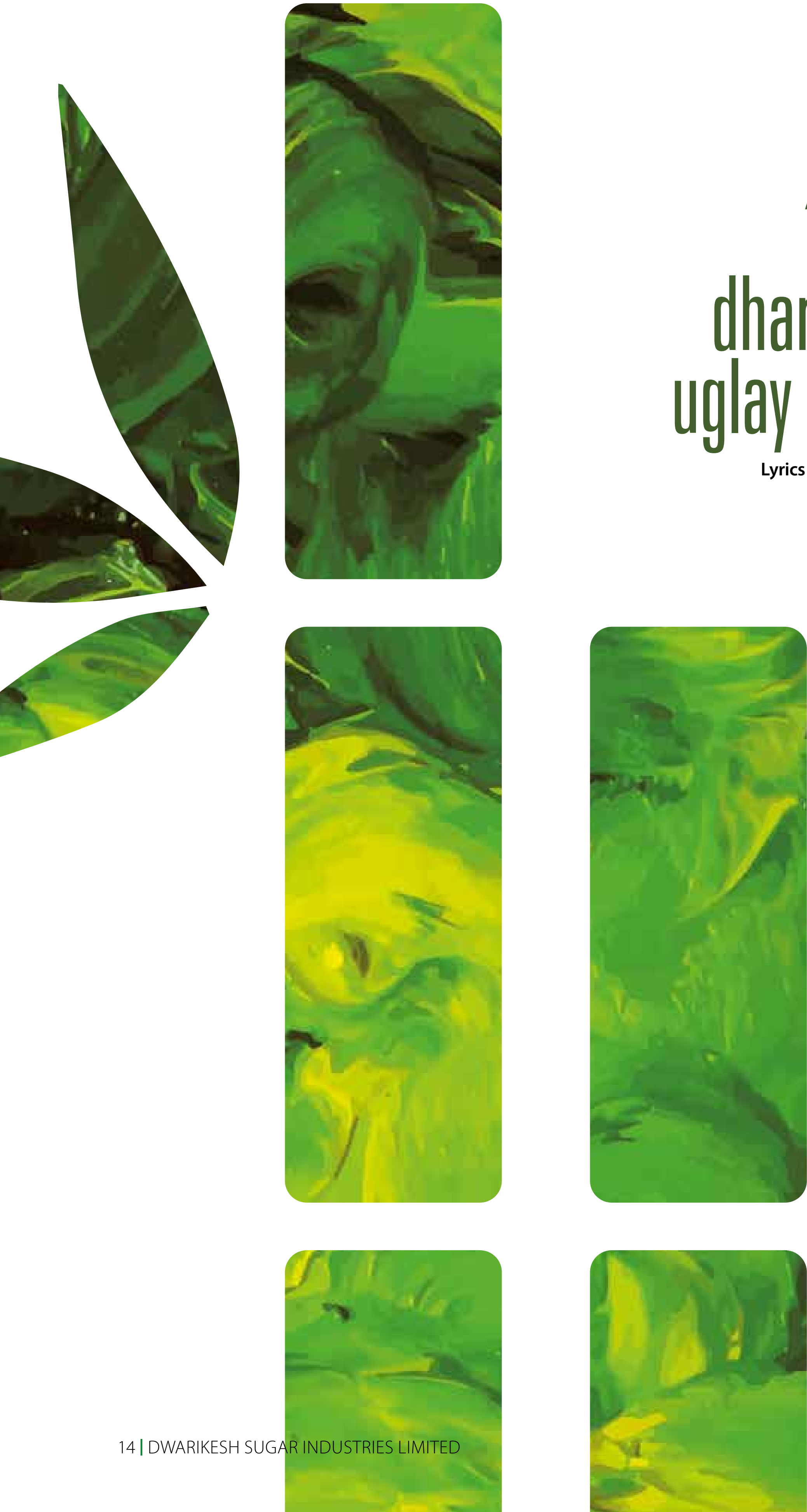
HOW WE HAVE STRENGTHENED THE QUALITY OF OUR BUSINESS

Command area coverage with cane, Dwarikesh Nagar, 2012-13 (%)	Command area coverage with cane, Dwarikesh Nagar, 2017-18 (%)
84.96	84.07

Command area coverage with cane, Dwarikesh Puram, 2012-13 (%)	Command area coverage with cane, Dwarikesh Puram, 2017-18 (%)
70.36	66.90

	2012-13	2017-18
Command area coverage with cane, Dwarikesh Dham (%)	31.63	31.41
Number of farmers associated with Dwarikesh	95,490	113,414
Process losses (%)	1.85	1.77
Supply yield per hectare (Quintals)	<250	>430

All figures for the Sugar Season (SS)



'Mere desh ki dharti sona uglay, uglay heerey-moti...

Lyrics Gulshan Kumar Mehta **Film** Upkaar (1967)

IN A BUSINESS WHERE THE LEVERS OF CYCLICALITY ARE HELD IN NON-INDUSTRY HANDS, IT PAYS TO BE INSURED.

At Dwarikesh, our insurance lies in the quality of the cane grown in our command areas.

Over the last decade, the Company embarked on pioneering cane development in a conventional space.

Principally, the Company convinced farmers in its Bijnor command areas to plant the path-breaking Co-0238 cane variety when it was widely viewed with distrust. As farmers watched, yields increased, the variety demonstrated resistance to disease and farmer incomes increased substantially.

Dwarikesh continued to push the technology frontier: through continuous research and development following collaborations with research institutes; through the introduction of new and improved seed varieties; through the propagation of advanced cane varieties; through effective control of seed-borne diseases and pests; through the supply of seeds, fertilisers and pesticides to cane growers; through farm soil testing; through farmer education.

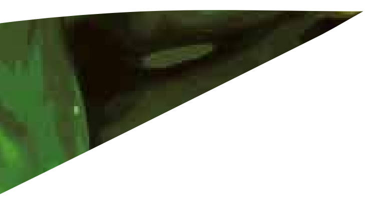
The results are in the numbers: Dwarikesh strengthened farm supply yields from 246 quintals per hectare in 2007-08 to 431 quintals per hectare in 2017-18. The incremental output based on the command area of 2017-18 would have been a sizable increase in cane output.

Increasing viability; strengthening sustainability.

Cane crushed, 2012-13 (million quintals)	Cane crushed, 2017-18 (million quintals)
24.26	36.34

Recoveries, 2012-13 (%)	Recoveries, 2017-18 (%)
9.82	11.88

All figures for the sugar season (SS)



Dwarikesh strengthened farm supply yields from 246 quintals per hectare in 2007-08 to 431 quintals per hectare in 2017-18.

‘Jo bhi hai bus yahi ek pal hai…’

Lyrics Sahir Ludhianvi, **Film** Waqt (1965), **Song** Aage Bhi Jaane Na Tu

In a business where success is derived from the simple reality of how one may extract the maximum juice from a stick of cane, Dwarikesh has brought to this exercise a complement of the best technologies.

The result is that whatever was manual is now automated; whatever was automated has now been invested with a higher technology standard.

The mill house has been substantially automated; the automation of the whole plant is under progress.

The boiler house has been substantially automated resulting in substantial savings in the use of non-conventional renewable fuel.

The programming of functions can be altered through PLC-based SCADA system to enhance equipment monitoring.

The results are everywhere one looks: plant losses have declined, efficiencies have improved, unforeseen losses arising out of power outages have been minimised. Our financial systems have been updated in line with IND-AS and GST modifications resulting in informed decision-making. All units, plants, back offices and process centres have been wired through latest communication equipment and networking facilities resulting in real-time information access and insight into the ongoing health of the business.

The mill house has been substantially automated; the automation of the whole plant is under progress.

Ham sehme se rehte kuay mein
Woh nadiya mein gotay lagaata
Ulti dhaara cheer ke tairta tha woh
Baadal aawaara tha woh...

Lyrics Swanand Kirkire, **Film** 3 Idiots (2009),
Song Behti hawa sa tha woh

THE SPIRIT OF DWARIKESH ACROSS A QUARTER OF A CENTURY

"This is one company that built the roads to transport the equipment that helped build the plants to manufacture the sugar!"

"We completed the construction of our 2500 TCD unit in the mid Nineties in a record 10 months – the fastest anyone had constructed a sugar mill at a time when most people constructed plants in three years"

"The company assigned shifts to team members to go into the city at the end of each day to get basic supplies like food and water – across 10 months. Little did we realise it then but the record commission tenure helped us code our DNA around passion, which continues to this day."

"Much of the defining culture of the Company came from the Founder & Mentor who often stayed at the factory site to oversee construction as opposed to someone who could have managed by remote control."

"The cost of establishing a 2500 TCD sugar mill in the early Nineties was approximately ₹65 crores. We established our mill for only ₹52 cr."

"When most team members came to live at Bijnor with their families, they needed education support for their children. Our Founder & Mentor created a school near the mill for the children of employees and cane growers. This is now a higher secondary school addressing the educational needs of thousands, a number of whom have gone on to become engineers and doctors – within India and abroad."

"Dwarikesh embraces challenges. There was a reason we chose Bijnor to establish our first mill was not because it was the easiest location: because even as conditions were remote and challenging, there was scope for future growth

"There is considerable ownership among farmers: they feel they are part-owners who when they deliver cane to our mills, say 'Meri mill mein ganna pahuchana hain."

"The company selected Bijnor to set up a mill, a contrarian decision considering that no one wanted to marry their daughters into this region because of poor road connectivity and low lifestyle standards and most farmers living below poverty line. That's precisely the reason why the Dwarikesh management decided 'This is just the place where we will be most needed."

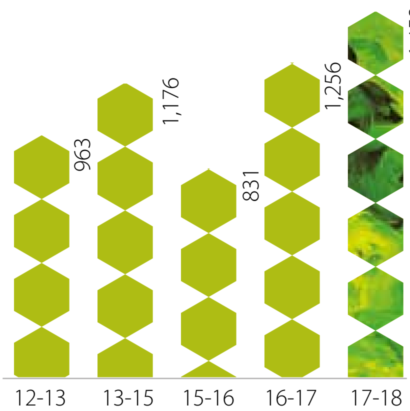
About 15 years ago, the fly wheel of our sugar unit broke at night and scattered across the mill. There was a power failure as well. The mill needed to close for 15 days of repairs people said, which would have meant large losses. So we scouted for a spare fly wheel and found one larger than needed to be re-sized. We re-sized this and resumed operations in 24 hours – the spirit of Dwarikesh at work."

"Dwarikesh helped transform the economy of Bijnor: the more we expanded our capacity, the more farmers grew cane, the higher income they generated, the more their lifestyles evolved – with pucca houses, cars and tractors."

Koi hum se jeet na paaye, chale chalo!

Lyrics Javed Akhtar **Film** Lagaan (2001)
Song Chale chalo

OUR FINANCIAL NUMBERS (FISCAL YEARS)



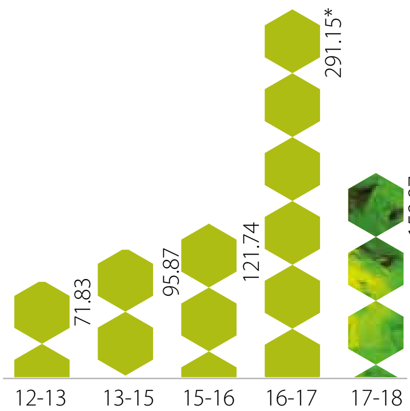
Revenues

(₹ Cr.)

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

Why is this measured?
It highlights the service acceptance and reach of the Company in the market.

Performance
Revenues increased by 16.09% over the previous fiscal to reach ₹1,458 crores in FY18.



Regrouped

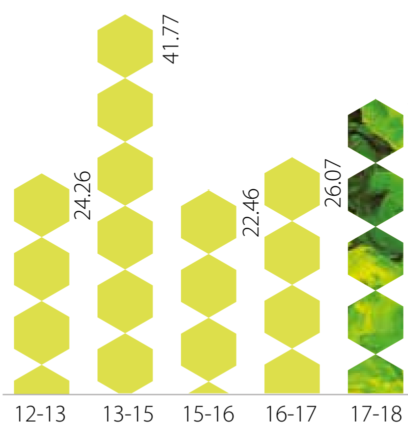
EBIDTA

(₹ Cr.)

Definition
Earnings before the deduction of fixed expenses (interest, depreciation and tax)

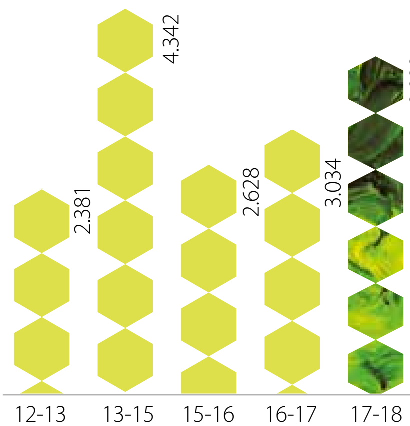
Why is this measured?
It is an index that showcases the Company's ability to optimise business operating costs despite inflationary pressures and provides a basis for comparison with the retrospective averages of sectoral peers.

OUR OPERATIONAL NUMBERS (FISCAL YEARS)



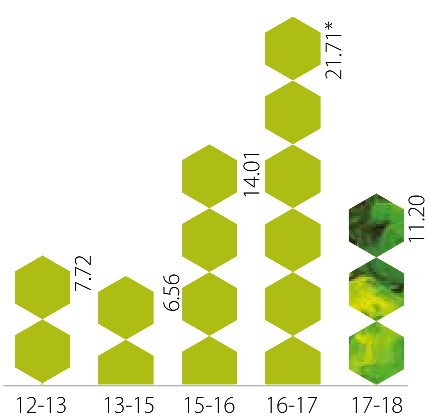
Sugar cane Crushed

(Lakh Tonnes)



Sugar Produced

(Lakh Tonnes)



*Regrouped

EBIDTA Margin

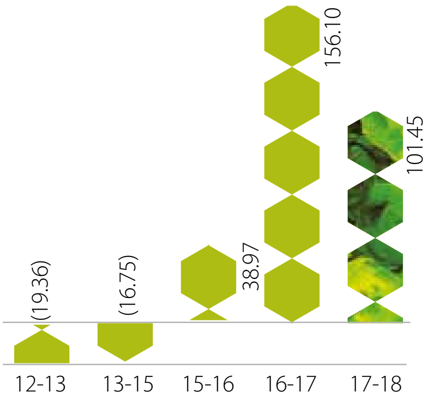
(%)

Definition

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

Why is this measured?

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



Net Profit

(₹ Crores)

Definition

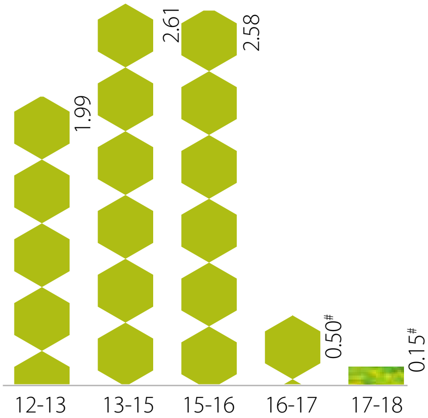
Profit earned during the year after deducting all expenses and provisions.

Why is this measured?

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

Performance

The Company reported an almost 35% decline in its net profit in FY18 – a result of declining sugar realisations.



Gearing

(x)

Definition

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

Why is this measured?

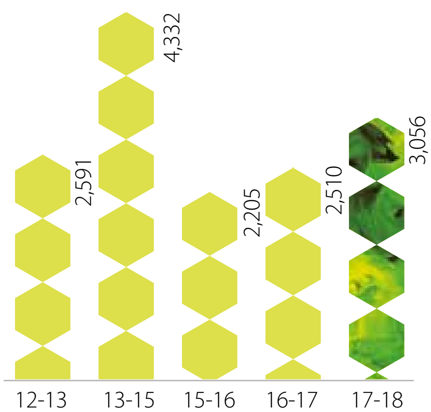
This is one of the defining measures of a company's financial health, indicating the ability of the Company to remunerate shareholders over debt providers (the lower the gearing the better). In turn, it indicates the ability of the Company to sustain growth in profits, margins and shareholder value.

Performance

The Company's gearing moderated to 0.15 in FY18. Ideally this ratio should be read in conjunction with Dwarikesh's declining long term debt, indicating a growing ability to pay back loans.

 # Considering only long term debt excluding preference shares outstanding

The long-term loans of the Company were rated A+ with Stable outlook and short-term loans (commercial paper program) rated at A1+ by ICRA.



Power Generated

(Lakh Tonnes)

Operating ratios

BALANCE SHEET

Ratio	2012-13	2013-15*	2015-16	2016-17	2017-18
Earnings per share (₹)	(13.53)	(13.19)	22.02	8.87#	5.39#
Book Value per share (₹)	54.86	44.60	52.66	15.19#	18.43#
Inventory turnover ratio (turnover / closing inventory)	5.37	2.47	1.60	2.12	2.87
Fixed assets turnover ratio	2.11	3.67	2.44	4.04	4.19
Fixed assets coverage ratio	1.83	1.47	1.18	2.31	6.33

**18 months*

 # Split share of Re. 1 each

PROFITABILITY RATIOS

Ratio (%)	2012-13	2013-15*	2015-16	2016-17	2017-18
EBIDTA margin	7.72	6.56	14.01	21.71	11.20
Net profit margin	(2.08)	(1.15)	4.49	11.64	7.10

*18 months

LIQUIDITY AND SOLVENCY RATIOS

Ratio	2012-13	2013-15*	2015-16	2016-17	2017-18
Current ratio	0.54	0.82	0.97	1.12	1.10
Quick ratio	0.02	0.11	0.14	0.10	0.14
Debt-equity ratio (including working capital) #	3.25	6.01	5.60	1.75	0.89
Debt-equity ratio (only long-term debt) #	1.99	2.61	2.58	0.50	0.15
Interest cover	0.55	0.65	1.76	4.98	5.04
Receivables in days of turnover equivalent (considering sale of power & ethanol which are only sold on credit)	68.06	63.84	223.41	195.55	167.28
Payables in days of turnover equivalent	26.39	45.46	101.68	46.76	48.29

**18 months*

 # Debt excludes preference share capital

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

Our robust business model

STRATEGIC DIRECTION

Focus on a single geography

The Company has selected to crush cane out of Uttar Pradesh (three units), helping leverage a superior terrain understanding, engagement with a single state government, locational economies and a goodwill extending from region to another, inspiring wider cane planting.

Result: Highest cane recovery in the state at 11.88% in SS 2017-18.

Functional integration

The Company invested in the prudent utilisation of downstream by-products, helping de-risk operations and completely utilise raw materials.

Result: Non-sugar operations accounted for 15.26% of operations in 2017-18, strengthening business sustainability.

Enriching work-culture

The Company's operations are driven by the aggregation and sharing of knowledge, resulting in effective succession planning and growing productivity. The Company is an equal opportunity provider and recognition-driven. Employees undergo regular training sessions and workshops, ensuring individual growth.

Result: People retention at the senior management level was highest between 2015-16 and 2017-18 with minimal attrition.

OPERATIONAL DEPTH

Cane management

The Company is focused on operational excellence, starting from seed selection, robust cane growth, lower cut-to-crush tenure and higher recovery. Dwarikesh Agriculture Research Institute (Dwarikesh Nagar) conducts extensive research in to cane varieties and new farming techniques to enhance quality and yield.

Result: More than 70% increase in supply yield per hectare between 2012-13 and 2017-18.

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 on the one hand and a modest overheads structure, strengthening sustainability across industry cycles.

Result: 21.71% EBIDTA margin in 2016-17 and 11.20% in 2017-18, higher than the prevailing industry average.

Farmer engagement

The Company provides subsidised cane seeds, fertilisers, pesticides and financial assistance to farmers through Kisan Sewa Kendras coupled with free soil testing, assistance in bore well digging and installation of deep submersible pumps.

Result: Increase in cane growers addressed by the Company from around 95,000 in 2012-13 to more than 113,000 in 2017-18.

Quality focus

The Company is a respected player on account of superior product quality: starting from 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.

Result: Percentage of overall production classified by National Sugar Institute as premium grade (ICUMSA < 100) sugar in 2017-18: more than 95%

ENVIRONMENTAL COMMITMENT

Internal initiatives

The Company's environmental compliances are guided by and directed to mitigate any environment impact. The Company complies with all applicable environmental regulations. The company allocates its distillery product mix to ethanol, used as a petrol additive that enhances engine combustion and moderates emissions; the Company utilises its bagasse for co-generation, which comprises energy generation without fossil fuels.

Result: Percentage of revenues generated from Renewable Energy Certificates (RECs), 2017-18: 7.63%

External initiatives

The Company's plants are registered with the Clean Development Mechanism, which provides an opportunity to earn Certified Emission Reduction. The Company strives to minimise operational impact through the use of natural resources in a sustainable way by committing itself to continuous improvement.

FINANCIAL

Deleveraged Balance Sheet

The Company utilised process from a Qualified Institutional Placement to accelerate the repayment of term loans, resulting in the Balance Sheet virtually free of long-term debt.

Reduction in interest costs in 2017-18: 52%

The result of our business model: Enhanced long-term stakeholder value

SHAREHOLDERS

980.68% growth in market capitalisation in the five years ending 2017-18.

Market capitalisation of ₹476.40 cr as on 31 March 2018

COUNTRY

The Company sold 26% more sugar in 2017-18 over the previous year.

The Company's products are marketed across all Northern & Eastern states.

FARMERS

Consistent payment to farmers

₹1,034 cr of cane purchases in 2017-18, helping recharge the rural economy

Engagement with more than 113,000 farmers across three regions

Assistance in enhancing farm supply yields by more than 70% between 2012-13 and 2017-18

EMPLOYEES

The Company is a respected employer in the regions of its presence

The Company incurred cost of ₹69.33 crores towards salaries and employee benefits in 2017-18

The Company provided stable full-time employment to 640 people besides engaging seasonal and contractual manpower

COMMUNITY

The Company's CSR programmes touched the lives of thousands of people in 2017-18.

The Company's CSR programmes touched education, health care

Management discussion and analysis

GLOBAL ECONOMIC OVERVIEW

In 2017, a global economic revival became visible: every major economy expanded. The result was 3.7% growth in the global economy in 2017, 60 bps higher than the previous year. Crude oil prices increased in 2017, the prices at the beginning of the year bring $54.13 per barrel, declining to a low of $46.78 per barrel in June 2017 and closing the year at $61.02 per barrel, the highest since 2013.

Outlook

The outlook for advanced economies improved, notably for the Euro area, but in many countries inflation remained weak, indicating that slack was yet to be eliminated, and prospects for growth in GDP per capita were held back by weak productivity growth and rising old-age dependency ratios. Prospects for emerging market and developing economies in sub-Saharan Africa, Middle East, and Latin America was lacklustre with several experiencing stagnant per capita incomes. Fuel exporters were particularly affected by protracted adjustment to lower commodity revenues. Global growth forecasts for 2018 and 2019 were revised upward by 20 bps to 3.9%, reflecting improved momentum and impact of tax policy changes in the US. *(Source: WEO, IMF)*

Global economic growth

Year	2014	2015	2016	2017 (e)	2018 (f)	2019 (f)
Real GDP Growth (%)	3.5	3.2	3.1	3.7	3.9	3.0

[Source: World Economic Outlook, January 2018] e: estimated f: forecasted

INDIAN ECONOMIC OVERVIEW

The Indian economy headed for slower growth estimated at 6.6% in 2017-18 (7.7% in the last quarter). Even with this lower growth for 2017-18, GDP growth averaged 7.3% for the period from 2014-15 to 2017-18, the highest among the major economies, marked by lower inflation, improved current account balance and reduction in fiscal deficit-to-GDP.

The year under review was marked by structural reforms. In addition to GST introduction, the year witnessed significant steps towards resolution of problems associated with bank non-performing assets, FDI liberalisation, bank recapitalisation and privatisation of coal mines.

Estimation for the FY2017-18 Vs FY 2016-17

Year	2017-18*	2016-17
GDP growth	6.6%	7.1%
GVA growth	6.4%	9.0%
Farm growth	3%	9.0%
Manufacturing growth	5.1%	9.3%
Power and Gas growth	7.3%	6.5%
Mining growth	3%	1.9%
Construction growth	4.3%	3.5%
Trade, hotel, transport, telecom growth	8.3%	9.8%
Financials, realty growth	7.2%	9.8%
Public, admin, Defence growth	10.1%	16.6%
Per capita income growth	8.3%	9.7%

**Estimated*
(Source: http://pib.nic.in/newsite/PrintRelease.aspx?relid=163287)

Key governmental initiatives and their impact on the economy

- **Bank recapitalisation scheme:** The Central Government announced capital infusion of ₹2.1 lakh crore in public sector banks. The measure entailed a budgetary allocation of ₹76,000 crore by the Central Government, while the remaining amount is to be raised by the sale of recapitalisation bonds. (Source: KPMG)

- **Improving business ecosystem:** The country was ranked at the hundredth position, an improvement of 30 places in the World Bank's Ease of Doing Business 2017 report, a result of the Central Government's pro-reform agenda, comprising measures such as passing of Insolvency and Bankruptcy Code, simplifying tax computation and merging applications for PAN and TAN. In addition, Aadhaar-based identification approach could streamline the regulatory regime. (Source: KPMG)

- **Goods and Services Tax:** The Government of India carried out a significant overhaul of the indirect tax regime and launched the GST in July 2017, with the vision of creating a unified market. Under this regime, various goods and services would be taxed as per five slabs (28%, 18%, 12%, 5% and zero tax). To reduce the short-term inflationary effect of GST, the GST Council cut tax rates on more than 250 goods and services by moving them to lower tax slabs in two separate rate cuts. Post-GST implementation, India's tax net expanded, as a 50% increase was recorded in unique indirect taxpayers. (Source: KPMG)

- **Doubling farm incomes:** To improve the living conditions of farmers, the government initiated a seven-point action plan to double incomes by 2022.

Outlook

World Bank projected India's economic growth to accelerate to 7.3% in 2018-19 and 7.5% in 2019-20. Strong private consumption and services are expected to support economic activity. Private investment is expected to revive as the corporate sector adjusts to the GST. Over the medium-term, GST introduction is expected to catalyse economic activity and fiscal sustainability by reducing the cost of complying with multiple state tax systems, drawing informal activity into the formal sector and expanding the tax base. The recapitalisation package for public sector banks announced by the Government of India is expected to resolve banking sector Balance Sheets, enhance credit to the private sector and spur investment. *(Source: IMF, World Bank)*

GLOBAL SUGAR INDUSTRY OVERVIEW

Global sugar production is expected to rise sharply by 7% or 11.075 million tons to a record high of 179.448 million tons in the sugar season of 2017-18 (October/September) on the back of high production gains anticipated across India, European Union, Thailand and China. This record output is expected despite a significant production drop projected in Brazil where millers are evolving their production from sugar to ethanol.

According to the ISO estimates, the world export availability is also expected to rise by 0.999 mn tonnes to 61.094 mn tonnes, the second highest in history, on the back of growing production in exporting nations. On the other hand, due to higher domestic production in importing nations, import demand is expected to shrink by 2.57 mn tonnes during the season under review to 57.46 mn tonnes. Due to this difference between increased availability of sugar for exports and shrinking of import demand, world ending stocks are expected to rise by 1.407 mn tonnes.

The three elements of a surplus 2017/18 season comprised the following:

- Projected world production is higher than consumption
- Export availability significantly exceeds import demand
- Rising stocks

World sugar balance: First revision (mn tonnes)

Year	2017/18	2016/17	Change (in mn tonnes)	Change (in %)
Production	179.448	168.373	11.075	6.58
Consumption	174.414	171.478	2.936	1.71
Surplus/Deficit	5.034	-3.105	-	-
Import demand	57.467	60.040	-2.573	-4.29
Export availability	61.094	60.095	0.999	1.66
End stocks	89.618	88.211	1.407	1.60
Stocks/Consumption ratio (in %)	51.38	51.44		

(Source: ISO)

The eventual production is expected to be more than 180 million tons. Raw sugar prices which had reached the lowest since 2008 to around 10.50 cents per pound rebounded and traded between 22 and 23 cents per pound during September 2016 crashed thereafter to between 11 and 12 cents per pound.

Sugar Sector Break-Up

Source	End-use	Major producers
Sugar cane	Household Consumption	Brazil
Sugar Beet	Beverages	India
	Bakery and Confectionery	China
	Ice cream & Dairy products	Thailand
	Others	European Union

(Source: 4-traders)

China's safeguard on imported sugar

China is the world's largest sugar importer. In May 2017, the Chinese government implemented a safeguard on the import of sugar by increasing duties on out-of-quota sugar imports from 50% to 95% to protect the domestic sugar industry from imports from Australia, Brazil and Thailand.*(Source: ISO)*

KEY SUGAR MANUFACTURING NATIONS

- **European Union (EU):** The marketing year (MY) 2017-18 was the first year that the EU market functioned without the 50 year-old production quota regime and export limits (lifted in October 2017). According to the European Commission, EU's white sugar production (including the sugar equivalent of beet that will be processed into fuel ethanol) was expected to rise to 20.1 mn tonnes in 2017-18 from 14.9 mn tonnes a year earlier. Taking into account the increased areas of beet growth and higher sugar yields, ISO revised its projection of EU sugar output from 18.641 mn tonnes to 19.051 mn tonnes. (Source: USDA, ISO)

- **Brazil:** The world's largest sugarcane producing nation is expected to see a significant decline in cane production in 2017-18 due to unfavorable weather conditions. The season 2016-17 had seen a produce of 617 mn tonnes, which is expected to come down to 601 mn tonnes. It is estimated that this could fall to 580 mn tonnes in the 2018-19 season (source: Datagro), accompanied by a shift in the production mix from sugar to ethanol, usually going from a minimum of 40% in ethanol making to maximum of 60% (Source: Reuters)

- **Thailand:** The world's biggest sugar exporter suffered its worst drought for more than two decades, which was followed by unseasonable downpours that brought agricultural activities to a halt in some regions. For the 2017-18 season, the nation is expecting to produce a record high output of sugarcane and refined sugar due to favorable weather conditions. According to Thailand's sugar board, the cane output is expected to be around 107 mn to 110 mn tonnes, considerably higher than 93 million tonnes of sugarcane production in the previous season. The country keeps about 2.6 mn to 2.7 mn tonnes of sugar a year for domestic consumption and exports the rest. (Source: Sugar Asia)

- **China:** China's largest sugar manufacturing area Guangxi witnessed a rise in its sugar output by 9.5% year-on-year and reached 5.8 mn tonnes by end of 2017. This region contributes to 60% of the country's sucrose production and accounts for more than 20 million sugarcane farmers.

- **India:** India's sugar production estimate is around 31.5 mn tonnes for the sugar season 2017-18 which was 55% higher than the previous year's production of 20.3 mn tonnes. Of this estimate, UP is expected to produce more than 11.5 mn tonnes, Maharashtra around 10.5 mn tonnes and the rest from other states. (Source: ISMA)

Note: Extracting seasons of sugar 2017-18 for the four biggest producers:
• Brazil: April 2017-March 2018
• E.U, India, China, Thailand: October 2017-September 2018

India's sugar production estimate is around 31.5 mn tonnes for the sugar season 2017-18 which was 55% higher than the previous year's production of 20.3 mn tonnes.

INDIAN SUGAR SECTOR

Overview: Sugar is the second largest agro-based industry in India, which contributes to rural socio-economic development. The industry supports about 50 million farmers and directly employs over 0.5 million skilled and semi-skilled workers in the mills and integrated industries. The nation's sugar sector is also the world's second largest producer of sugar after Brazil, adding nearly 15% to global sugar output and 25% to the total global sugarcane output.

Key Highlights, 2017-18

- India's total production up to 31st March 2018 reached 281.82 lakh tonnes, about 45% or 92.95 lakh tonnes higher than the previous year.
- Out of the total 524 sugar mills operative during the current season, 193 mills stopped crushing and 331 sugar mills were operational as on 31st March 2018.
- An estimated surplus of 65 lakh tons of sugar led to a crash in ex-mill sugar realisations to ₹2700 per quintal, well below the cost of sugar.
- Cane price arrears of over 14 days were estimated to have touched ₹20,000 crores at the end of April, 2018.
- Due to low sugar realisations from domestic sales and a depressed global sugar market, mills were unable to generate funds for the timely payment of cane price to farmers.
- ISMA revised the sugar production estimate for the 2017-18 season upwards to 31.5 mn tonnes, a rise of 55% compared to the previous year's output of 20.3 mn tonnes.

Domestic Sugar Balance Sheet 2017-18 *(Figures in lakh tons)*

Particulars	2013-14	2014-15	2015-16	2016-17 (P)	2017-18 (E)
Opening Stock as on 1st Oct.	92.98	74.74	90.80	77.52	38.76
Production during the Season	243.96	283.10	251.25	202.85	315.00
Imports ***	0.98	0.00	0.00	4.46	1.84*
Total availability	337.92	357.84	342.05	284.83	355.60
Offtake					
i) Internal consumption	241.91	256.10	247.97	245.61	250.00
ii) Exports ***	21.27	10.94	16.56	0.46	??
Total offtake	263.18	267.04	264.53	246.07	250.00
Closing Stock as on 30th Sept	74.74	90.80	77.52	38.76	105.60
Stock as % of offtake	30.9%	35.5%	31.3%	15.8%	42.2%

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

** Out of 3 lakh tonnes of raw sugar imports, mills imported 2 lakh tonnes of raw sugar only and produced about 1.84 lakh tonnes of white sugar out of it.*

?? Central Government has recently announced complusory export of 2 MTs of sugar. Since raw exports during the ongoing season is not feasible only whilte sugar is exepcted to be exported and at this point of time there is no certainty about the quantity to be exported
(Source: ISMA)

Maharashtra	Uttar Pradesh	Karnataka
Total mills operational: 187	Total mills operational: 111	Total mills operational: 65
Total production till 31st March 2018: 101.27 lakh tonnes	Total production till 31st March 2018: 95.40 lakh tonnes	Total production till 31st March 2018: 35.56 lakh tonnes

(Source: ISMA)

Price trends

High sugar production in the sugar season 2017-18 subdued sugar realisations, impacting the industry's profits. The cost of sugarcane rise expectantly led to increase a buildup of cane price arrears. According to ISMA, sugar output surged by 49.2% Y-o-Y to 28.2 mn tonnes during October 2017-March 2018 compared to 18.9 mn tonnes of sugar produced during October 2016-March 2017.

Small-grade sugar price trend

Time period	Price range
April-September 2017	₹37 per kg to ₹39.5 per kg
October – March 2017	₹36.9 per kg to 31.4 per kg

Demand drivers

- **Chocolates:** The Indian chocolate market experienced a Y-o-Y growth of 13% in 2016 and is expected to grow 30% by 2020. Though 70% of India's chocolate consumption happens in the urban areas, according to a report by Smart Research Insights, consumption is expanding in the rural areas as well.

- **Confectionery:** Despite the availability of substitutes, traditional sweets enjoy high demand. The market for traditional Indian milk-based sweets alone is estimated at $500m. Festivals, young consumers and urbanisation are driving growth of the Indian confectionery market.

- **Soft drinks:** Soft drinks revenues were around US$3,266m in 2018. The market is expected to grow annually by 10.0 % (CAGR 2018-2021), catalysing demand for sugar.

(Source: Euromonitor, Statista, Candy Industry, retail.franchiseindia)

Policy interventions

- In April 2017, the government announced that only a restricted quantity of 5 lakh tonnes of raw sugar would be allowed duty-free through open general license.

- In July 2017, import duty on sugar was hiked from 40% to 50%.

- In August 2017, the government imposed a stock holding limit on sugar ahead of the festive season. With this imposition, no sugar producer was allowed to hold any stock of sugar in excess of 21% and 8% at the end of September 2017 and October 2017, respectively. This was withdrawn in December 2017 to smoothen the supply chain for easy availability of sugar in all regions as well as aid traders to increase their sugar stocks which would help increase demand and support domestic prices.

- In February 2018, the import duty on sugar was increased to 100% and imposed limit on sugar that has to be retained by producers in February 2018 (retention of 83% stock in hand) and March 2018 (retention of 86% stock in hand).

- India usually always retains a normative requirement of three months stock but considering the surplus situation in the current sugar season, the government has allowed export of 2 million tonnes of sugar by the end of September 2018 under Minimum Indicative Export Quota (MIEQ) in March 2018.

- The export of white sugar was allowed till September 2018 under the Duty Free Import Authorisation (DFIA) scheme, valid till the end of September 2021. To encourage sugar exports, the government scrapped the 20% export duty on raw, white or refined sugar in March 2018.

- The Government announced a compulsory export of 2 million tons under the MIEQ scheme. Quotas were fixed sugar mill-wise and 30th September, 2018 has been set as the target date within which export obligations needed to be fulfilled.

- The Government now announced approval of financial assistance of ₹5.50 per quintal of sugarcane crushed during the season 2017-18 to help clear cane price dues. This assistance would be directly paid to farmers on behalf of sugar mills towards their cane dues

(Source: CARE Ratings)

The Government announced a compulsory export of 2 million tons under the MIEQ scheme. Quotas were fixed sugar mill-wise and 30th September, 2018 has been set as the target date within which export obligations needed to be fulfilled.

Impact of GST

Components	Sub-components	Pre-GST rates	Post-GST rates	Impact
Raw material	Sugar cane	Purchase tax of ₹2 per quintal of sugarcane purchased	Now subsumed and no tax applicable	Positive
Products/ By-products	White sugar	₹197 per quintal	5%	Non-inflationary
	Molasses	14.50%	28%	Higher
	Ethanol	Exempt in case of sale within UP and 2% against Form C in case of sale outside UP	18%	Higher

SUGAR INDUSTRY IN UTTAR PRADESH

● **Overview:** The Uttar Pradesh sugar industry is one of the largest in India. The region that grows the maximum amount of sugar in the state is the upper Ganga-Yamuna Doab, Rohilkhand and trans-Saryu areas, which produce about 70% of the state's sugarcane. The western part of the state forms the core of sugarcane production in the country. As many as 30 districts produce sugarcane, of which the most important are Muzaffarnagar, Meerut, Bijnor, Moradabad, Saharanpur, Kheri, Deoria, Bulandshahr, Ghaziabad, Bareilly and Sitapur.

Uttar Pradesh sugar sector highlights, 2017-18

● The total cane growing area increased by 12% in 2017 from 20.54 lakh hectares to 23 lakh hectares. The sown area under the early varieties in the state increased by 13% in the 2017-18 sugar season.

● Uttar Pradesh is expected to produce more than 11.5 mn tonnes in the 2017-18 sugar season.

● Sugar output in Uttar Pradesh increased to 38.80 lakh tonnes in October-December 2017-18 from 26.78 lakh tonnes in the previous year. The average recovery remained higher at 10.15%.

● Increase in acreage, higher cane yields, healthy cane volumes and better cane varieties could increase state production.

● Swift acceptance of new sugarcane variety like COS-8436, COS-88230, COS-95255 all developed by Sugarcane Breeding Institute, Karnal, and Co-0238 and CoLk-94184 by Indian Institute for Sugarcane Research strengthened yields.

● The U.P. state government increased the State Advised Price (SAP) of the general variety of sugarcane from ₹305 per quintal to ₹315 per quintal for the sugar season October 2017-September 2018, which is a 3.3% Y-o-Y growth. The SAP is higher than the Fair and Remunerative Price (FRP) of ₹255, which is fixed by the central government.

(Source: TOI, Hindu BusinessLine, Business Standard, CARE Ratings)

Indian sugar sector SWOT analysis

Components	Impact
Strengths	● The Indian sugar industry is the world's second-largest sugar producer in the world after Brazil. ● Uttar Pradesh has experienced a rebound in sugar production volumes. ● The Indian sugar industry provides employment to a large farmer base and supports downstream industries as well.
Weaknesses	● Most sugar factories are 40+ years old and have low installed capacities. ● Most cooperative sugar industries in India struggle to pay farmers for cane. ● Most sugar factories suffer from technological obsolescence
Opportunities	● The by-products of sugar industry enjoy attractive realisations. ● Technology upgradation and advanced technologies are available for effective byproduct utilisation. ● Use of newer varieties of cane should lend a boost to the industry.
Threats	● Increased competition within the industry. ● High dependence on ground water for irrigation purposes. ● Weakening soil quality through prolonged fertiliser and pesticide use

INDIAN ETHANOL SECTOR

Sugarcane ethanol is an alcohol-based fuel produced by the fermentation of sugarcane juice and molasses. Cane juice is fed directly into fermentation vessels to produce ethanol shortly after crushing (it is perishable) while molasses are first required to be diluted before being fermented. It is a clean, affordable and low-carbon biofuel and it is slowly emerging as a renewable bio-fuel for the transportation sector. Blending of ethanol with an automotive fuel helps improve combustion, moderate pollution from burning of the fuel and generate foreign exchange savings for India.

In 2017-18, an expected surplus in the production of sugar more than double ethanol supply to fuel retailers for blending with petrol. Ethanol manufacturers and oil marketing companies finalised supply contracts for a record 1.4 billion litres for 2017, compared to 665 million litres a year ago (Source: ISMA). India intends to encourage the use of ethanol, a cleaner fuel option compared to petrol as far as carbon emissions as concerned. The government is targeting 10% ethanol blending in petrol.

The challenge that oil companies face is to be able to locally procure sugar by-products at government-fixed rates as state governments impose heavy taxes on ethanol, also widely used in the liquor industry. Sugar mills prefer to sell ethanol to spirit distilleries as they enjoy superior realisations. In India, sugar firms produce ethanol from molasses, a by-product of sugar manufacture unlike countries such as Brazil, where ethanol is produced directly from cane juice.

According to ISMA, ethanol supply to oil marketing companies for blending would rise by 71% in 2017-18 season, helping sugar mills earn ₹4,500 crore in revenues.

Out of bids submitted by Indian sugar companies in the 2017-18 season, the highest quantity of ethanol would be supplied by manufacturers in Uttar Pradesh, followed by Maharashtra. (Source: ET, Reuters)

The Central Government granted a small price increase for ethanol and reduction is GST applicability is on anvil. A comprehensive policy to encourage production of ethanol from 'B' heavy molasses is also on the horizon.

INDIAN CO-GENERATION

Cogeneration uses fuel to produce two forms of electrical and mechanical energy. As India is one of the largest sugar producers in the world and the second largest sugarcane producer, the nation's agricultural produce drives the cogeneration sector. Sugar mills in India consume their bagasse to generate steam to run boilers and turbines to generate power to run their plants. Excess power is exported to the grid of distribution licenses. Current MNRE data indicates that the available biomass is estimated at 500 million metric tonnes per annum (mmtpa) with an additional availability of 120-150 mmtpa from agricultural and forestry residues, which puts the potential of cogeneration power at around 18,000 MW.

According to the Ministry of New and Renewable Energy and Thermax:

- As of August 31, 2017, India's installed bio-power capacity (grid-connected biomass, gasification and bagasse cogeneration) stood at 8,181 MW
- Off-grid/captive power was recorded at 661 MW
- This total includes 4,760 MW of biomass-based/cogeneration power from approximately 500 biomass power and cogeneration projects.
- There are approximately 30 biomass power plants of 350 MW and another 70 cogeneration projects of 800 MW at various stages of implementation.

FINANCIAL ANALYSIS AND OPERATIONAL SNAPSHOT

Sugarcane crushed and sugar produced (FY 2017-18)

Particulars	2017-18	2016-17	Percentage change
Crushing (lakh/quintals) – total at all three units	323.81	260.74	24%
Recovery % (combined)	11.84	11.71	
Production (lakh/quintals) – total at all three units	38.33	30.34	26%

FY 2017-18 (From 1.4.2017 to 31.3.2018), includes a small part of 2016-17 sugar season and a major part of 2017-18 sugar season

Season 2017-18 vis-à-vis season 2016-17

Particulars	2017-18	2016-17
Crushing (lakh/quintals) – total at all three units	337.28	283.40
Recovery % (combined)	11.90	11.78
Production (lakh/quintals) – total at all three units	39.81	33.38

For ongoing crushing season 2017-18 (up to 25th April, 2018) vis-à-vis season 2016-17

Sugar highlights, FY 2017-18

- Sugarcane crushing increased by 24 %, resulting in the highest ever crushing by the Company.
- Sugar production up by an impressive 26 %, highest ever.
- Impressive recoveries resulted on account of a superior varietal mix, with increasing thrust on early maturing varieties such as Co 0238.
- Recovery was highest ever in spite of an early crushing start in the season.
- Historically highest ever group crushing, production & recovery.
- Highest ever crushing across all three units.
- Dwarikesh Puram and Dwarikesh Dham units reported their highest recoveries.

Cogeneration highlights, FY 2017-18

- The company sold 1,937.32 lakh units worth ₹9,306.16 lakhs vis-à-vis 1585.80 lakh units worth ₹7,952.02 lakhs in FY 2016-17.
- The company sold 1,963.33 lakh units worth ₹9,495.56 lakhs, highest ever, up to 30th April, 2018

Distillery highlights, 2017-18

- Sold 64.06 lakh of industrial alcohol worth ₹2,490.89 lakhs (previous period 82.10 lakh Litres worth ₹3,348.83 lakhs) was sold.

Financial highlights, 2017-18

Dwarikesh - Financial Scorecard

Particulars	2017-18		2016-17	
	₹ in Lakhs	%	₹ in Lakhs	%
Net revenue (from operations)	142,995	100.00	119,040	100.00
EBIDTA	15,997	11.19	29,115	24.46
EBDTA	13,466	9.42	23,865	20.05
EBT	10,216	7.14	20,871	17.53
EAT	10,145	7.09	15,610	13.11
Total comprehensive income	10,247	7.17	15,524	13.04

*Regrouped with exceptional income of Nil (Previous year ₹323 Lakhs) is added to EBIDTA and EBDTA

The company's performance was affected by the industry-wide decline in realisations in 2017-18:

- Highest ever sale of sugar; highest turnover.
- EBIDTA margin of 11.19% as against 24.46% in the previous year, largely on account of lower sugar realisations.
- Net profit margin of 7.09% at ₹10,144.75 lakhs vis-à-vis ₹15,610.48 lakhs (13.11%) in 2016-17
- Decline in long-term debt (including preference shares), including debt of maturity less than one year to ₹70.15 cr. from ₹176.54 cr. Efficient management of working capital and reduction in long term debt resulted in a lower financial cost (₹25.31 cr. vis-à-vis ₹52.50 cr. in previous financial year)
- The long-term loans of the Company were rated A+ with Stable outlook and short-term loans (commercial paper program) rated at A1+ by ICRA.

ACCOUNTING POLICIES

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

Revenues in 2016-17 (₹ Crore)	Revenues in 2017-18 (₹ Crore)
1,183.33	1,430.24
EBIDTA in 2016-17 (₹ Crore)	**EBIDTA in 2017-18 (₹ Crore)**
189.99	46.3
Total production in 2016-17 (lakh quintals)	**Total production in 2017-18 (lakh quintals)**
30.34	38.33
Recovery rate in 2016-17 (%)	**Recovery rate in 2017-18 (%)**
11.71	11.84
Contribution to total revenues in 2016-17 (%)	**Contribution to total revenues in 2017-18 (%)**
83.74	84.74

SUGAR

The sugar division of the Company is its principal revenue earner. It is the oldest and largest operational vertical within the Company. Dwarikesh possesses an aggregate capacity 21,500 TCD across three factories in two Uttar Pradesh districts (Bijnor and Bareilly), which are based in the cane-rich areas of Uttar Pradesh.

Strengths

- Superior product quality.
- High manufacturing discipline following the use of modern equipment.
- High capacity utilisation and recovery.
- Systematic gradation system based on the crystal size, ranging from small (S) to medium (M) and large (L).

Achievements, 2017-18

- Recovery rates improved by 13 bps over the previous fiscal year
- Quantity of sugar sales increased 25.85% compared to 2016-17.
- Sugar production increased by 26.33%.

Outlook, 2018-19

- The following year is expected to be challenging for the sector, margins remaining stretched.
- The Company will maintain focus on improving cane management leading to enhanced yields and recoveries.

Transformation story

Emphasising the importance of superior cane variety

Cane growers were wary of shifting from one cane variety to another given the risks involved.

Dwarikesh pioneered the introduction of Co 0238 in Uttar Pradesh.

The Company collaborated with various institutes to advocate this cane variety.

Cane output in the Company's command areas increased significantly.

Recoveries improved consistently in the last five years on account of this superior variety and efficient logistics management.

Revenues in 2016-17 (₹ Crore)	Revenues in 2017-18 (₹ Crore)
192.26	232.54
EBIDTA in 2016-17 (₹ Crore)	EBIDTA in 2017-18 (₹ Crore)
86.82	100
Total production in 2016-17 (lakh units)	Total production in 2017-18 (lakh units)
2,510	3,056
Average realisation, 2016-17 (INR / unit of power)	Average realisation, 2017-18 (INR / unit of power)
5.01	4.80
Contribution to total EBIDTA, 2016-17 (%)	Contribution to total EBIDTA, 2017-18 (%)
30.15	62.51
Contribution to total Revenue, 2016-17 (%)	Contribution to total Revenue, 2017-18 (%)
13.89	13.78

CO-GENERATION

The Company forayed into power co-generation following the commissioning of the first power plant in 1996 with an initial capacity of 6 MW (expanded to 9 MW in 2002). The Company's total cogeneration capacity is 86 MW, among the largest such investments in the state. About 37% of the co-generated power is utilised within and the rest exported to the grid. Revenues from this business accounted for 13.78 per cent of the Company's revenues in 2017-18.

Strengths

- Generation of green power helped the Company earn additional revenues through Renewable Energy Certificates (RECs).
- The RECs contributed to global environmental protection.
- Long-term government contracts helped generate steady revenues.

Achievements, 2017-18

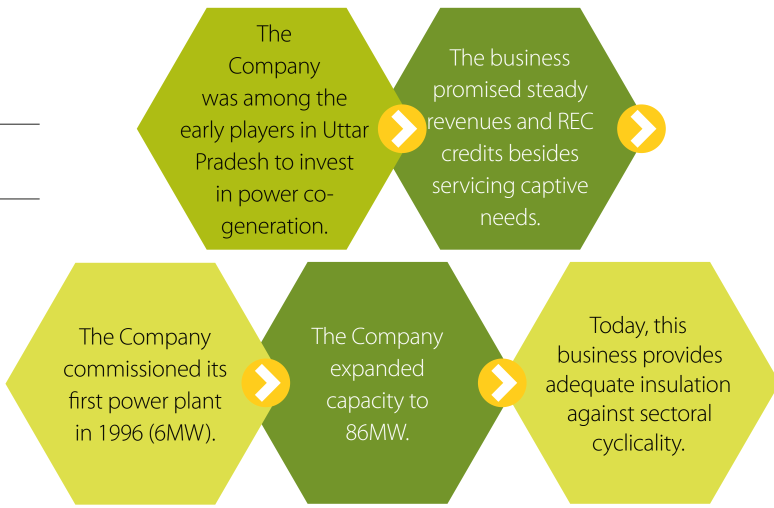
- Power generation increased due to higher cane crushing, which enhanced revenues.
- EBIDTA margins improved by over 32% over the previous year.

Outlook, 2018-19

- Revenues from this division are expected to increase following higher crushing.

Transformation story

Importance of co-generation



Revenues in 2016-17 (₹ Crore)	Revenues in 2017-18 (₹ Crore)
33.5	24.9
EBIDTA in 2016-17 (₹ Crore)	EBIDTA in 2017-18 (₹ Crore)
11.11	13.67
EBIDTA %, 2016-17	EBIDTA %, 2017-18
33.18	54.89
% of turnover 2016-17	% of turnover 2017-18
2.37	1.48
Industrial alcohol sale, 2016-17 (Lakh Litres)	Industrial alcohol sale, 2017-18 (Lakh Litres)
82.10	64.06
Rate per litre, 2016-17 (₹)	Rate per litre, 2017-18 (₹)
40.79	38.88

DISTILLERY

Dwarikesh's distillery unit is located in Dwarikesh Nagar, Bundki, Bijnor district. The unit possesses a distillery capacity of 30,000 litres per day. The distillery is equipped with a modern effluent treatment plant.

Strengths

- Ethanol is used in petrol blending, which helps reduce vehicular emissions and pollution; the Company is eligible to earn carbon credits.
- Contracts with oil manufacturing companies help maintain steady revenues.
- Leftover stock can be marketed as rectified spirit.

Achievements, 2017-18

- EBIDTA margins from this segment increased by over 21% over the previous year.

Outlook, 2018-19

- The Company plans to enhance its distillery capacity.

Transformation story

Importance of co-generation

The distillery segment was proposed to capitalise on captive molasses availability.

Ethanol manufacture was also positioned as a counter-cyclical investment.

The Company invested in distillery capacity growth.

The Company ensured 100% compliance with all environment and regulatory clearances.

Ethanol operations helped partly offset weak realisations from the core business.

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 in place 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 the recommendations of the auditors allow the Company to make corrections whenever and wherever necessary.

HUMAN RESOURCE MANAGEMENT

The Company is respected for its terrain and sectoral understanding, marked by high people retention.

The company's operations are marked by cordial working atmosphere, training and development and empowerment.

As of 31st March, 2018 the Company employed 640 full-time permanent employees.

CAUTIONARY STATEMENT

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

Risk management

SUGAR PRODUCTION IS DEPENDENT ON CANE OUTPUT AND RAINFALL, WHICH MAKES THE INDUSTRY POTENTIALLY CYCLICAL: HIGHER THE CANE OUTPUT,MORE THE PRODUCTION AND VICE-VERSA. THE BUSINESS IS ALSO CAPITAL-INTENSIVE. WHILE INPUT COSTS ARE DICTATED BY THE GOVERNMENT, THE PRICE AT WHICH THE FINISHED PRODUCT IS SOLD IS MARKET-DRIVEN. THESE REASONS PLACE A PREMIUM IN ENHANCING OPERATIONAL CAPABILITY AND PRUDENT FINANCIAL MANAGEMENT.

Government policy risk management

The sugar industry is vulnerable to government policies that influence costs, cane availability, distribution controls and exports.

Mitigation: In the last couple of years, the Indian government has attempted to provide the sugar industry stability through moderated cane price revisions, soft loans and assurances of pro-industry policies.

Locational risk management

Freight accounts for a large proportion of production costs, making it imperative for factories to be proximate to sugarcane farms. Since sugarcane is a perishable commodity, it is important for the sugar mill to be located in proximity to where sugarcane is grown.

Mitigation: Dwarikesh is located in fertile cane-rich regions marked by growers with a progressive mindset who have in turn invested in clonal cane varieties and mechanisation. The company's proactive use of advanced cane seeds increased farm yield and recovery, transforming grower destinies. The Company's command areas are within a radius of 15 kms of mills in regions marked by minimal cane poaching. The company foresees the opportunity to enhance cane coverage and drawal in its Bareilly command area. The company endeavors to minimise the harvest to crush time.

Farmer relationship risk management

A collaborative relationship with cane growers is critical to ensure enhanced cane availability, the foundation of industry success.

Mitigation: Dwarikesh engages extensively with more than 113,000 cane growers through cane development activities, monthly farmer meetings, educational workshops, provision of subsidised seeds, fertilizers and pesticides and timely payments. This engagement also protects cane quality and translates into superior recovery.

Sugar oversupply risk management

Increased sugarcane output in the state or country could lead to a glut and a decline in realisations.

Mitigation: Dwarikesh has invested in quality sugar manufacture, making it possible to sell faster and completely in good and weak markets. It focusses on efficiencies and higher recovery. Prudent fiscal management helped the Company peg costs lower, partly insulating itself from declining sugar realisations.

Working capital risk management

In a capital-intensive business, the capital-to-labor ratio required for operations is high; liquidity concerns can impact operations.

Mitigation: Dwarikesh attempts to liquidate inventory with speed, ensuring comfortable liquidity to address working capital needs. Besides, a focus on superior cane management, operations (crushing, co-generation and distillery) has helped enhance cash flows.

Environment management

Benchmark BOD of Treated Water: <30 PPM	BOD Achieved: <20 PPM
Benchmark COD of Treated Water: <250 PPM	COD Achieved: <150 PPM
Benchmark Suspended Solids of Treated Water: <30 PPM	Suspended Solids Achieved: <10 PPM

In the sugar industry, environment regulations are becoming stricter; complete compliance is becoming mandatory for companies operating in the sector.

As a company, Dwarikesh has always been committed towards environment protection, marked by investments in plantation campaign, cleanliness drives, effluents management and the use of cutting-edge technologies.

The Company strengthened environment management through its efficient business model, marked by the utilisation of by-products for downstream processes (cogeneration and distillery). These businesses have proved environment-friendly: its distillery operations address vehicular pollution as ethanol blending with automotive fuel increases combustion and moderates tailpipe emissions. The Company's extension into power cogeneration has made it possible replace the consumption of electricity from fossil fuel-derived resources.

Dwarikesh differentiators

- The Company's plants are registered with Clean Development Mechanism, an opportunity to earn Certified Emission Reduction revenues.
- The Company invested in large tree plantations in mill surrounding areas.
- The dedicated environment management team possesses extensive experience.
- The Company complies 100% with environment policies.
- The manufacture of environment-friendly fertilisers (a blend of bio-compost produced from the effluent treatment and press-mud,

a sugarcane residue) as opposed to chemicals has enhanced environment friendliness.

- The complete re-use of water discharged from the effluent treatment plant.
- The investment in rain harvesting pits in all three units.

Control and monitoring parameters

- Strict parameters in monitoring the implementation of environmental processes.
- Automated online systems to check COD and BOD levels with triggers altering for breaches.
- Extensive training to keep employees updated on the latest guidelines; circulars issued and circulated for changes in norms.

Achievements, 2017-18

- Setting up an alternate system for the treatment of discharge from the process cooling towers (PCT) before it enters the ETP, helping maintain COD and BOD levels of effluents well below their upper limits.
- Upgradation of the effluent treatment plant.
- Installation of sewage treatment plants in all three units

Outlook, 2018-19

- Expansion of the STP capacity at the Company's Dwarikesh Dham unit.
- Benchmarking in line with the latest environmental norms (as specified by regulation authorities).

Transformation story

The market leader in environmental innovation

The Company was affected by the entry of sulphates into the ETP.

The sulphur used during cane crushing would be converted into sulphur dioxide and get trapped into the sugar syrup, enter the vacuum chamber and convert to sulphates.

The sulphates would then mix with steam, enter the process cooling tower and turn into acidic water. This acidic discharge entered the ETP and killed its bacteria culture.

The Company invested in extensive R&D involving research bodies to find alternative treatment solutions before acidic water entered the ETP.

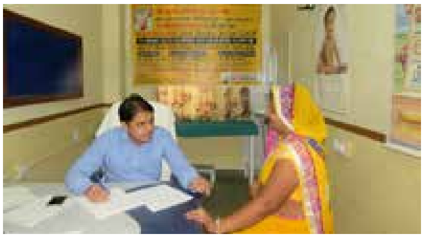
Result: Dwarikesh was the first company in India to have successfully implemented the mechanism of separately treating the run-down from its process cooling towers.

Corporate social responsibility

At Dwarikesh, we believe that our growth is not restricted only to numbers but growing the society as a whole. We owe our existence to society and we believe in serving it. Small acts when multiplied by thousands of people can transform the lives of many. Over the past many years, we undertook initiatives to help society at large under the aegis of the R.R. Morarka Charitable Trust and Narbada Devi Charitable Trust.

SEWA JYOTI

Sewa Jyoti began its activities in the Jhunjhunu district of Rajasthan on 19th July 2004 as the Rajasthan chapter of R. R. Morarka Charitable Trust. The name 'Sewa Jyoti' owes its genesis to two Sanskrit-Hindi words whose combination means a 'flame of service'. Sewajyoti works in a host of areas, including education, health, rural development, women's empowerment, rehabilitation of the handicapped, agriculture, environment and arts and culture, among others. Its services have benefitted people of all religions, castes and sections of the society, working without any bias, discrimination or favouritism.



HEALTHCARE

> "He who has health, has hope; and he who has hope, has everything"
>
> *– Thomas Carlyle*

Macro perspective

Healthcare is the maintenance and improvement of health via diagnosis, treatment, prevention of disease, injury and other mental or physical impairments.

Giving the underprivileged population access to preventative and protective healthcare increases overall productivity, improves access to opportunities and facilitates demographic and socioeconomic transition. India's public health expenditure is less than 1% of the GDP, as opposed to the recommended 2.5% level. This results in Indians spending eight times more on private hospitals. The World Health Organisation estimates that this pushes another 2.2% of Indians into poverty each year. Non-communicable diseases are responsible for 60% of deaths in India, account for 40% of hospital stays and contribute to 35% of all outpatient visits.

Initiatives undertaken

- We organise multiple healthcare camps, blood donation camps and provide equipment for the differently-abled.
- Organised awareness camp on infertility, benefiting many couples.
- Organised many ENT camps for diagnosis, treatment and follow-up, benefiting hundreds of people.
- Organised multiple cataract removal camps in collaboration with the Sahai Eye Hospital and Research Centre, Jaipur, benefiting thousands of people.
- Organised the Bhamasha Swasthaya Beema Yojna Competition in which many children participated.

EDUCATION

"Education is the most powerful weapon we can use to change the world"

– Nelson Mandela

Macro perspective

Quality education is the birth-right of every child. Studies in India show that although there has been a marked improvement in education standards, especially in rural areas, there are still countless children living in remote areas without access to basic education. The deterrents preventing children in rural areas from receiving basic quality education include the following:

- Poor connectivity often demotivates children from attending schools regularly.
- Children in rural areas often assist their families supplement meagre incomes.
- Lack of proper infrastructure like adequate classrooms, teaching equipment, clean water and toilet facilities in schools.

Activities undertaken

- The company has been rendering a yeoman service in the area of education.
- It is successfully running a school in the vicinity of the DN plant where thousands of students are undergoing quality education up to standard XII.
- Constructed the R.R. Morarka Government College building in Jhunjhunu and handed over the same to the government. New rooms and toilet blocks were added during the year under review.
- Started construction of higher class college buildings in Nawalgarh. The same will be handed over to the Government. It is proposed to be constructed in record time.
- Regularly contributing library books to R.R. Morarka Government College, Jhunjhunu.
- The Company adopted several girls under the Beti Bachao, Beti Padhao campaign and provided pocket money, winter clothes, bags and stationery items and dresses.
- Provides scholarships to 33 meritorious girl students of Nawalgarh block and 25 girl students of R. R. Morarka Government College, Jhunjhunu, on an annual basis.
- Drinking water facilities at Government College, Nawalgarh, benefiting 1,250 students.


EMPOWERMENT AND LIVELIHOOD

"Look closely at the present you are constructing. It should look like the future you are dreaming"

– Alice Walker

Macro perspective

Poverty is not merely defined by low income levels. It includes other development indicators such as poor health, illiteracy, poor sanitation facilities and a lack of work opportunities. All these factors combine to render a section of the society becoming vulnerable and powerless. Socio-economic development of disadvantaged communities is indispensable towards the creation of a sustainable society.

Activities undertaken

- Formed 200 self-help groups to encourage savings and micro-credit at the grassroots
- Trained women members under the micro enterprise development training programme who later participated in the Shekhawati Handicraft Mela and displayed and sold their products
- Formed 50 kisan clubs and organised awareness programmes as well as meet-with-experts programmes, benefiting 3,000 farmers
- Organised a camp for women in different villages to raise awareness about banking and micro-insurance schemes as declared by the Government of India
- Organised a skill development programme under the aegis of the Pradhan Mantri Kaushal Vikas Yojana for local youth in the realms of apparel and retail management, benefiting 420 individuals

INFRASTRUCTURE

"You and I come by road or rail, but economists travel on infrastructure."

– Margaret Thatcher

Macro perspective

A nation's infrastructure is the building block of the country. It is important for faster economic growth and alleviation of poverty in the country. The adequate infrastructure in the form of road and railway transport system, ports, power, airports and their efficient working is also needed for integration of the nation's economy with other economies of the world. Infrastructure is the basic requirement of economic development.

Activities undertaken

- The Company built the Radheshyam R. Morarka Memorial Government Roadways Bus Terminal in Nawalgarh in 2011 to provide much-needed relief to passengers, staff, tourists and local people. It has also been instrumental in creating jobs for the local people and has systematised the unruly traffic situation in what is a popular tourist destination.
- Constructed the R.R. Morarka Government College building in Jhunjhunu.
- Carried out interlocking tile work at the R.R. Morarka Bus Terminus, Nawalgarh.
- Started building college facilities in Nawalgarh.

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 fourth Annual General Meeting of the Company will be held on August 31, 2018, at 12.30 p.m. at the Registered Office of the company at Dwarikesh Nagar - 246 762, Dist. Bijnor, Uttar Pradesh, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements for the year ended 31st March, 2018 together with the Directors' Report and the Auditors' Report thereon.
2. To declare dividend on Cumulative Redeemable Preference Shares (Series I & II).
3. To appoint a Director in place of Shri Balkishan J. Maheshwari, who retires by rotation and being eligible offers himself for re-appointment.
4. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) and The Companies (Audit and Auditors) Rules, 2014, (the Rules), [(including any statutory modification(s) or re-enactment(s) thereof for the time being in force)], and pursuant to the recommendations of the Audit Committee and resolution passed by the Members at the AGM held on August 19, 2017, the consent of the Members be and are hereby accorded for ratification of the appointment of **M/s. NSBP& Co**., Chartered Accountants, New Delhi having ICAI **Firm Registration No.001075N**, as Statutory Auditors of the Company for the financial year 2018-19 at a remuneration fixed by Audit Committee, in addition to applicable taxes and actual out of pocket expenses incurred in connection with the audit of the accounts of the Company."

SPECIAL BUSINESS:

5. To consider and if thought fit to pass, with or without modification(s), the following resolution as Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 178, 196, 203 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder and SEBI (Listing Obligation and Disclosure Requirement), 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force)and subject to the requisite approvals as may be necessary and after the evaluation of performance of Shri V S Banka, the consent and approval of the Company be and is hereby accorded for redesignation of Shri V S Banka (DIN-00963355), as Managing Director and Chief Financial Officer (MD & CFO) on such terms and conditions as decided by Board.

RESOLVED FURTHER THAT the Board be and is hereby authorised to appoint an independent CFO in a period of six months & for such interim period Shri Vijay S Banka shall continue his dual position as Managing Director & CFO.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings, as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or to any director or to any employee of the Company to give effect to the aforesaid resolutions."

6. To consider and if thought fit to pass, with or without modification(s), the following resolution as Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 178, 196, 203 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder and SEBI (Listing Obligation and Disclosure Requirement), 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to the requisite approvals as may be necessary and after the evaluation of performance of Shri B J Maheshwari, the consent and approval of the Company be and is hereby accorded for redesignation of Shri B J Maheshwari (DIN-00002075), as Managing Director & Company Secretary cum Chief Compliance Officer on such terms and conditions as decided by Board.

RESOLVED FURTHER THAT he will also act as Compliance officer of the Company so as to look after all Legal and Secretarial Matters of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings, as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or to any director or to any employee of the Company to give effect to the aforesaid resolutions."

7. To consider and if thought fit to pass, with or without modification(s), the following resolution as an Ordinary 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), the consent of Members be and are hereby accorded for the ratification of remuneration of Ms. Priyanka G Morarka holding office or place of profit, as Vice-President (Corporate Affairs), Daughter of Shri G R Morarka , promoter (ceased to be Managing Director on 18th April, 2018), w.e.f 01st January 2018 on remuneration 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 ₹3,50,000 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."

8. To consider and if thought fit to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder, including any statutory modification(s) or re-enactment(s) thereof and other applicable provisions of law, if any, and such other consents and permissions, as may be required in this regard, consent of Members be and are hereby accorded to the Board of Directors to appoint Shri G R Morarka as a Mentor to the Board of the Company, so as to give his valuable guidance and advise for better growth and future of the Company and to raise it to new heights.

RESOLVED FURTHER THAT this act of generosity will be done by Shri G R Morarka voluntarily without any remuneration paid by the Company. However, he shall be reimbursed the expenses which will incur in discharge of his duties as Mentor.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, matters and things as may be required/necessary to give effect to the above resolution."

9. To consider and if thought fit to 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), the Cost Auditors appointed by the Board of Directors of the Company, be and is hereby approved to conduct audit of cost records of the Company for the financial year ending 31st March, 2019, for remuneration as set out in the explanatory statement annexed hereto".

10. To consider and if thought fit to pass, with or without modification(s), the following resolution as Special Resolution:

"RESOLVED THAT pursuant to acceptance by SEBI of Kotak Committee Recommendations in the Board Meeting held on 28th March, 2018 and other applicable provisions, if any, of the Companies Act, 2013 and rules and regulations thereof (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), 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 B.K. Agarwal (DIN 00001085), who has attained the age of 75 (Seventy- Five) years as on August 23, 2017 upto the expiry of his present term of office as on September 18, 2020, duly approved by the shareholders through an ordinary resolution passed at the Annual General Meeting held on September 19, 2015.

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

11. To consider and if thought fit to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Section 20 (2) and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder, the consent of the Company be and is hereby accorded to charge from a member in advance, a sum equivalent to the estimated actual expenses for delivery of the document(s) through a particular mode upon receipt of such request from a member;

RESOLVED FURTHER THAT the estimated fees for delivery of the document(s) shall be paid atleast one week in advance to the Company, before dispatch of such document(s);

FURTHER RESOLVED THAT for the purpose of giving effect to this resolution, the Company Secretary of the Company be and is hereby authorized to do all such acts, deeds, matters and things as he may in his absolute discretion deem necessary, proper, desirable or expedient and to settle any question, difficulty, or doubt that may arise in respect of the matter aforesaid, including determination of the estimated fees for delivery of the document to be paid in advance."

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

Place: Mumbai
Date: May 07, 2018

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

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

NOTES:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. A person can act as a proxy on behalf of Members not exceeding fifty in number and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as a proxy and such person shall not act as proxy for any other person or member.

2. Proxies, in order to be effective, should fill in attached proxy form duly completed, stamped and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

3. The Register of Members & Share Transfer Books of the Company will be closed from Saturday, August 25, 2018 to Friday, August 31, 2018 (both days inclusive) for the purpose of preference dividend and Annual General Meeting of the Company.

4. Dividend on Preference (Series I & II), if declared, shall be payable to those members, whose name appear in Register of Members as on August 24, 2018.

   a. As beneficial owners at the end of business hours on August 24, 2018 as per the lists to be furnished by Depositories in respect of the shares held in electronic form,

   b. As members in the Register of Members of the Company after giving effect to valid transfers in physical form lodged with the Company on or before August 24, 2018.

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

5. The relevant Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, setting out material facts in respect of items 5 to 11 are annexed and forms part of this notice.

6. Members are requested to notify any change in their address immediately to the company.

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

8. Members are entitled to make nomination in respect of shares held by them in physical form. Members desirous of making nominations are requested to send their requests in Form SH-

13 which can be obtained from the Company's Registrar & Transfer Agents (RTA) M/s. Universal Capital Securities Pvt. Ltd.

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

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

11. Pursuant to the green initiatives by the Ministry of Corporate Affairs, the company proposes to send all documents to be sent to Members like notices of general meeting together with AGM, audited financial statements, directors report, auditors report etc. henceforth to the Members in electronic form, to those members who have made available either directly or through their DP their email addresses to receive the same in electronic form on their email addresses. Members may also download these documents from company's website www.dwarikesh.com. The physical copy of annual report will also be made available free of cost to the members on their written request. Members who have not given specific consent for receipt of these documents in electronic form hitherto are requested to register their email addresses by sending their details to their Depository participants or company or its RTA & also their consent by e-mail to investors@dwarikesh.com or by a written consent to Company's corporate office or to it's RTA.

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

13. Other Disclosures:

    Other Disclosures are given in corporate governance report.

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

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

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

15. A Member can opt for only one mode of voting i.e. either through e-voting or in physical form at AGM. If a Member casts his / her vote by both modes, then voting done through e-voting shall prevail and the vote by ballot shall be treated as invalid. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.dwarikesh.com and on the website of CDSL www.evotingindia.com in two days of the passing of the Resolutions at the 24th AGM of the Company and communicated to BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.

16. The Notice is being sent to all the Members, whose names appear on the Register of Members / List of Beneficial Owners as received from the Central Depository Services Limited (CDSL) as on 27th July, 2018.

    The instructions for members voting electronically are as under:

    (i) The voting period begins on 28th August, 2018 at 9.00 a.m. and ends on 30th August, 2018 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 24th August, 2018 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

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

(iii) Click on Shareholders / Members

(iv) Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID,

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(xix)Note for Non – Individual Shareholders and Custodians

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

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

ANNEXURE TO NOTICE

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

ITEM NO. 5 & 6

Due to resignation of Shri G R Morarka from the post of Managing Director of the Company and in order to fill up the casual vacancy, Nomination and Remuneration Committee and Board of Directors in its meeting held on 07th May, 2018 has recommended appointment of both Shri V S Banka and Shri B J Maheshwari as Managing Director & CFO and Managing Director & Company Secretary cum Chief Compliance Officer (CCO) of the Company respectively. However, Shri V S Banka's appointment as CFO shall be in force till the time the Board finds any suitable candidature for the post of CFO. The Board and Committee are of the view that both the nominated person hold expertise and special skills to manage the Company in the position of Managing Director of the Company and thus they are basically re-designated as follows:

Shri V S Banka from Whole time Director and CFO to Managing Director and CFO.

Shri B J Maheshwari from Whole Time Director and CS to Managing Director & CS cum CCO.

They shall be appointed on the basis of the terms, conditions and remuneration of their earlier appointment.

Shri V S Banka and Shri B J Maheshwari, to whom the resolution relates, are interested or concerned in the resolution.

The Board recommends the resolution set forth in Item No. 5 & 6 for the approval of members.

ITEM NO. 7

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 19th January, 2018 had approved revision in remuneration of Ms. Priyanka G Morarka as Vice President (Corporate Affairs) from ₹1,98,400 p.m to ₹2,48,400 p.m with effect from January 1, 2018, subject to approval of the Shareholders by way of an Ordinary Resolution.

The details of the revised remuneration payable to Ms. Priyanka G Morarka is as below:

Particular	Ms Priyanka Morarka (₹ p.m.)
Basic Salary	120000
Personal Pay	108940
Company's contribution to PF & FPS	14400
Conveyance allowance	1600
Helper allowance	3500
Total	248440

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 ₹3,50,000 p.m from such date as may be decided by the Committee or Board of Directors.

As per section 188(1) (f) of the Companies Act, 2013, your Directors recommends the resolutions for your approval.

Except Shri G R Morarka, no Director or Key Managerial Personnel is interested or concerned in the resolution.

ITEM NO. 8

Shri G R Morarka has been associated with company right from its genesis as a Managing Director and rose to become the longest serving Chairman & Managing Director. He stepped down from the position of Chairman & Managing Director and as Director from the Board of the Company on April 18, 2018.

Under Shri G R Morarka's leadership, the Company transformed into the fastest growing, highest value creating entity by establishing long standing relationships across its wide spectrum of stakeholders with a reputation for trust, ethical standards and a passion for growth. The Company is now globally recognized in the sugar sector and is also a well-known brand amongst millions of Indian farmers.

The members of the Board in its Meeting held on May 7, 2018 placed on record the appreciation for the leadership and the valuable contribution made by Shri G R Morarka during his association with the Company. At the unanimous request of the Company's Board of Directors, Shri G R Morarka accepted to be designated as Mentor and continue his invaluable association with the Company.

Owing to his deep business insight, relationships with global majors, involvement in policy making and key positions that he holds in various Industry forums, the Company is keen on availing his services. Accordingly, the Board has requested him to act as an advisor and mentor to guide the Company in future course of action to which Shri G R Morarka agreed.

The scope of the advisory services to be provided by Shri G R Morarka shall include advising the Board and the Management with broad strategic aspects of the business, supporting in establishing and enabling relationships with external forums like industry chambers, institutions, government and other agencies on policy matters and in brand and image building of the Company apart from advising the Company's board on any other areas that the Board/ Management may seek his advice.

The Board in its meeting held on May 07, 2018, has approved the proposal for appointment of Shri G R Morarka, as a Mentor of the Company, subject to the approval of the members.

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.

The Board recommends the same to the members for their approval by means of an Ordinary 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 31st March, 2019 at a remuneration of ₹1,38,000/- 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 31st March, 2019.

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.

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

ITEM NO. 10

The Shareholders of the Company at the 21st Annual General Meeting held on 19th September, 2015 approved appointment of Shri B. K. Agarwal as an Non-Executive Independent Director of the Company for a period of five years through an Ordinary Resolution under the relevant provisions of the Companies Act, 2013.

Shri B. K. Agarwal, Independent Director has attained the age of 75 years during August, 2017. In view of the acceptance by SEBI of Kotak Committee Recommendation in the Board Meeting held on 28th 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 term of appointment till September 18, 2020 under the provisions of Section 149 of the Companies Act, 2013.

The Board has recommended the following resolution for members' approval.

Except Shri B. K. Agarwal (the appointee), none of the other Directors or key managerial personnel of the Company or their relatives are concerned or interested, financially or otherwise in Resolution No. 10.

ITEM NO. 11

As per the provisions of Section 20 of the Companies Act, 2013 a document may be served on any member by sending it to him by post or by Registered post or by Speed post or by Courier or by delivering at his office address or by such electronic or other mode as may be prescribed. It further provides that a member can request for delivery of any document to him through a particular mode for which he shall pay such fees as may be determined by the Company in its General Meeting. Therefore, to enable the members to avail this facility, it is necessary for the Company to determine the fees to be charged for delivery of a document in a particular mode, as mentioned in the resolution.

Since the Companies Act, 2013 requires the fees to be determined in the General Meeting, the Directors accordingly commend the Ordinary Resolution at Item no 11 of the accompanying notice, for the approval of the members of the Company.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 11

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
Date of Birth	May 2, 1960
Nationality	Indian
Director since	May 1, 2009
Qualifications	Chartered Accountant & Company Secretary
Experience & Expertise	He has, being CA and CS, 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: Legal, Taxation, Secretarial And Administrative matters
Shareholding of Directors in company	Nil
Directorship held in other public companies excluding foreign and private companies	Dwarikesh Agriculture Research Institute Morarka Finance Limited Dwarikesh Informatics Limited Faridpur Sugars Limited
Chairmanship / Memberships of committees*	Chairmanship: (1) Membership: (1)
Relationship between Directors inter-se	Nil

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

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

Place: Mumbai
Date: May 07, 2018

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

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

Directors' Report

Dear members

Your Directors take pleasure in presenting their 24th (Twenty Fourth) Annual Report together with the audited accounts for the year ended 31st March, 2018.

FINANCIAL RESULTS

₹ in Lakhs

Particulars	Year Ended 31.03.2018	Year Ended 31.03.2017
Gross profit before depreciation, interest & tax	15,997.16	28,792.12
Less: Depreciation	3,250.37	2,994.18
Finance Costs	2,531.14	5,249.76
Profit / (Loss) before tax and exceptional items	10,215.65	20,548.18
Add : Exceptional income (Net of taxes)	---	322.71
Profit / (Loss) before tax	10,215.65	20,870.89
Tax expenses	70.90	5,260.41
Profit /(Loss) after tax	10,144.75	15,610.48
Total comprehensive income / (loss)	10,246.64	15,524.14

DIVIDEND

Dividend of ₹1,60,57,660 (including dividend distribution tax) is recommended to be paid for the Cumulative Redeemable Preference Shares (Series I & II) in respect of the financial year 2017-18.

In view of the rapid & unexpected fall in sugar prices in the last few months resulting in near term uncertainties being faced by the sugar industry and in view of the Company's avowed policy of protecting long term interest of the shareholders, the Directors have deemed it prudent to plough back the profits and therefore not recommended payment of any equity dividend for the financial year 2017-18.

TRANSFER TO RESERVES

During the year under review, no amount has been transferred to reserves.

YEAR IN RETROSPECT

Operations:

Distinguishing features of the crushing operations in your company are given below:

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

(FY 2017-18 (From 01.04.2017 to 31.03.2018), includes a small part of season 2016-17 and a major part of season 2017-18)

Particulars	2017-18	2016-17	% Change
Crushing (Lakhs/Quintals) – total at all three units	323.81	260.74	24.19
Recovery % (Combined)	11.84	11.71	
Production (Lakhs/Quintals) – total at all three units	38.33	30.34	26.33

Crushing season 2017-18 is yet not consummated. Comparison of season 2017-18 (up to 25th April, 2018) & full season 2016-17 is as below:

Particulars	2017-18	2016-17
Crushing (Lakh/Quintals) – total at all three units	337.28	283.40
Recovery % (Combined)	11.90	11.78
Production (Lakh/Quintals) – total at all three units	39.81	33.33

Highlights- FY 2017-18

- Sugarcane crushing up by 24.19%.
- Small increase in recovery by 0.13% (from 11.71% to 11.84%)
- Sugar production up by an impressive 26.33%
- Higher yield across Uttar Pradesh resulted in higher sugarcane availability.
- Impressive recoveries on account of superior varietal mix, with increasing thrust on early maturing varieties such as Co 0238. Impressive recovery in spite of early start of the crushing season.
- During the ongoing season of 2017-18 both DP & DD units are poised to clock the highest ever recovery. Group recovery highest in North India during season 2016-17 and among the highest till 15th April, 2018 during the ongoing season.

Performance of cogeneration division: Metrics of power sold:

Unit	2017-18 (01.04.2017 to 31.03.2018)		2016-17 (01.04.2016 to 31.03.2017)	
	Power sold in lakhs units	Amount in ₹ Lakhs	Power sold in lakhs units	Amount in ₹ Lakhs
DN	308.19	1,470	278.66	1,273
DP	682.62	3,283	561.30	2,868
DD	946.51	4,553	745.84	3,811
Total	1,937.32	9,306	1,585.80	7,952

During the ongoing season 2017-18 (up to 30th April, 2018), value of power evacuated to the power grid is ₹94.96 crores (19.63 crore units)

Performance of Distillery:

During the year 86.90 lakh liters of industrial alcohol (previous period 79.65 lakh liters)was produced and 64.06 lakh liters of the same amounting to ₹24.91 crores (previous period 82.10 lakh liters amounting ₹33.49 crores) was sold at Dwarikesh Nagar unit of the Company.

SUGAR INDUSTRY – YEAR AT A GLANCE.

Global perspective

- A bumper cane crop across most sugar producing countries coupled with moderate consumption growth in the regions translated into a global sweetener glut in the sugar season 2017-18. Even as the latest and precise estimates are awaited, the most recent International Sugar Organization's global production estimate indicates a 180 million tons-plus, the highest global output. There is every possibility that production could be higher, leading to an output surplus of almost 10 million tons. This record output was the result of India, Brazil and Thailand reporting hefty production increases. India was a large contributor to this reality as sugar production exceeded consumption by a vast estimate.
- Raw sugar prices had reached the lowest since 2008 - around 10.50 cents per pound in 2015 but thereafter rebounded and traded between 22 and 23 cents per pound in September 2016. However, this rally was short-lived; sugar prices crashed to between 11 and 12 cents per pound. Correspondingly, the London White variety that hovered around 540 USD PMT in September 2016 declined to 325 USD PMT.

India story

- India's production was 20.3 million tons during 2016-17; in sugar season 2017-18, this is expected to cross 31.5 million tons following several upwards revisions. The sugar output in Maharashtra rebounded from 4.2 million tons in season 2016-17 to 10 million tons-plus; Uttar Pradesh, which had reported an impressive 8.8 million tons production, coupled with a recovery of 10.62% in season 2016-17, now reported a projected production in excess of 11.5 million tons in season 2017-18. This rebound was largely the result of remunerative cane prices inspiring a large allocation of farm area at a time when other crops delivered weak returns. In addition to larger farm space, most producers reported superior yields. The result was that virtually every single sugar producing state in India delivered its highest sugar production during the 2017-18 season.

- With sugar production being unprecedented and consumption virtually stagnant across India, the result was a substantial glut. Sugar companies that were attractively profitable as recent as only a couple of years ago, now address a grim near-term outlook. The glut translated into a meltdown in sugar realizations: prices of above ₹3,700 per quintal in late December 2017 crashed by nearly ₹800 to ₹900 per quintal in the space of a couple of months, stretching sectoral financials. Even as the country's sugar production crossed 30 MT, a number of serious and committed sugar mills continued to crush cane into the summer at low recoveries that threatened their viability even further.
- The cyclicality of the Indian sugar industry was aggravated by the decision of the government to influence cane costs and preventing free market forces from finding their own level. The sustained increase in raw material costs dictated by the government had a disproportionate impact on production, which in turn had a sensitive influence in market realizations.
- The outlook for season 2018-19 appears challenged: the country faces its second successive bumper production season based on cane initial planting indicators. The second successive year of record output indicates that sugar realizations could stay considerably subdued, threatening sectoral viability and the ability of sugar mills to remunerate cane farmers on schedule. The Central Government and State Government addressed this sharp and sudden decline in sugar prices through a series of initiatives. The Central Government introduced reverse stock holding limits, raised import duty to 100% and abolished sugar export duty to arrest the price decline, which at best had a fleeting impact as the production proved way too large to absorb.
- The Central Government ordered compulsory export of 2 MTs of sugar under the MIEQ scheme. The Central Government has also announced granting a financial assistance of ₹5.50 per quintal of cane crushed to enhance the ability of sugar mills to clear their sugarcane dues. A higher production estimate, estimated year-end stock of more than 10.5 MTs (without considering exports) and evacuation of 2 MTs of sugar appear unlikely to strengthen weak sugar realizations.
- The Central Government strengthened the sugar ancillary business of ethanol manufacture. The ethanol procurement price was increased from ₹39 per liter to ₹40.85 per liter and there is an expectation of a second ethanol price increase coupled with a reduction in GST rate that could strengthen prospects for this business segment.
- Given the prevailing sectoral reality, sugar cane arrears crossed ₹10,000 crores in Uttar Pradesh and around ₹20,000 crores across the country by end-April 2018, with every fear that the eventual number would be considerably higher.

Uttar Pradesh report card

- The SAP for season 2017-18 as announced by the government was higher by ₹10 per quintal vis-à-vis season 2016-17. SAP for the general variety was ₹315 per quintal, the early variety ₹325 per quintal and for the rejected variety ₹310 per quintal. Society commission was pegged at 2% of the FRP, or ₹5.10 per quintal.
- Even as the SAP increase for the sugar season 2017-18 was only 3%, even this proved excessive at a time of declining sugar prices. The arbitrary SAP announced in the earlier years has affected the delicate sectoral balance. Encouraged by the prospect of reporting higher incomes, farmers planted more sugarcane than ever. The farmers thereafter reported superior cane yield through the sowing of Co 0238 in Uttar Pradesh. The combination of these realities translated into record cane and sugar output in Uttar Pradesh, aggravating the national excess.
- Even as the decline in sugar prices was not enough, the industry suffered a near-100% collapse in molasses prices. The result is that through much of the sugar season under review, molasses was disbursed virtually free and many sugar mills offered to bear transportation costs to deliver molasses to buyers. This decline in the price of molasses from ₹400 per quintal in the previous year aggravated sectoral profitability. Besides, the higher cost of transporting molasses made 'export' to southern states unviable.
- The Uttar Pradesh sugar industry, which had posted a positive turnaround in early 2016 is now at a crossroads. Sugar prices have dropped by more than ₹800 per quintal in the space of just a few months, even as Central and State Governments have initiated a series of measures to reverse market sentiment. However, there is a general feeling that Government measures may not be adequate in the face of the staggering production estimates. The Uttar Pradesh sugar industry has also appealed to the State Government to grant subsidies, which could be directly paid to farmers in lieu of their cane dues.
- The reality is that most Indian sugar mills do not possess adequate bank limits to address cane purchases or payments while the stronger mills are seeing an erosion in working capital mobilization capability following a continuous decline in sugar realizations. This augurs challenging times for the industry and the prospect is that only the integrated and highly efficient among the country's sugar mills will be in a position to weather the impact of the downtrend.

- The reassuring news though is that the Governments (both Central & State) are abreast and well-informed of the crisis engulfing the industry and are keen to ensure viability of the industry such that interests of all stakeholders is not endangered. A series of measures have already been initiated with prospects of more announcements very soon so that industry bounces back to robust health

Your company has been clocking the impressive recovery, season after season and is considered to be among the most efficient sugar producer across the Nation. Process losses recorded at its plants are also among the lowest in the industry. Your company is also largely long-term debt free having done accelerated prepayment of its debts. With such inherent strengths your company is better equipped to deal with the adversities and when the tide turns will obviously be advantageously placed.

Dwarikesh - Financial Scorecard:

Particular	2017-18		2016-17	
	Lakhs	%	Lakhs	%
Gross revenue	145,828		125,610	
less: Excise duty	2,833		6,570	
Net revenue (from operations)	142,995	100.00%	119,040	100.00%
EBIDTA	15,997	11.19%	29,115	24.46%
EBDTA	13,466	9.42%	23,865	20.05%
EBT	10,216	7.14%	20,871	17.53%
EAT	10,145	7.09%	15,610	13.11%
Total comprehensive income	10,247	7.17%	15,524	13.04%

**Exceptional income of Nil (Previous year ₹323 Lakhs) is added to EBIDTA and EBDTA*

- EBDITA, during FY 2017-18 both in absolute numbers and in % terms has declined as compared to the EBIDTA during previous period. Margin of EBIDTA is 11.19% vis- à-vis margin of 24.46% in the previous year. In absolute numbers the EBIDTA amount is ₹15,997 lakhs as compared to EBIDTA amount of ₹29,115 lakhs in the previous FY. While power & distillery segments have clocked better EBIDTA, the sugar segment has reported lesser EBIDTA mainly on account of unexpected & steep fall in the price of sugar during the latter part of the FY 2017-18.
- During the year under review your company earned EBDTA of ₹13,466 lakhs as compared to ₹23,865 lakhs earned in the previous FY.
- Earning before tax when viewed in conjunction with that of the previous FY has also declined.
- Earnings after tax is ₹10,145 lakhs. In % the same is 7.09% of the net revenue

Main reasons for the decline in profitability are:

- Steep & unexpected fall in price of sugar post January, 2018. All initial estimates of production of sugar have gone haywire and the country is poised to now produce record quantity of sugar creating a glut like situation. Sugar prices have crashed from a high of ₹3,700 per quintal during late 2017 to ₹2,700 per quintal now, an unprecedented decline.
- Higher than estimated production (far in excess of estimated consumption) has created structural imbalances. With no parity with global prices, the possibility of exports is bleak unless the same is supported by the Government by way of some financial assistance.
- The company started its crushing operations early and is on the threshold of crushing record quantity of sugarcane and producing record quantity of sugar. However the industry is unable to reap the benefits of economies of scale as the sugar prices are on downward spiral. The working of power segment though is satisfactory, as commensurate with the higher crushing the Company has been able to evacuate more power to the state grid.
- Your company continues to maintain loftiest standards of efficiencies and has been relentless in its pursuit to clock the best possible recoveries. Process losses recorded at its plants are also among the lowest in the industry. While macro factors such as sugar prices etc. are beyond the realm of company's control,

company has kept a tight leash on its costs and is minimizing the collateral damage by being a cost efficient sugar producer in the country.

- Your company is relentlessly making efforts to trim its debt profile and reduce its long-term debt burden with a view to keep the interest cost under control. Not only has the company been able to reduce its long term debt with some aggressive and accelerated debt repayment program, the company has 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) been accorded the highest rating of A1 + by ICRA. The company has been able to substantially reduce its finance cost during the FY 2017-18.

CANE & SUGAR POLICY

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

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

b) The Fair & Remunerative Price (FRP) for the crushing season 2016- 17 was ₹230 per quintal which has been increased to ₹255 per quintal for 2017-18, where both are linked to recovery @ 9.50%.

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

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

* Linked to recovery of 8.50%

& Linked to recovery of 9%

@Linked to recovery of 9.50%

d) The Company is required to pay State Administered Price (SAP) for the crushing season 2017-18, the State Government of Uttar Pradesh announced SAP of ₹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

No Material changes have occurred subsequent to the close of the financial year of the Company to which the balance sheet relates and the date of the report.

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

The Company has adequate internal financial control in place. The Company has got robust systems in place to ensure prepayment audits of transactions, concurrent internal audit of all transactions of various segments of activities of the company.

SHARE CAPITAL

During the year under review, Company had split shares in the ratio of 1:10 (i.e 10 equity shares of ₹1 each for every one share of ₹10 held) and simultaneously reduced the nominal value of shares from ₹10 to ₹1. As a result of which the equity share capital of the company remains the same.

The Company redeemed 10,00,000 (Ten Lakhs) Cumulative Redeemable preference shares of ₹100 each (Series III) on 30th September, 2017.

The Company also redeemed 5,00,000 (Five Lakhs) Cumulative Redeemable preference shares of ₹100 each (Series IV) on 30th March, 2018.

EXTRACT OF THE ANNUAL RETURN

The extract of the annual return in Form No. MGT – 9 is annexed as **Annexure I**

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 www.dwarikesh.com. The annual report on our CSR activities is appended as **Annexure II** to the Board's report.

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

During the year under review, five Board Meetings were held.

VIGIL MECHANISM

The Company has adopted policy on Vigil Mechanism in the Board meeting held on May 9, 2014 so as to bring to the attention of the management, the concerns about behavior of employees that raise concerns including fraud by using the mechanism provided in the Whistle Blower Policy. The details of the said policy are included in the Corporate Governance Report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

No Loans, Guarantees or investments are made under Section 186 of the Act during the year.

PARTICULARS OF EMPLOYEES AND RELATED INFORMATION

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

PUBLIC DEPOSITS

The Company does not have any fixed deposits at the beginning of the year in terms of Section 74 of the Companies Act, 2013. The Company did not accept any deposits during the year.

RISK MANAGEMENT POLICY

The Company has Risk Management Committee 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 this Report.

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.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

Related party transactions that were entered during the financial year were on an arm's length basis and were in the ordinary course of business. 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 per Form AOC-2 is enclosed herewith and marked as **Annexure IV.**

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.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Changes in Directors and Key Managerial Personnel

Shri G R Morarka has resigned from the post of Managing Director w.e.f 18th April, 2018 owing to his health issues and has been advised by Doctors to take rest for few months. The Board has recorded its sincere appreciation for the valuable services rendered by him.

Shri B J Maheshwari, Director retiring by rotation and being eligible offers himself for re-appointment.

B. Declaration by an Independent Director(s) and re-appointment

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

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

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 the working of its Audit, Nomination & Remuneration 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

Directors/KMPs shall not acquire any disqualification and shall be persons of sound integrity and honesty, apart from knowledge, experience, etc. in their respective fields.

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

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 and loss of the company for that year;

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

CORPORATE GOVERNANCE

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

BOARD COMMITTEE

The Company has following mandatory Committees, viz,

1. Audit Committee

2. Stakeholders' Relationship Committee

3. Nomination and Remuneration Committee

4. Corporate Social Responsibility Committee

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

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

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

SUBSIDIARY COMPANY'S REPORT

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

AUDITORS & AUDITOR'S REPORT

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

A certificate from Statutory Auditors has been received to the effect that their appointment as Statutory Auditors of the Company, if ratified at ensuing Annual General Meeting, would be according to the terms and conditions prescribed under Section 139 of the Act and Rules thereunder.

The Auditors' Report for the financial year March, 2018 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.

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 as Cost Auditors to conduct cost audits relating to sugar, electricity and industrial alcohol for the year ended March 31, 2019.

The Cost Audit Report for the financial year March, 2017 did not contain any qualification, reservation, adverse remark or disclaimer. The Cost Audit Report for year end March, 2018 shall be made available by Cost Auditors on or before September 30, 2018.

SECRETARIAL AUDIT REPORT

A Secretarial Audit Report given by **M/s. VKM & Associates,** a company secretary in practice is received and annexed herewith as **Annexure VII**. There are no qualifications, reservation or adverse remarks or disclaimer in the Secretarial Audit Report.

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 organisation.

By Order of the Board
For **DWARIKESH SUGAR INDUSTRIES LIMITED**

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

Place: Mumbai
Dated: May 7, 2018

ANNEXURE - I

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2018

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

I. Registration & Other Details:

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

II. Principal Business Activities of the Company

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

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

III. Particulars of Holding, Subsidiary and Associate Companies:

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

IV. Share Holding Pattern

(Equity Share Capital Breakup as percentage of Total Equity)

A) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31- March-2017]				No. of Shares held at the end of the year [As on 31-March-2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter's									
(1) Indian									
a) Individual/ HUF	30,99,344	–	30,99,344	16.46	3,09,93,440	–	3,09,93,440	16.46	–
b) Central Govt									
c) State Govt(s)									
d) Bodies Corp.	47,84,007	–	47,84,007	25.41	4,78,40,070	–	4,78,40,070	25.41	–

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31- March-2017]				No. of Shares held at the end of the year [As on 31-March-2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
e) Banks / FI									
f) Any other									
Total shareholding of Promoter (A)	**78,83,351**	**–**	**78,83,351**	**41.87**	**7,88,33,510**	**–**	**7,88,33,510**	**41.87**	**–**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	10,93,760	–	10,93,760	5.81	32,09,344	–	32,09,344	1.70	(4.11)
b) Banks / FI	43,159	–	43,159	0.23	8,31,722	–	8,31,722	0.44	0.21
c) Central Govt	25,000	–	25,000	0.13	2,50,000	–	2,50,000	0.13	–
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies	40,000	–	40,000	0.21	–	–	–	–	–
g) FIIs	4,10,648	–	4,10,648	2.18	1,06,16,866	–	1,06,16,866	5.64	3.46
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1):-	**16,12,567**	**–**	**16,12,567**	**8.56**	**1,49,07,932**	**–**	**1,49,07,932**	**7.91**	**(0.65)**
2. Non-Institutions									
a) Bodies Corp.	3,82,500	–	3,82,500	2.03	1,05,80,025	–	1,05,80,025	5.62	3.59
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹1 lakh	33,15,875	–	33,15,875	17.61	4,10,72,989	–	4,10,72,989	21.81	4.2
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	27,85,513	–	27,85,513	14.79	2,41,18,102	–	2,41,18,102	12.80	(1..99)
c) Others (specify)	2,47,840	–	2,47,840	1.32	1,25,41,019	–	1,25,41,019	1.59	0.27
Non Resident Indians	2,02,805	–	2,02,805	1.08	30,26,671	–	30,26,671	1.61	0.53
Overseas Corporate Bodies	25,40,905	–	25,40,905	13.49	–	–	–	–	(13.49)
Foreign Nationals									
Clearing Members	2,31,959	–	2,31,959	1.23	30,43,322	–	30,43,322	1.62	0.39
Trusts / LLPs	9,332	–	9,332	0.05	1,77,900	–	1,77,900	0.09	0.04
Foreign Bodies - D R									
Sub-total (B)(2):-	**32,32,841**	**–**	**32,32,841**	**17.17**	**9,45,60,028**	**–**	**9,45,60,028**	**50.22**	**33.05**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**1,09,46,796**	**–**	**1,09,46,796**	**58.13**	**10,94,67,960**	**–**	**10,94,67,960**	**58.13**	**–**
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	**1,88,30,147**	**–**	**1,88,30,147**	**100**	**18,83,01,470**	**–**	**18,83,01,470**	**100**	**–**

B) Shareholding of Promoter-

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	Gautam R Morarka	28,26,659	15.01	–	2,82,66,590	15.01	–	–
2	Pranay Gautam Morarka	1,24,971	0.66	–	12,49,710	0.66	–	–
3	Priyanka G Morarka	51,236	0.27	–	5,12,360	0.27	–	–
4	S G Morarka	90,178	0.48	–	9,01,780	0.48	–	–
5	Dwarikesh Trading Co.Ltd	26,24,889	13.94	–	2,62,48,890	13.94	–	–
6	Morarka Finance Limited	21,59,118	11.47	–	2,15,91,180	11.47	–	–
7	Gautam Morarka- Karta – C/o Gautam R Morarka HUF	6,300	0.03	–	63,000	0.03	–	–

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

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

D) Shareholding Pattern of top ten Shareholders:
(Other than Directors, Promoters and Holders of GDRs and ADRs):

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Indianivesh Capitals Limited	3,82,500	2.03	94,28,441	5.01
2.	Anil Kumar Goel	3,66,000	1.94	78,20,000	4.15
3.	Morgan Stanley (France) S.A	--	--	56,82,545	3.02
4.	DSP Blackrock Small Cap Fund	--	--	32,09,344	1.70
5.	Seema Goel	1,20,000	0.64	37,20,000	1.60
6.	Dolly Khanna	2,74,371	1.46	21,81,896	1.16
7.	Premier Credit Capital Ltd	1,75,389	0.93	17,53,890	0.93
8.	Stichting Depositary APG Emerging Markets Equity Pool	--	--	14,29,489	0.76
9.	IL And FS Securities Services Limited	28,366	0.15	12,84,196	0.68
10.	Finquest Securities Pvt Ltd	--	--	10,66,000	0.57

E) Shareholding of Directors and Key Managerial Personnel:

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year (01/04/2017)		Shareholding at the end of the year (31/03/2018)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Gautam R Morarka	28,26,659	15.01	2,82,66,590	15.01
	B J Maheshwari	–	–	–	–
	Vijay S Banka	–	–	–	–

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

Particulars of Remuneration	Secured Loans excluding deposits	*Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year as on April 1, 2017				
i) Principal Amount	5,03,20,94,980	31,12,57,486	–	5,34,33,52,466
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	93,49,563	–	–	93,49,563
Total (i+ii+iii)	**5,04,14,44,543**	**31,12,57,486**	**–**	**5,35,27,02,029**
Change in Indebtedness during the financial year				
* Addition	–	–	–	–
* Reduction	1,76,90,69,135	15,01,31,275	–	1,91,92,00,410
Net Change	**(1,76,90,69,135)**	**(15,01,31,275)**	**–**	**(1,91,92,00,410)**
Indebtedness at the end of the financial year as on 31st March,2018				
i) Principal Amount	**3,26,30,25,845**	**16,11,26,211**	**–**	3,42,41,52,056
ii) Interest due but not paid	**–**	**–**	**–**	–
iii) Interest accrued but not due	**29,58,115**	**–**	**–**	29,58,115
Total (i+ii+iii)	**3,26,59,83,960**	**16,11,26,211**	**–**	**3,42,71,10,171**

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

VI. Remuneration of Directors and Key Managerial Personnel

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

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		Shri G R Morarka	Shri V S Banka	Shri B J Maheshwari	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2,62,00,000	1,09,66,012	1,10,04,376	4,81,70,388
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	11,52,000	3,13,632	3,13,632	17,79,264
	(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-5%	2,26,48,000			2,26,48,000
5	Others, please specify				
	Total (A)	**5,00,00,000**	**1,12,79,644**	**1,13,18,008**	**7,25,97,652**
	Ceiling as per the Act				10,94,00,000

* The remuneration of Shri G R Morarka is capped at ₹5 crores.

B. Remuneration to other Directors

SN.	Particulars of Remuneration	Name of Directors			Total Amount
		₹			₹
1	Independent Directors	Shri B K Agarwal	Shri K N Prithviraj	Ms. Nina Chatrath	
	Fee for attending board committee meetings	2,45,000	2,35,000	2,60,000	7,40,000
	Commission				
	Others, please specify				
	Total (1)	2,45,000	2,35,000	2,60,000	7,40,000
2	Other Non-Executive Directors	Not Applicable			
	Fee for attending board committee meetings				
	Commission				
	Others, (Salaries, allowances, Bonus, Leave encashment, Co's contribution to EPF)				
	Total (2)				
	Total =(1+2)	2,45,000	2,35,000	2,60,000	7,40,000
	Total Managerial Remuneration	2,45,000	2,35,000	2,60,000	7,40,000
	Overall Ceiling as per the Act				

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

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

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

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

VII. Penalties / Punishment/ Compounding of Offences:

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

By Order of the Board

For **DWARIKESH SUGAR INDUSTRIES LIMITED**

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

Vijay S Banka
Managing Director & CFO
(DIN - 00963355)

Place: Mumbai
Dated: May 7, 2018

ANNEXURE - II

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITIES (CSR) ACTIVITIES

1. **A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:**
   The Board of Directors (Board) adopted the CSR Policy on May 09, 2014 which is available on the Company's website. The company has been doing innumerable works for social cause in the sphere of education, health and other charitable activities even before this clause had come into force. The vision is to empower the community through socio-economic development of under-privileged and weaker sections.

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

   * ceased to be member of the Committee from 18th April, 2018

3. **Average net profit of the company for last three financial years:** ₹7598.22 lakhs

4. **Prescribed expenditure (two percent of the amount as in item 3 above):** ₹151.96 lakhs

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

(a) Total amount to be spent for the financial year- ₹151.96 lakhs
(b) Amount spent, if any: ₹295.89 lakhs
(c) Manner in which the amount spent during the financial year is detailed below:

S. N	CSR project or activity identified	Sector in which the Project is covered	Projects or Programs 1. Local area or other 2. Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programswise	Amount spent on the projects Or programs Sub - heads: 1. Direct expenditure on projects or programs 2. Overheads:	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through implementing agency
1.	Promoting Education	Promoting education, employment, vocational skills in children, women, elderly and disabled persons and livelihood enhancement projects	Local area-Bijnor, Uttar Pradesh		2,53,49,626	2,53,49,626	Refer Note. 2
2	Promoting Education	promoting education, employment, vocational skills in children, women, elderly and disabled persons and livelihood enhancement projects	Jhunjhunu, Rajasthan		42,38,855	42,38,855	Refer Note. 2
			Total		2,95,88,481	2,95,88,481	

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

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

On behalf of the Board of Director

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

Vijay S Banka
Managing Director & CFO
(DIN - 00963355)

ANNEXURE - III

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

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

Name of Director	Designation	Ratio to median employees remuneration
Shri G R Morarka	Managing Director	140.29:1
Shri Vijay S Banka	Whole Time Director & CFO	30.71:1
Shri B J Maheshwari	Whole Time Director & CS cum CCO	30.81:1
Shri B K Agarwal	Independent Director	0.69:1
Shri K N Prithviraj	Independent Director	0.66:1
Ms. Nina Chatrath	Independent Director	0.73:1

a) Percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer and Company Secretary in the financial year 2017-18:

Name of Director	Designation	Percentage increase/(decrease) in remuneration
Shri G R Morarka	Managing Director	(54)%*
Shri Vijay S Banka	Whole Time Director & CFO	35%
Shri B J Maheshwari	Whole Time Director & CS cum CCO	35%

* Remuneration payable to Shri G R Morarka is capped at ₹5 crores pursuant to his request & as approved by the Board.

b) Percentage increase in median remuneration of employee in the financial year 2017-18:

There is increase of 2.98% in median remuneration of employee during the current accounting year of 12 months over the previous accounting period consisting of 12 months. The increase looks marginal on account of various reasons such as induction of new employees, confirmation of employees from wage board to management grade etc.

c) Permanent employees

As on 31st March, 2018, the Company has on its payroll 640 permanent employees excluding seasonal employees.

d) Affirmation that the remuneration is as per the remuneration policy of the company.

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

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

- If employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than One crore & twenty lakh rupees; **1 (Shri G R Morarka, Managing Director)**.
- 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: **NIL.**
- If employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company: **NIL**

B. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration: **There is increase of 7% to 10% in average amongst employees & mix increase in managerial remuneration as mentioned in table under item b above. The increase in managerial remuneration is commensurate with the increase in peer groups as well as considering the efforts, time, skill put in by Whole Time Directors.**

C. Details of remuneration with break-up of components paid to Managing Director, Whole Time Director, terms of appointment are stated in Corporate Governance Report.

On behalf of the Board of Director

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

ANNEXURE - IV

FORM NO. AOC-2

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

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

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

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

(a)	Name(s) of the related party and nature of relationship	Moraka Finance Limited
(b)	Nature of contracts/arrangements/transactions	Lease of office premises
(c)	Duration of the contracts arrangements/transactions	Five years
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	For company's Mumbai based corporate office, the premises of related party – Morarka Finance is taken on Leave & Licence for five years, rent of ₹18,17,000/- paid for the year ended March 31, 2018 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 ₹35,18,000/- paid for the year ended March 31, 2018
(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 & Licence, rent of ₹26,59,000/- paid for the year ended March 31, 2018 with clause of increasing the same at an interval of 1 year.
(e)	Date(s) of approval by the Board, if any:	
(f)	Amount paid as advances, if any:	Nil

(a)	Name(s) of the related party and nature of relationship	Dwarikesh Trading Company Limited
(b)	Nature of contracts/arrangements/transactions	Lease of premises
(c)	Duration of the contracts arrangements/transactions	
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	Lease of Company's premises at Jorbagh, New Delhi to Dwarikesh Trading Company Ltd given on 99 years lease from June 1, 2011 at rent of ₹2,40,000/- p.a. received during the year ended March 31, 2018.
(e)	Date(s) of approval by the Board, if any:	
(f)	Amount paid as advances, if any:	Nil

(a)	Name(s) of the related party and nature of relationship	Dwarikesh Informatics Limited
(b)	Nature of contracts/arrangements/transactions	Website updates and maintenance
(c)	Duration of the contracts arrangements/transactions	
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	Company's website www.dwarikesh.com being maintained and updated with regular updates pertaining to company's operations and other shareholders information and regulatory updates at ₹37,52,000 for the year ended March 31, 2018.
(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 ₹26,29,000/- paid for the year ended March 31,2018
(e)	Date(s) of approval by the Board, if any:	
(f)	Amount paid as advances, if any:	Nil

(a)	Name(s) of the related party and nature of relationship	R R Morarka Charitable Trust
(b)	Nature of contracts/arrangements/transactions	Construction/Acquisition of Assets
(c)	Duration of the contracts arrangements/transactions	--
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	For construction/ acquisition of assets company has paid ₹2,50,04,000/- for the year ended 31st March, 2018
(e)	Date(s) of approval by the Board, if any:	
(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 & CFO
(DIN - 00963355)

ANNEXURE - V

Corporate Governance Report

Introduction: Corporate Governance is the mechanism by which the values, principles, management policies and procedures of a corporation are made manifest in the real world. Corporate Governance contemplates fairness, transparency, accountability and responsibility in the functioning of the management and the board of companies. Corporate Governance represents moral framework, the ethical framework and the value framework under which an enterprise takes decisions.

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Your company has implemented and continuously tries to improve the Corporate Governance Practices which 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 with 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 is given below:

2. BOARD OF DIRECTORS

Composition of Board of Directors and Category:

The current policy is to have an appropriate mix of executives and independent directors to maintain the independence of the Board. As on 31st March, 2018 the constitution of the Board was:

There are 6 Directors in the Company as on 31st March, 2018.

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	Managing Director	4	2	–	2,82,66,590
Shri B. K. Agarwal	Independent Non-Executive Director	–	–	–	–
Shri K. N. Prithviraj	Independent Non-Executive Director	5	-	–	–
Ms. Nina Chatrath	Independent Non-Executive Director	–	–	–	–
Shri B. J. Maheshwari	Whole Time Director	3	2	1	–
Shri Vijay S Banka	Whole Time Director	2	2	–	–

@ In accordance with SEBI (LODR) Regulations, 2015, 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 mandated by Regulation 26 of LODR Regulations, none of the directors are members of more than 10 Board level Committees nor are they chairman of more than five committees in which they are members.

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

During the period ended 31st March, 2018, 5 Board Meetings were held on: **May 18, 2017; June 02, 2017; August 10, 2017, November 11, 2017 & January 19, 2018.** 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 August19, 2017
Shri G.R. Morarka	5	Yes
Shri B. K. Agarwal	4	Yes
Shri B. J. Maheshwari	5	Yes
Shri Vijay S. Banka	4	Yes
Shri K. N. Prithviraj	5	No
Ms. Nina Chatrath	5	N.A.

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 familiarise them with their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc.

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

3. COMMITTEES OF BOARD

A. AUDIT COMMITTEE

Pursuant to Regulations 18 of SEBI (LODR) Regulations, 2015 and also pursuant to the provisions of Section 177 of the Companies Act, 2013, the Committee was constituted, initially to comprising of four directors; all of them are independent, non-executive and later expanded by addition of two Whole Time Directors. Out of these two Whole Time Directors, Shri B. J. Maheshwari has ceased to be a member of the Audit Committee w.e.f. August 12, 2011 and an Independent Director Shri B. K. Agarwal is inducted in the same meeting. Members of Audit Committee are eminent persons in their field. Shri K. N. Prithviraj acts as Chairman of the Audit Committee. 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:

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

b) to examine the financial statement and the auditor's report on it.

c) recommendation for appointment, remuneration and terms of appointment of auditors of the company

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

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

f) to scrutinize inter corporate loans and investments

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

h) to evaluate the internal financial controls and risk management system

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

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

Constitution of Audit Committee as on 31st March,2018 :

1.	Shri B K Agarwal	(Chairperson)	Independent Director
2.	Shri V S Banka	(Member)	Whole Time Director and CFO
3.	Shri K N Prithviraj	(Member)	Independent Director
4.	Ms. Nina Chatrath	(Member)	Independent Director

Meeting and Attendance

During the period ended March 31, 2018, 4 Audit Committee Meetings were held **May 18, 2017; August 10, 2017; November 11, 2017 & January 19, 2018**

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

B. NOMINATION AND REMUNERATION COMMITTEE

Besides Audit Committee, in terms of the Section 177 of the Companies Act, 2013, the Nomination & Remuneration Committee was formed on 22nd October, 2001 now comprising of three independent non-executive directors as members. Shri B. J. Maheshwari, the Company Secretary acts as the secretary to the Committee.

Terms of Reference:

The terms of reference of the Nomination and Remuneration Committee include:

- 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.

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 and names of members of the Nomination & Remuneration Committee as on 31st March, 2018:

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

The Chairman of the Nomination and Remuneration Committee is elected by its members from amongst themselves.

Meeting and Attendance

During the period ended 31st March, 2018, 3 Nomination and Remuneration committee meetings were held on: **May 18, 2017, August 10, 2017 & January 19, 2018.**

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

C. STAKEHOLDERS RELATIONSHIP COMMITTEE

The committee was constituted on 17th March, 2001 to look into the matters relating to redressal of Shareholders and Investors complaints such as transfer of shares, non-receipt of Balance Sheet, non-receipt of declared dividends etc. Shri B. K. Agarwal is Chairman of the committee & Shri B. J. Maheshwari – Company Secretary is designated as a Compliance officer.

Composition as on 31st March, 2018:

1.	Shri B. K. Agarwal	(Chairperson)	Non-executive Independent Director
2.	Shri Vijay S. Banka	(Member)	Whole Time Director
3.	Shri B. J. Maheshwari	(Member)	Whole Time Director
4.	Ms. Nina Chatrath	(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 Companies Act, 2013 and the rules made thereunder, Listing Agreements and the guidelines issued by SEBI or any other regulatory authority. Approval of the 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 period ended 31st March, 2018, 6 Stakeholder and Relationship committee meetings were held on **April 13, 2017, May 18, 2017, June 02, 2017, July 31, 2017, August 11, 2017 & January 19, 2018.**

Name of the Directors	No of meeting attended
Shri B. K. Agarwal	4
Shri Vijay S. Banka	5
Shri B. J. Maheshwari	6
Ms. Nina Chatrath	5

Complaints

During the period ended 31st March, 2018, there were no investor's complaints pending at the beginning of the period, however one complaint was received during the period which was timely disposed off to the satisfaction of shareholder.

D. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Committee was constituted under the provision of Section 135 of the Companies Act, 2013 and Listing Regulation, 2015 on 13th August, 2014 so as to assist the Board in discharge its social responsibilities by way of formulating and monitoring implementation of the framework of Corporate Social Responsibility policy as specified in Schedule VII of the Companies Act, 2013 and recommending the amount of expenditure to be incurred.

Composition:

1.	Shri B. K. Agarwal	(Chairperson)	Non-executive Independent Director
2.	Shri Vijay S. Banka	(Member)	Whole Time Director
3.	Shri B. J. Maheshwari	(Member)	Whole Time Director
4.	Shri G R Morarka	(Member)	Managing Director

Meeting and Attendance

During the period ended 31st March, 2018, 4 Corporate Social Responsibility committee meetings were held on **May 18, 2017, August 10, 2017, November 11, 2017 & January 19, 2018.**

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

4. REMUNERATION OF DIRECTORS

Remuneration to Directors:

Sitting fees @ ₹40,000 per meeting of Board of Directors of the Company (except Managing Director, Whole Time Directors) is paid for attending the meeting.

Shri G. R. Morarka is the Managing Director of the company. Shri B. J. Maheshwari and Shri Vijay S Banka are Whole Time Directors in the Company.

Details of the Directors' remuneration:

The details of the remuneration paid or provided to the directors of the company for the period ended 31st March, 2018 are provided below:

A. EXECUTIVE DIRECTORS:

1. Remuneration to Managing Director

Particulars	(₹ in lakhs)
Salary	220.00
Ex Gratia & Interim Bonus	NIL
Leave Encashment	42.00
Commission	226.48
Total	**488.48**
Company's Contribution to P.F. (exempted allowance)	11.52

2. Remuneration to other Whole time directors

Particulars	(₹ in lakhs)
Salary	168.62
Other Allowances	1.08
Leave Salary	NIL
Interim Bonus	50.00
Total	**219.70**
Company's Contribution to P.F. (exempted allowance)	6.27

1. The terms of office of executive directors are for 3 years from the date of their respective appointment/reappointment.
2. Notice period is NIL in case of Shri G. R. Morarka and 36 months each in cases of Shri B. J. Maheshwari and Shri V. S. Banka. No stock options have been granted to any directors nor pension is payable to them.
3. Severance fees is nil.

B. NON EXECUTIVE DIRECTORS:

₹ in Lakhs

Name of the Director	Sitting fees	Commission Payable	Total Payments paid / Payable in 2017 -18
Shri B. K. Agarwal	2.45	---	2.45
Shri K. N. Prithviraj	2.35	---	2.35
Ms. Nina Chatrath	2.60	---	2.60

Meeting of Independent Directors and Performance Evaluation:

A Meeting of Independent Directors was held during the year on January 19, 2018 to review the performance of Non-Independent Directors and the Board as whole, and the Managing Director of the Company taking into account the views of Executive Directors and Non-Executive Directors.

The Board of Directors has also undertaken an evaluation of its own performance and independent directors based on various parameters, relating to roles, responsibilities and obligation of Board, effectiveness of its functioning, contribution of Directors at its meeting etc. Such evaluation are presented to the Nomination and Remuneration Committee and the Board of Directors (as applicable).

Directors expressed their satisfaction with the evaluation process.

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
2013-15	19th September, 2015	Dwarikesh Nagar – 246 762 District : Bijnor, Uttar Pradesh	10.00 a.m.	AGM
2015-16	5th August, 2016	Dwarikesh Nagar – 246 762 District : Bijnor, Uttar Pradesh	10.00 a.m.	AGM
2016-17	August 19, 2017	Dwarikesh Nagar – 246 762 District : Bijnor, Uttar Pradesh	10.00 a.m.	AGM

Special resolutions passed in General Meetings during last 3 years:

Date		Particulars
19th September, 2015	a.	Approval of related party transaction with related party – Morarka Finance Limited for taking on rent the office premises
	b.	Re-appointment of Shri B J Maheshwari as a Whole Time Director & CS cum CCO
	c.	Re-appointment of Shri Vijay S Banka as a Whole Time Director & CFO
	d.	Approval for alteration of the capital clause of Memorandum of Association
	e.	Approval for alteration of the capital clause of Articles of Association
	f.	Approval for issue of cumulative redeemable preference shares
5th August, 2016	a.	Adoption of new Articles of Association
	b.	Approval for remuneration of Shri G R Morarka for two years.
	c.	Approval for amendment of capital clause.
	d.	Approval for preferential allotment of securities.
19th August, 2017	a.	Re-appointment & fixation of remuneration of Shri G. R. Morarka (DIN 00002078).
	b.	Re-appointment & fixation of remuneration of Shri B. J. Maheshwari (DIN 00002075).
	c.	Re-appointment & fixation of remuneration of Shri Vijay S Banka (DIN 00963355).

Details of Special Resolution Passed through Postal Ballot

No Special Resolution was passed through postal ballot for year ended 31st March, 2018 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 in English and 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 on the Company's website: (www.dwarikesh.com) within the time prescribed in this regard. The Company's website also displays the official news releases.

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

7. GENERAL SHAREHOLDER INFORMATION

Annual General Meeting	24th Annual General Meeting
Date, Time and Venue	Friday, August 31, 2018 at 12.30 p.m. at Dwarikesh Nagar – 246 762 District : Bijnor, Uttar Pradesh
Financial Calendar Particulars	

(April - March) (tentative and subject to change)	The financial year of the Company is from 1st April to 31st March every year
First Quarter Results	On or before 14th August, 2018
Second Quarter Results	On or before 14th November, 2018
Third Quarter Results	On or before 14th February, 2019
Last Quarter Results	On or before 30th May, 2019
Dates of Book Closure	Saturday, August 25, 2018 to Friday, August 31, 2018 (both days inclusive).
Dividend Payment Date	Will be paid within 30 days of AGM
Listing Details	BSE & NSE

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-KurlaComplex Bandra (E), Mumbai – 400 051	"DWARKESH"
International Securities Identification Number (ISIN)		INE366A01041

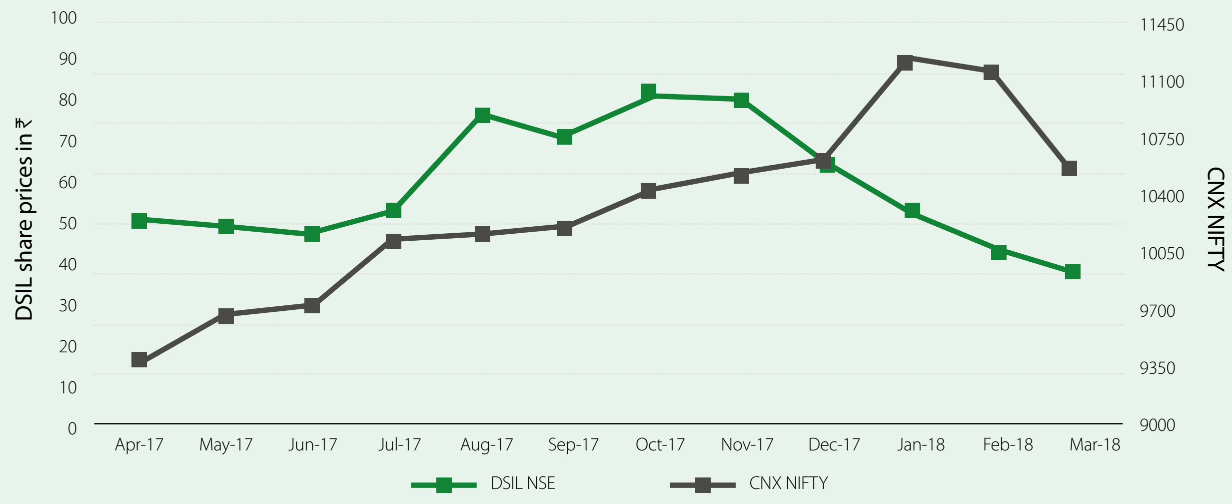
Payment of Listing Fees: Annual listing fee for the year 2018-19 (as applicable) has been paid by the Company to BSE & NSE.

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:

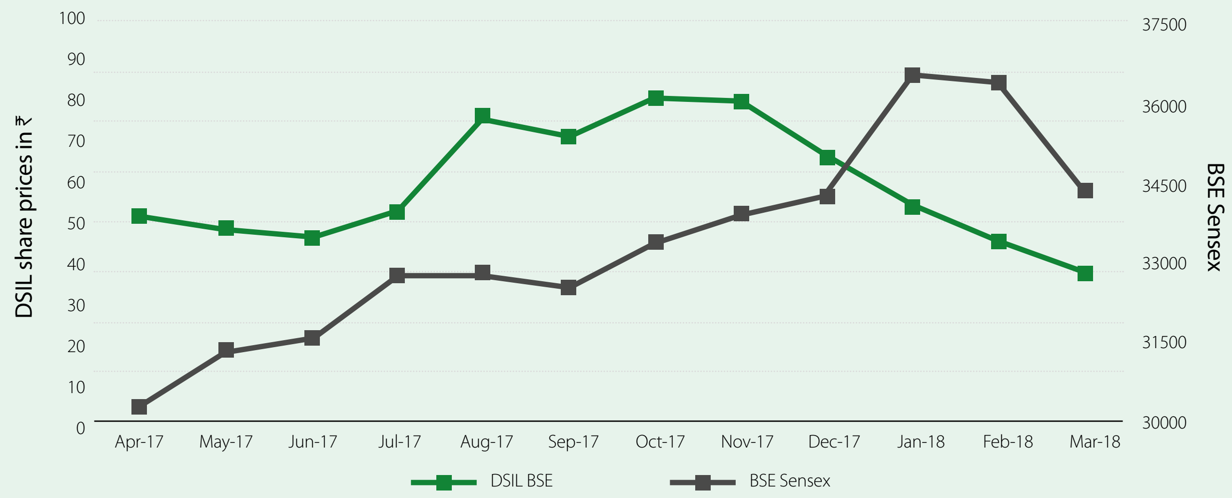
Month	NSE			BSE		
	High ₹	Low ₹	Total Volume Quantity No.	High ₹	Low ₹	Total Volume Quantity No.
Apr-17	504.90	441	53,25,114	503.50	440	11,52,853
May-17	484.95	418.20	34,77,675	484	421	9,44,836
Jun-17	465.55	387	42,37,930	465.90	388.30	7,89,161
Jul-17	514	423.45	72,61,164	514.95	423	13,25,426
Aug-17*	759.75	60.10	4,89,69,975	759.20	60.15	84,14,941
Sep-17	70.40	60.50	2,69,77,672	70.40	60.70	52,20,695
Oct-17	80.40	62.95	6,10,15,767	80.50	63	1,00,40,238
Nov-17	79.90	56.85	3,14,81,346	79.80	56.75	64,68,205
Dec-17	64.80	44	4,39,06,637	65	44	77,66,448
Jan-18	52.90	38.85	4,51,66,309	52.95	38.90	86,95,612
Feb-18	43.75	36.25	2,34,22,748	43.70	36.50	42,00,880
Mar-18	37	24.05	3,40,09,267	37	23.50	79,63,347

* Pursuant to the approval of shareholder through Postal Ballot on July 29, 2017, each existing equity share of the Company having face value of ₹10 (Rupees Ten only) each has been sub-divided into 10 Equity shares having face value of ₹1(Rupee 1 only) each fully paid up.

DSIL share prices in NSE and NSE NIFTY



DSIL share prices in BSE and BSE SENSEX



Note: The Company's equity share price before sub-division of equity share has been adjusted so that pre and post sub-division share prices are comparable.

SHARE TRANSFER SYSTEM:

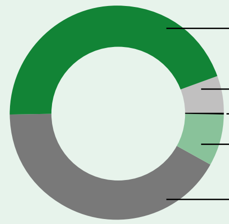
All valid share transfer requests / demat requests are processed and put into effect within a maximum period of 15 days from the date of receipt.

M/s. Universal Capital Securities Pvt. Ltd. is acting as the Registrar and Share Transfer Agent 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 any of the above mentioned addresses.

Shareholding pattern of the Company as on 31st March, 2018.

Sr. No.	Particulars	Percentage
1	Promoters & Persons Acting in concert	41.87
2	Mutual Funds, Fis, Insurance Companies	7.78
3	Central/State Government(s)	0.13
4	Others (Body Corporates)	5.62
5	Indian Public & Others	44.60
	Total	**100**

Shareholding pattern as on March 31, 2018



Distribution of Shareholding as on 31st March, 2018:

Sr. No.	No. of Equity Shares Held in the range of	No. of Shareholders	Percentage	No. of Shares	Total Percentage
1	1 – 500	27506	65.816	52,26,953	2.776
2	501 – 1000	6355	15.206	53,92,936	2.864
3	1001 – 2000	3583	8.573	56,57,125	3.004
4	2001 – 3000	1352	3.235	35,12,713	1.865
5	3001 - 4000	650	1.555	23,76,215	1.262
6	4001 – 5000	622	1.488	29,76,886	1.581
7	5001-10000	875	2.094	66,81,120	3.548
8	10,001 & above	849	2.031	15,64,77,522	83.099
	Total	**41792**	**100**	**188301470**	**100.00**

Dematerialisation of Shares

The company has signed an agreement with the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As intimated by SEBI, trading in the shares of the company is compulsorily to be in the dematerialised form for all the investors. As on 31st March, 2018, 99.83% of the total shares of the Company have been dematerialised.

GDR status:

As on 31st March, 2018 there are no GDR's outstanding.

Location of Plants:

Sugar Mills:

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

Dwarikesh Puram – 246 722, Village: Bahadarpur, Dist: Bijnor, Uttar Pradesh.

Dwarikesh Dham – 243 503, Village: Bhagwanpur Fulwa, Bakarganj, Dist: Bareilly, Uttar Pradesh.

Distillery:

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

Co generation:

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

Dwarikesh Puram – 246 722, Village: Bahadarpur, Dist: Bijnor, Uttar Pradesh.

Dwarikesh Dham – 243 503, Village: Bhagwanpur Fulwa, Bakarganj, Dist: Bareilly, Uttar Pradesh.

Address for Correspondence

Compliance Officer

The Board has designated Shri B. J. Maheshwari, Managing Director and CS cum CCO as the compliance officer.

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 at the above mentioned address.

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.

Human Resource Development / Industrial Relations:

Continuous learning is the cornerstone of the Company's human resource policy. The Company's human resource policy is structured to meet the aspirations of the employees as well as of the organisation. The Company has adopted a progressive policy of continuous development of its human resources by training and motivating its employees to attain greater efficiency and competency.

Industrial relations in all the units were cordial throughout the year under review.

8. OTHER DISCLOSURES

A. TRANSACTIONS DURING THE PERIOD:

- No penalty or strictures have been imposed on the Company by Stock Exchanges, SEBI or any Statutory Authority on any matter during last 3 years
- The Compliance Reports of all laws applicable to the Company are periodically reviewed by the Board.
- 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 related party transactions except the ones disclosed in Note no 49 in Notes to Accounts, which may have potential conflict with the interest of the Company at large.

B. 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.

C. RISK MANAGEMENT:

The Company has in place mechanism to inform the Board Members about the Risk Assessment and Minimization procedures and periodical reviews, to ensure that risk is controlled by the Executive Management through the means of a properly defined policy.

i. Raw material risk:

Higher cane prices on account of lower rainfall would increase the input cost and may also impact the availability of sugarcane.

Risk mitigations:

- Educating the farmers on advantages of growing sugar cane.
- Provision of high yielding seeds, cane disease management, timely payment of cane price, etc.
- Encouraging the farmers to grow more sugar cane and making cane cultivation attractive.
- Providing subsidies to plant better variety of Sugar cane.

ii. Sugar Price Risk:

There is volatility in the Sugar Price on account of oscillating sugar production.

Risk mitigation:

The Company has diversified its product mix by foraying into non-sugar business like Industrial Alcohol, Ethanol, Power generation to derisk the volatility in sugar prices being a commodity cyclical. This product mix has done well when the sugar prices are not lucrative and optimized the benefits by the diversified product portfolio.

iii. Political and regulatory risks:

Sugar is one of the industries still to be liberalised. The government still stipulates the minimum cane price that sugar companies should pay to the farmers, for the cane. Even the release of sugar for domestic sale is also controlled by the Government.

Risk mitigation:

This is a systemic risk which cannot be alleviated unless the industry is completely decontrolled.

D. PROCEEDS FROM PUBLIC ISSUES, RIGHT ISSUES, PREFERENTIAL ISSUES, ETC.

There was no public issue or right issue during the year.

E. SUB DIVISION OF EQUITY SHARES

During the year under review, the company has split the equity shares of the company in the ratio of 1:10 (i.e 1 (one) equity share of

₹10 each into 10 (ten) equity share of ₹1 each) on July 29, 2017 by passing ordinary resolution through postal ballot

F. 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.

G. 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

H. INSIDER TRADING

The Company has adopted Code of Internal Procedures and conduct' framed under the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended, inter alia, to prevent insider trading in the shares of the Company. The Company Secretary is responsible for the implementation of the code. All Board of Directors, designated employees and connected persons have affirmed compliance with the code

I. 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

Status of Unpaid Dividend:

Dividend for the year	Amount of Dividend (₹)	Amount of unpaid dividend as on 31.03.2018 (₹)	Due Date of transfer to IEPF
2016-17	18,83,01,470	8,63,580	22/09/2024

The Company sends reminders to the shareholders for the unpaid dividend. In terms of Section 125 of the Act, read with rules made thereunder, the Company is required to transfer the unpaid dividend amounts which remained unclaimed for 7 years from the date of transfer of such amounts to Unpaid Dividend A/c to Investor Education and Protection Fund. In compliance with the same, the Company has transferred Unpaid Dividend for the year 2008-09 amounting to ₹3,63,757/- (Rupees Three Lakhs Sixty Three Thousand Seven Hundred Fifty Seven Only) to Investor Education and Protection Fund on 25th April, 2017.

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. Notices in this regard are also published in the newspapers and the details of unclaimed dividends and shareholders whose shares are liable to be transferred to the IEPF Authority, are uploaded on the Company's website(http://www.dwarikesh.com/pdf/2018/list-of-shareholder-2008-09-as-on-14-04-17-site.pdf).

The details of unclaimed shares transferred to IEPF during the year 2017-18 are as follows:

Financial year	Number of shares transferred	Date of Transfer
2008-09	478,210	29/11/2017 & 30/11/2017

J. EQUITY SHARES IN SUSPENSE ACCOUNT

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

K. COMMODITY PRICE RISK OR FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES

Commodities form a major part of business of the Company and hence commodity price risk is one of the important risks for the Company. The Company has a robust mechanism in place to protect the Company's interest from risks arising out of market volatility. Further disclosures relating to risks and activities including commodity price risk, foreign exchange risk, etc., have been adequately covered under the Management Discussion and Analysis Report forming part of the Annual Report.

L. VIGIL MECHANISM

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

M. DISCLOSURES

Non-Mandatory Requirements:

Discretionary Requirements under Regulation 27 of the SEBI (Listing Obligation & Disclosure Requirements (LODR) Regulations, 2015:

The status of compliance with discretionary recommendations of the Regulation 27 of the SEBI (LODR), Regulations is provided below:

Chairman's Office: The Company does not have any permanent Chairman. The Chairman is decided in respective meetings by the Directors/Members present at the meeting.

Separate posts of Chairman and CEO: The Company does not have any permanent Chairman. The Chairman is decided in respective meetings by the Directors/Members present at the meeting. After the resignation of Shri G R Morarka as MD & CEO w.e.f April 18, 2018. Shri B J Maheshwari & Shri V S Banka have been designated as Managing Directors of the Company.

Shareholders' Rights: As the quarterly and half yearly financial performance along with significant events are published in the newspapers and are also posted on the Company's website, the same are not being sent to the shareholders.

Modified Opinion in Auditors Report: The Company's financial statement for the year ended March 31, 2018 are unqualified.

Reporting of Internal Auditor: The Internal Auditor reports to the Audit Committee.

For & on behalf of the Board of Directors

B. J. Maheshwari

Place: Mumbai. *Managing Director & CS cum CCO*

Dated: May 07, 2018 (DIN - 00002075)

CODE OF BUSINESS CONDUCT AND ETHICS

The Board at its meeting held on 24th January, 2005 adopted the Code of Business Conduct and Ethics for Directors and Senior Management ('the Code'). This code is a comprehensive code applicable to all Directors, Executive & Non-Executive and members of senior management. However, in the light of changing scenario of corporate functioning, the same has been modified & adopted by the Board at its meeting held on May 14, 2013.

A copy of the Code has been put on the Company's website: www.dwarikesh.com.

The code has been circulated to all the members of the Board and Senior Management and the compliance of the same has been affirmed by them. A declaration signed by Shri B.J. Maheshwari, Managing Director & CS cum CCO is given below:

I hereby confirm that:

The Company has obtained from all the members of the Board and Senior Management, affirmation that they have complied with the Code of Business Conduct and Ethics for Directors and Senior Management in respect of the Accounting period 2017-18.

For & on behalf of the Board of Directors

B. J. Maheshwari

Place: Mumbai. *Managing Director & CS cum CCO*

Dated: May 07, 2018. (DIN - 00002075)

CEO AND CFO CERTIFICATION

To.
The Board of Directors,
Dwarikesh Sugar Industries Limited.

We hereby certify that:

a) We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2018 and that to the best of our knowledge and belief:

   i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.

   ii. These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal and violating the company's code of conduct.

c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d) We have indicated to the auditors and the audit committee

   i. Significant changes in internal control over financial reporting during the year.

   ii. Significant changes in accounting policies, if any during the year and that the same have been disclosed in the notes to the financial statements, and

   iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

	Vijay S. Banka	**B. J. Maheshwari**
Place: Mumbai.	*Managing Director & CFO*	*Managing Director & CS cum CCO*
Dated: May 07, 2018.	DIN No. 00963355	(DIN - 00002075)

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")** having reference no. DSIL/2017-18/358 dated 22nd August, 2017.

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 March 31, 2018, 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 March 31, 2018.

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.

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

Deepak K. Aggarwal
Partner
Membership No. 095541

Place: Mumbai.
Dated: May 07, 2018.

ANNEXURE - VI

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

[Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of Companies (Accounts) Rules, 2014]

1. CONSERVATION OF ENERGY

Energy conservation is an on-going activity in the Company and the efforts to conserve energy through improved operational methods and other means are continuing. Details of total energy consumption and energy consumption per unit of production are furnished in the prescribed Form 'A' below.

'A'

Form for Disclosure of Particulars with Respect to Conservation of Energy

A. POWER AND FUEL CONSUMPTION

	Current Year 2017-18	Previous Year 2016-17
1. Electricity		
a) Purchased		
Unit – KWH	6,99,750	7,66,359
Total amount (₹)	89,99,379	98,02,557
Rate / Unit (₹)	12.86	12.79
b) Own Generation		
i) Through Diesel Generator		
Unit –KWH	1,56,731	1,52,053
Unit Per Ltr of Diesel	3.20	3.38
Oil cost/Unit(₹)	19.91	16.38
ii) Through Steam Turbine/Generator		
Unit –KWH	30,56,18,424	22,05,20,752
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.)	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Quantity	87,12,907.38	75,46,599.80	-	-	48,919	56,781
Total Cost (C)	Own generation	Own generation	–	–	31,20,335	31,45,741
Rate/Unit (C)			–	–	19.91	55.40

B. CONSUMPTION PER UNIT OF PRODUCTION

PRODUCT – SUGAR (Unit Qtls.)

Total Sugar Produced = 38,32,863 Qtl

	Standards (if any)	Current Year 2017-18	Previous Year 2016-17
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	0.25 MT/Qtl of Sugar

2. Steps taken by the Company for utilizing alternate sources of energy: The Company is producing renewable energy from Bagasse, which is eco-friendly & meets it's captive requirement of power from such energy & sells surplus power to state Grid.

3. Capital Investment on energy conservation equipment: ₹17745025

TECHNOLOGY ABSORPTION

'B'

Form for Disclosure of Particulars in Respect of Technology Absorption

I RESEARCH AND DEVELOPMENT:

A. FOCUS AREA

To increase the 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 collected 5 to 10 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; soil map was prepared 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 fulfil 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 being kept through trash mulching resulting increase in organic matter in the soil. For mulching of dry traces we are providing the facility of trash Melchers to the farmers free of cost. It will facilitate for drenching of Coragen and other intercultural operation in ratoon crop.

2. PLANT PROTECTION:-

Under plant protection measures, timely arrangement of quality agrochemicals for soil treatment, seed treatment and control of other pests affecting the sugarcane crop in our area. Agrochemicals and fertilizers are provided on subsidised rates. In spring planted cane mild incidence of Top Borer appeared in general in all cane varieties and we have got controlled through application 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.

3. VARIETAL IMPROVEMENT:-

Distribution of nuclear/ certified cane seeds of different improved sugarcane varieties like Cos-08272, Co-98014, Colk-94184, UP-5125, Cose- 03234, COJ 88, 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 is provided by our trained staff.

5. MANAGEMENT OF DISEASES:-

Management of common diseases is continue through cane seed treatment of improved varieties with M.H.A.T. units to control seed born diseases like Grassy shoot disease, Ratoon stunting disease, Red leaf strip and leaf stripe diseases etc. In new cane varieties like-Co-0238, 0239, 0118 and in some other broad leaved varieties the incidence of Pokka boeing, 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 was provided on subsidized rates for control of Pokka Boeing disease. For future as precautionary measures, we have planned timely spray of fungicide, 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.

6. STAFF / FARMER'S TRAINING & VISITS:-

To educate the farmers regarding intercultural practices in sugar cane crop to achieve higher profitability with proper yield and good quality of cane. We conducts farmer's seminars/Goshti and arranged farmer's trainings & tours at Sugarcane Research stations and at other progressive farmers' fields, also arranged staff trainings through in house refresher training programme. Small growers have taken interest for intercropping of pulses crops with sugarcane. Concept of mixed cropping is being propagated in entire command area. Farmers are being encouraged through Kisan Goshthi for planting of cane in the month of Sept. to get maximum yield of sugar cane and intercrops. Farmers are being advised to reduce the area under cane and to plant the cane in the month of September so that they may get more production per unit area with minimum land, it will help in maintaining the soil health and by adoption of crop rotation occurrence of weeds and insects may be minimized.

7. INFRA-STRUCTURE DEVELOPMENT:-

To facilitate the farmers for smooth transportation of cane and other agriculture produce, we take up construction, repairing and maintenance of link roads in our reserved zone to facilitate easy transportation of sugarcane from the respective fields/ villages of farmers to centres and from centres to Mills, we facilitate the same with the help of Cane Development Councils' and contribution of 25% share. Construction / major repairing of link road are undertaken on priority basis and Govt. authorities are being followed up for the same on regular basis.

8. DEMONSTRATION & TRIALS:-

Conduct demonstrations / trials of different cane varieties like Co 0238, 0118 and CoJ 85, Cose-03234, Co-5011, 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 agriculture implements to the cane growers 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 are being provided free of cost to the cane growers 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 10 years which is about 25% of the total reserved area. All the deep bore wells are running well.

10. MECHENIZATION IN CANE LOADING:-

In order to reduce dependability on manual loading labourers and to reduce time between harvesting and crushing of cane, we introduced mechanical cane loaders for loading of cane at out cane purchasing centres. We have hired sufficient nos. of cane loader for smooth cane loading at out cane purchasing centres. The working of cane loader found satisfactory.

B. BENEFITS DERIVED

1. IMPROVEMENT IN VARIETAL BALANCE:-

Area under Early and improved varieties has increased. Under early cane varieties it has increased from 91 to 98%. New improved sugarcane varieties like- Co-0238, 0118, Co- 98014, CoJ-85 and CoJ-88 multiplied fast, now which are on increasing trend, since it helps increase in cane yield as well as sugar recovery. Unsuitable and rejected cane varieties have been replaced with early and new improved cane varieties.

2. INCREASE IN CANE QUALITY & PRODUCTION:-

Distribution of cane seed of improved varieties, Bio-agents / Agrochemicals, bio fertilizers & other developmental activities have improved cane production, productivity and sugar recovery also. **Since last two years we are on top in sugar recovery not only in UP, but also in Northern India.**

3. SAVING OF TIME & MONEY:-

Use of improved agricultural implements, use of sprayers in protection of cane crops from insect, pests & diseases and cane loading by mechanical cane loader at centres helped in mechanization of cane cultivation as well as cane marketing, which has helped in increasing of cane yield and made sugar cane cultivation easy and economical.

4. FARMERS AWARENESS:-

Exhibition/demonstration, farmers meeting, training and tour programmes have been very useful in imparting improved technical know-how of sugar cane cultivation to cane growers as well as staff members. Awareness about improved technology of sugarcane cultivation, adoption of package and practices of sugarcane cultivation has helped increase in cane yield, quality of cane as well as sugar recovery.

5. INCREASE IN IRRIGATION FACILITY:-

Developed irrigation facility through deep tube well boring scheme supported by the factory in rain fed area. This has helped the growers to increase area under cane as well as improvement in cane production. We have established 135 borings at farmers' fields under this scheme and all are successful by which farmers are able to grow cane even in rain fed area.

6. SUGAR CANE INFORMATION SYSTEM:-

Cane commissioner UP, Lucknow has introduced SIS (sugar cane information system) which helped in providing different type of information like – cane area, varieties, Basic quota, no. of supply tickets, cane supply position, cane price payment and all other information related to cane supply / cane area of the farmers. Apart from this, it helps in providing cane development activities information like- improved cane varieties, cane planting methods, incidence of insect/ pest and diseases, information related to agrochemicals for control of pest and diseases etc through SMS, on website the information are updated on daily basis. This has facilitated the cane growers/ suppliers. Cane area survey conducted with GPS Machine & its display on website and availability of all information related with cane on website or through SMS, IVRS & Quarry SMS also create awareness among the cane growers. We have launched our company mobile app by which farmers may have the inquiries related with their satta i.e. Culturable land, cane area, varieties, basic quota and cane price payment etc.

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 vareity.

2. To maintain new improved cane seed nurseries like –Co-0238, Cos-08272, Colk-94184, Co-0118, Co-5011, CoJ-85, 88 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 96% 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 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.

II TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

EFFORTS MADE:

1. Raising 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, CC TV camera has been installed at gate W/Bs and GPS system has been installed at company vehicle used for field activities.

4. We are conducting demonstration and trials of different fertilizer and agro chemicals at our campus so that we may know best product which may be recommended for sugarcane cultivation to the farmers.

5. In order to disseminate information, sugar cane information system (Cane Website, IVRS, SMS, QSMS, mobile app) is being updated regularly.

6. New and improved agricultural implements like- Trench ridger, M.B. plough, Disk plough, Sugarcane cultivator, Sugarcane planter etc. have come in the market. These are cost effective and given better performance. Such implements have been purchased and their services are being provided to the cane planters free of charge.

7. The Company has carried out the survey of the cane area through satellite mapping. This will facilitate the better estimation of cane area, cane production and condition of the cane crop which may further help in arriving at the tentative estimation of sugar production in the ensuing season.

8. Online weighment of cane at out cane purchasing centres through HHC, Challan Generation to the trucks from out centres through HHC has helped in smooth and transparent working.

III THE COMPANY HAS NOT IMPORTED ANY TECHNOLOGY.

IV EXPENDITURE INCURRED ON R&D

Sr No.	Particulars	Amount (₹/Lakh)
a)	Capital	Nil
b)	Recurring	180.76
c)	Total	180.76
d)	Total R&D expenditure as percentage of total turnover	0.13%

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	36.24
	Interest on Foreign Currency Term Loans	Nil

On behalf of the Board of Director

Vijay S. Banka
Managing Director & CFO
(DIN No. 00963355)

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

Place: Mumbai.
Dated: May 07, 2018.

ANNEXURE - VII

FORM MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2018

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 09 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Member,
DWARIKESH SUGAR INDUSTRIES LIMITED
Dwarikesh Nagar-246762, Bijnor,
Uttar Pradesh

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by "Dwarikesh Sugar Industries Limited" (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2018 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made there under;
2. The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made there under;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed hereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment and Overseas Direct Investment;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India , 1992 (SEBI Act);
   (a) The Securities and Exchange Board of India(Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 – Not applicable as the Company has not issued any shares during the year under review;
   (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 - Not applicable as the Company has not issued any shares/options to directors/employees under the said guidelines / regulations during the year under review;
   (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - Not applicable as the Company has not issued any debt securities which were listed during the year under review;
   (f) The Securities and Exchange Board of India (Registration to an Issue and Share Transfers Agents) Regulations, 1993;
   (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - Not applicable as the Company has not delisted / propose to delist its equity shares from any Stock Exchange during the year under review;
   (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - Not applicable as the Company has not bought back or propose to buy-back any of its securities during the year under review;

6. Other Laws applicable to the Company ;

   i. The Payment of Wages Act, 1936.

   ii. The Minimum Wages Act, 1948.

   iii. The Employee Provident Fund and Miscellaneous Provisions Act, 1952.

   iv. The Payment of Gratuity Act, 1972.

   v. The Environment (Protection) Act, 1986.

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 there is no change took place in the composition of the Board of Directors of the Company.
- Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaningful participation at the meeting.
- Decisions at the Board Meetings and Committee Meetings were taken unanimously and are captured and recorded as part of the minutes of the meetings.

We further report that there are adequate systems and processes in the Company, commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For VKM & Associates
Practicing Company Secretary

(Vijay Kumar Mishra)
Partner
FCS No. 5023
C P No.: 4279

Place: Mumbai.
Dated: 07/05/2018

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 Member,
DWARIKESH SUGAR INDUSTRIES LIMITED
Dwarikesh Nagar-246762, Bijnor,
Uttar Pradesh

Our report of even date is to be read along with this letter.

MANAGEMENT'S RESPONSIBILITY

1. It is the Responsibility of Management of the Company to maintain Secretarial records, device proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

AUDITOR'S RESPONSIBILITY

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on the test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Where ever required, we have obtained the Management representation about compliance of laws, rules and regulations and happenings of events etc.
5. The compliance of provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.

DISCLAIMER

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of efficacy or effectiveness with which the management has conducted the affairs of the Company.

For VKM & Associates
Practicing Company Secretary

(Vijay Kumar Mishra)
Partner
FCS No. 5023
C P No.: 4279

Place: Mumbai.
Dated: 07/05/2018

Independent Auditors' Report

To The Members of
Dwarikesh Sugar Industries Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Dwarikesh Sugar Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, Statement of Profit and Loss (including the statement of other comprehensive income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and a summary of Significant Accounting Policies and other explanatory information (herein after referred to as "Ind AS Financial Statements").

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, Cash Flows and Changes in Equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended thereof.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS Financial Statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under Section 143(11) of the Act.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing, specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Other Matter

The comparative financial information of the Company for the year ended March 31, 2017 and the transition date opening balance sheet as at April 01, 2016 included in this Ind AS Financial Statements, are based on the previously issued statutory financial statement prepared in accordance with the Companies (Accounting Standards)Rules, 2006 audited and reported by S.S. Kothari Mehta & Co. having firm registration number 000756N who have issued an unmodified audit report dated May 18, 2017 and May 24, 2016, have been furnished to us by the management and which have been relied upon by us for the purpose of issuing the report on the financial statement as adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which has been audited by us.

Our report is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 (the 'Order'), issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "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, 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;

    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, statement of profit and loss including statement of other comprehensive income, the cash flow statement and statement of changes in equity dealt with by this Report are in agreement with the books of account;

    d. In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended thereof;

    e. On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 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";

    g. 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 on its financial position in its Ind AS financial statements – Refer Notes 41 to the Ind AS 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, 2018.

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

Deepak K. Aggarwal
Partner
Membership No: 095541

Place: Mumbai
Date: May 7, 2018

Annexure A to the Independent Auditor's Report to the members of Dwarikesh Sugar Industries Limited dated May 07, 2018.

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 has been physically verified by the management during the year and no material discrepancies were noticed on such verification, discrepancies has 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 are held in the name of the company.

(ii) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnership or other parties covered in the registered maintained under section 189 of the Act. Accordingly, clauses 3 (iii) (a) to (c) of the Order are not applicable.

(iv) As per the information and explanation given to us and on the basis of our examination of the records, the company has complied with provision of section 185 and 186 of the Act, with respect to the loans and investment made.

(v) In our opinion and according to explanation given to us, As the company has not accepted deposits as per directives issued by the Reserve Bank of India and provisions of sections 73 to 76 or any other provisions of the Companies Act and rules framed there under.

(vi) We have broadly reviewed the books of account relating to materials, labor and other items of cost maintained by the Company as specified by the Central Government of India under section 148(1) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate and complete.

(vii) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of provident fund, income tax, sales tax, service tax, customs duty, excise duty, Value added tax , 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, and Cess which have not been deposited on account of any dispute, except the following in respect of disputed Excise Duty, Income Tax, Service Tax and Sales Tax along with the forum where dispute is pending:

Name of the statue	Nature of dues	(₹ in Lakhs)	Period to which the amount pertains	Forum where dispute is pending
Central Excise Act, 1944	Excise duty and penalty	158.99	Jan-05 to Dec-05,,Apr-06 to Dec-07,June-07 to Nov -07, March 09	CESTAT, Mumbai
Central Excise Act, 1944	Excise duty and penalty	29.15	Jun-05 to Mar-06,Apr-06 to Dec-06,,Jan-07 to Feb-07,01-03-2007,Jun-07 to Aug-08,Nov-07 to Aug-08,Jan-08 to Dec-08,Jan-07 to Oct-07	Transfer to AC/DC from CESTAT, Mumbai
Central Excise Act, 1944	Excise duty and penalty	39.11	Oct-10 to Mar-11, Apr-10 to Sep-10, Apr-11 to Dec-11, Apr-11 to Sep-11, Nov-07 to Dec-07,Feb-09 to Sep-09, Apr-09 to Sep-09,Oct-09 to Mar-10, Oct-13 to Dec 14, Jan-16 to Dec-16, Nov-16 to Dec-16, Apr-16 to Mar-17, Apr-17 to Jun-17, Jan-17 to Jun-17, Jan-14 to Feb-15, Mar-15 to Jan-16	Commissioner (Appeals), Meerut

Name of the statue	Nature of dues	(₹ in Lakhs)	Period to which the amount pertains	Forum where dispute is pending
Finance Act, 1994	Service Tax	0.06	Oct-09 to Mar-10	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 duty and penalty	31.26	Sep-14 to Jun-15, Oct-09 to Aug-14, Jul-15 to May-16	CESTAT, Allahabad
Finance Act 1994	Service Tax	46.12	Dec-09 to Aug-14	High Court
Uttar Pradesh Tax On Entry of Goods into Local Areas Act, 2007	Entry tax on Iron Steel Purchases	0. 85	2013-14	Additional Commissioner (Appeal), Bijnor (UP)
Uttar Pradesh Tax On Entry of Goods into Local Areas Act, 2007	Entry tax on Iron Steel Purchases	0.49	2015-16	Additional Commissioner (Appeal), Bijnor (UP)
UP VAT Act	VAT on Molasses	14.57	2016-17	Additional Commissioner (Appeal), Bijnor (UP)

(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 or term loan during the financial year, hence the related reporting requirements of the Order are not applicable.

(x) In our opinion and on the basis of information and explanations given to us, no cases of fraud by the Company or fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanations given to us, the managerial remuneration has been paid and provided in accordance with the requisite approvals as mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) As the Company is not a Nidhi Company, hence clause (xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Act, as applicable and the details have been disclosed in these financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.

(xv) In our opinion and on the basis of information and explanations given to us, the Company has not entered into non-cash transactions with directors and persons connected with him. Hence, the provisions of section 192 of Act are not applicable.

(xvi) In our opinion and on the basis of information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

Deepak K. Aggarwal
Partner
Membership No: 095541

Place: Mumbai
Date: May 7, 2018

Annexure B to the Independent Auditor's Report to the members of Dwarikesh Sugar Industries Limited dated May 07, 2018.

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, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the "Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit.

We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

An audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A companys' internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A companys' internal financial control over financial reporting includes those policies and procedures that:

a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

c) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India"

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

Deepak K. Aggarwal
Partner
Membership No: 095541

Place: Mumbai
Date: May 7, 2018

Balance Sheet as at March 31, 2018

(₹ In Lakhs)

	Note No.	As at Match 31, 2018	As at March 31, 2017	As at April 1, 2016
I. ASSETS				
1. Non - current assets				
(a) Property, plant and equipment	3	34,081.70	33,059.99	35,637.60
(b) Capital work - in - progress	4	19.47	115.55	23.90
(c) Intangible assets	3	–	–	–
(d) Intangible assets under development	4A	–	9.55	4.50
(e) Financial assets				
(i) Investments	5	31.72	32.45	32.76
(ii) Trade receivables	6	–	–	33.79
(iii) Loans	7	31.38	37.90	19.90
(iv) Others	8	16.17	28.05	72.97
(f) Deferred tax assets (net)	9	3,330.86	1,397.93	2,408.78
(g) Other non - current assets	10	217.85	258.56	222.05
		37,729.15	**34,939.98**	**38,456.25**
2. Current assets				
(a) Inventories	11	53,121.80	60,994.20	53,656.16
(b) Financial assets				
(i) Investments	12	–	–	2.19
(ii) Trade receivables	13	5,346.40	5,468.61	6,425.56
(iii) Cash and cash equivalents	14	246.87	73.84	448.61
(iv) Bank balances other than (iii) above	15	43.50	22.63	33.64
(v) Loans	16	30.08	23.09	11.79
(vi) Others	17	1.23	0.85	0.78
(c) Current tax assets (Net)	29	1,587.70	–	–
(d) Other current assets	18	497.44	345.17	1,068.06
		60,875.02	**66,928.39**	**61,646.79**
Total assets		**98,604.17**	**1,01,868.37**	**1,00,103.04**
II. EQUITY AND LIABILITIES				
1. Equity				
(a) Equity share capital	19	1,883.01	1,883.01	1,631.47
(b) Other equity	20	34,698.61	26,718.30	5,506.43
		36,581.62	**28,601.31**	**7,137.90**
2. Liabilities				
(I) Non - current liabilities				
(a) Financial liabilities				
Borrowings	21	5,198.26	11,794.06	26,345.72
(b) Provisions	22	1,555.61	1,488.97	1,231.93
(c) Other non-current liabilities	23	–	90.56	399.82
		6,753.87	**13,373.59**	**27,977.47**
(II) Current liabilities				
(a) Financial liabilities				
(i) Borrowings	24	27,226.51	35,779.20	35,420.41
(ii) Trade payables	25			
(a) Total outstanding dues of the Micro and, Small Enterprises		55.61	40.48	25.50
(b) Trade payables other than (a) above		21,431.62	7,659.62	14,298.57
(iii) Other financial liabilities	26	3,637.73	10,320.09	9,912.18
(b) Other current liabilities	27	2,654.46	5,123.96	4,986.45
(c) Provisions	28	262.75	287.90	199.99
(d) Current tax liabilities (Net)	29	–	682.22	144.57
		55,268.68	**59,893.47**	**64,987.67**
Total equity and liabilities		**98,604.17**	**1,01,868.37**	**1,00,103.04**
Significant accounting policies	1 & 2			

The accompanying notes form an integral part of these financial statements

As per our report of even date

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

Deepak K. Aggarwal
Partner
Membership No. 095541

Place: Mumbai
Date: May 07, 2018

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

Vijay S. Banka
Managing Director & CFO
DIN: 00963355

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

B. K. Agarwal
Independent Director
DIN: 00001085

Place: Mumbai
Date: May 07, 2018

Statement of Profit and Loss for the year ended March 31, 2018

(₹ In Lakhs)

	Note No.	Year ended March 31, 2018	Year ended March 31, 2017
I. Revenue			
Revenue from operations (including excise duty)	30	1,45,828.27	1,25,610.27
Other income	31	1,747.92	1,455.57
II. Total income		**1,47,576.19**	**1,27,065.84**
III. Expenses			
Cost of materials consumed	32	1,10,177.95	85,923.05
Changes in inventories of finished goods and work-in-progress	33	4,715.76	(7,014.14)
Excise duty on sales	34	2,833.43	6,569.95
Employee benefits expense	35	6,932.99	7,156.79
Finance costs	36	2,531.14	5,249.76
Depreciation and amortization expenses	37	3,250.37	2,994.18
Other expenses	38	6,918.90	5,638.07
IV. Total expenses		**1,37,360.54**	**1,06,517.66**
V. Profit/(Loss) before exceptional items and tax (II - IV)		**10,215.65**	**20,548.18**
VI. Exceptional items			
Exceptional income/ expense relating to earlier years (net of Tax) (Refer note no. 53)		–	322.71
VII. Profit/(Loss) before tax (V+VI)		**10,215.65**	**20,870.89**
VIII. Tax expense:			
(1) Current tax	39	2,058.95	4,374.82
(2) Deferred tax	9	(1,988.05)	885.59
IX. Net Profit/(Loss) for the year from continuing operations (VII - VIII)		**10,144.75**	**15,610.48**
X. Other comprehensive income/(loss)			
Items that will not be reclassified to profit or loss	40	157.01	(131.87)
Income tax relating to items that will not be reclassified to profit or loss		(55.12)	45.53
Total other comprehensive income/(loss), net of taxes		101.89	(86.34)
XI. Total comprehensive income/(loss) for the year (IX + X)		**10,246.64**	**15,524.14**
XII. Earning per equity share (face value ₹ 1 per share)			
(1) Basic		5.39	8.87
(2) Diluted		5.39	8.87
Significant accounting policies	1 & 2		

The accompanying notes form an integral part of these financial statements

As per our report of even date

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

Deepak K. Aggarwal
Partner
Membership No. 095541

Place: Mumbai
Date: May 07, 2018

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

Vijay S. Banka
Managing Director & CFO
DIN: 00963355

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

B. K. Agarwal
Independent Director
DIN: 00001085

Place: Mumbai
Date: May 07, 2018

Cash Flow Statement for the year ended March 31, 2018

(₹ In Lakhs)

		Year ended March 31, 2018		Year ended March 31, 2017	
A.	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Net profit before tax		10,215.65		20,870.89
	Adjustments for :				
	Depreciation and amortization expenses	3,250.37		2,994.18	
	Loss/(surplus) on sale of property, plant and equipment	(12.48)		(6.34)	
	Finance costs	2,531.14		5,249.76	
	Provision for doubtful debts/ advances	4.14		57.59	
	Interest income	(48.70)		(2.32)	
	Tax impact on remission of cane commission liability	–	5,724.47	170.79	8,463.66
	Operating profit before working capital changes		**15,940.12**		**29,334.55**
	Adjustments for changes in Working Capital :				
	(Increase)/Decrease in :-				
	Inventories	7,872.40		(7,338.04)	
	Trade and other receivables	(40.73)		1,642.68	
	Trade and other payables	10,380.12	18,211.79	(5,698.19)	(11,393.55)
	Cash generated from operations		**34,151.91**		**17,941.00**
	Direct taxes paid		(4,328.87)		(3,837.17)
	Net cash from operating activities		**29,823.04**		**14,103.83**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Purchase of property, plant and equipment				
	(including capital advances)	(4,163.84)		(548.03)	
	Sale of property, plant and equipment	47.69		44.59	
	Proceeds from investment sold during the year	–		2.19	
	Interest received	48.32		2.25	
	Net cash used in investing activities		**(4,067.83)**		**(499.00)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Proceeds from issue of shares (including security premium)	–		5,939.27	
	Proceeds/(Repayment) of long term borrowings (net)	(10,500.43)		(15,261.21)	
	Proceeds/(repayment) of short term borrowings	(8,552.69)		358.79	
	Finance costs	(4,262.71)		(5,016.45)	
	Equity Dividend (including dividend distribution tax)	(2,266.35)		–	
	Net cash used in financing activities		**(25,582.18)**		**(13,979.60)**
	Net increase/(decrease) in cash and cash equivalents (A+B+C)		**173.03**		**(374.77)**
	Cash and cash equivalents at the beginning of the year		73.84		448.61
	Cash and cash equivalents at the end of the year		**246.87**		**73.84**

Cash Flow Statement for the year ended March 31, 2018

(₹ In Lakhs)

	Year ended March 31, 2018		Year ended March 31, 2017	
Notes:				
1. Cash and cash equivalents at the end of the year comprise:				
i) Current accounts	239.34		51.44	
ii) Cash on hand	7.53		22.40	
Total		**246.87**		**73.84**
2. Figures in bracket indicate cash outflow.				
3. The above cash flow statement has been prepared under the indirect method set out in Ind AS 7 specified under section 133 of the Companies Act 2013				
4. Previous period figures have been regrouped and recasted wherever necessary to confirm to the current year's classification.				

Significant accounting policies 1 & 2

The accompanying notes form an integral part of these financial statements

As per our report of even date

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

Deepak K. Aggarwal
Partner
Membership No. 095541

Place: Mumbai
Date: May 07, 2018

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

Vijay S. Banka
Managing Director & CFO
DIN: 00963355

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

B. K. Agarwal
Independent Director
DIN: 00001085

Place: Mumbai
Date: May 07, 2018

Statement of Change In Equity as at March 31, 2018

A. Equity Share Capital

(₹ In Lakhs)

	March 31, 2018	Change during the year	March 31, 2017	Change during the year	April 1, 2016
Balance of Equity Share Capital	1,883.01	–	1,883.01	251.54	1,631.47
	1,883.01	**–**	**1,883.01**	**251.54**	**1,631.47**

B. Other equity

(₹ In Lakhs)

	Reserves and surplus				Other comprehensive income		Total
	Capital reserve	Securities premium reserve	Surplus / (Deficit) in Statement of Profit and Loss	Other reserve	Equity instruments through other comprehensive income	Other	
Balance as at April 01, 2016	59.87	9,000.38	(4,444.34)	879.57	10.95	–	5,506.43
Add : Change during the year	–	5,687.73	15,610.48	–	(0.31)	(86.03)	21,211.87
Balance as at March 31, 2017	**59.87**	**14,688.11**	**11,166.14**	**879.57**	**10.64**	**(86.03)**	**26,718.30**
Add : Change during the year	–	–	10,144.77	1,500.00	(0.73)	102.62	11,746.66
Less : Dividend (including dividend distribution tax) paid during the year	–	–	(2,266.35)	–	–	–	(2,266.35)
Less : Transfer during the year	–	–	(1,500.00)	–	–	–	(1,500.00)
Balance as at March 31, 2018	**59.87**	**14,688.11**	**17,544.56**	**2,379.57**	**9.91**	**16.59**	**34,698.61**
Significant accounting policies	1 & 2						

The accompanying notes form an integral part of these financial statements

As per our report of even date

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

Deepak K. Aggarwal
Partner
Membership No. 095541

Place: Mumbai
Date: May 07, 2018

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

Vijay S. Banka
Managing Director & CFO
DIN: 00963355

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

B. K. Agarwal
Independent Director
DIN: 00001085

Place: Mumbai
Date: May 07, 2018

Notes to Financial Statement as at March 31, 2018

1. Company overview and significant accounting policies

A. Corporate Overview

Dwarikesh Sugar Industries Limited (DSIL) is a public limited company domiciled in India and was incorporated in the year 1993 under the provisions of the Companies Act, 1956 superseded by the Companies Act, 2013.

DSIL is integrated conglomerate, primarily engaged in manufacture of sugar and allied products. From a humble beginning in 1993, DSIL today is a multi-faceted, fast growing industrial group with the strong presence in diversified fields such as sugar manufacturing, power and Ethanol/Industrial Alcohol production.

The Company has three sugar manufacturing units, out of which 2 units namely Dwarikesh Nagar and Dwarikesh Puram are located in Bijnor District of Uttar Pradesh (U.P.) and one unit namely Dwarikesh Dham in Bareilly District (U.P.).

The company is listed on the National Stock Exchange of India and Bombay Stock Exchange of India. These financial statements are presented in Indian Rupees (₹).

Registration details:

Registration No. CIN No. L15421 UP1993 PLC 018642

State code 20

B. i) Statement of compliance:

Ministry of Corporate Affairs notified roadmap to implement Indian Accounting Standards ('Ind AS') notified under the Companies(Indian Accounting Standards) Rules 2015 as amended by the Companies (Indian Accounting Standards) (Amendments) Rules , 2016. As per the said roadmap, the Company is required to apply Ind AS starting from the financial year beginning on or after April 1, 2016. Accordingly, the financial statements of the Company have been prepared in accordance with Ind AS.

For all the periods up to and including the year ended March 31, 2017, the Company has prepared its financial statements in accordance with the Accounting Standards notified under the Section 133 of the Companies Act, 2013 read together with Companies (Accounts) Rules 2014 (Indian GAAP) as amended. These financial statements for the year ended March 31, 2018 are the first financial statements which the company has prepared in accordance with Ind AS.

An explanation of how the transition to Ind AS has effected the previously reported financial position and financial performance of the Company is provided in note no 61 and 62.

These financial statements are approved and adopted by board of directors of the Company in their meeting held on May 07, 2018.

ii) Basis of preparation:

The financial statements have been prepared accrual basis on historical cost convention, except as stated otherwise.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

C. Operating cycle

All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle and other criteria set out above which are in accordance with the Schedule III to the Act. Based on the nature of services and time between the acquisition of assets for providing of services and their realisation in Cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current / non-current classification of assets and liabilities.

D. Functional and presentation currency

The financial statements are presented in Indian rupees, which is the functional currency of the Company. All the financial information presented in Indian rupees has been rounded to the nearest thousand.

E. Use of estimates

The preparation of financial statements in conformity with Ind AS requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities and contingent assets at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon the management's best knowledge of current events and actions, actual results could differ from these estimates. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(i) Property, plant and equipment

PPE represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual value of the asset are determined by the management when the asset is acquired and reviewed periodically including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their lives, such as change in technology.

(ii) Recognition and measurement of defined benefit obligations

The obligation arising from define benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumption includes discount rate, trends in salary escalation and attrition rate. The discount rate is determined by reference to market yields at the end of the reporting period on government securities. The period to maturity of the underlying securities correspond to the probable maturity of the post-employment benefit obligations.

(iii) Fair value measurement of financial instruments

When the fair value of the financial assets and liabilities recorded in the balance sheet cannot be measured based on the quoted market price in activate markets, their fair value is measured using valuation technique. The input to these models are taken from the observable market where possible, but if this is not feasible, a review of judgment is required in establishing fair values. Changes in assumption relating to these assumption could affect the fair value of financial instrument.

(iv) Intangibles

Intangible assets are amortized over their estimated useful life as estimated by management on straight line basis, commencing from the date, the asset is available to the Company for its use. Computers software are depreciated fully in the year of addition.

(v) Provision for contingencies

Provisions are recognised when the Company has a present obligation(legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date.

If the effect of the time value of money is material, provisions are discounted to reflect its present value using a current pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

F. Impairment of financial instruments

The Company measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

• In the principal market for the asset or liability, or

• In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets & liabilities on the basis of the nature, characteristics and the risks of the asset or liability and the level of the fair value hierarchy as explained above.

2. Significant accounting policies

A. Property, plant and equipment

Property, plant and equipment are stated at original cost net of tax/ duty credit availed, less accumulated depreciation and accumulated impairment losses. When significant part of the property, plant and equipment are required to be replaced at intervals, the company derecognized the replaced part and recognized the new parts with its own associated useful life and depreciated it accordingly. Likewise when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment if the recognition criteria are satisfied. All other repair and maintenance cost are recognized in the statement of the profit and loss as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Pre-operative expenditure incurred up to the date of commencement of commercial production is capitalized as part of fixed assets.

Emergency machinery spares of irregular use and critical insurance machinery spares are capitalized as part of relevant plant & machinery.

Capital work in progress includes property plant & equipment under installation/under development as at the balance sheet date.

Capital expenditure on tangible assets for research and development is classified under property and equipment and is depreciated on the same basis as other property, plant and equipment.

Property, plant and equipment are derecognised from the financial statement, either on disposal or when no economic benefits are expected from its use or disposal. Losses arising in the case of retirement of property, plant and equipment and gain or losses arising from disposal of property, plant and equipment are a recognized in the statement of profit and loss in the year of occurrence.

B. Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any. The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in the statement of profit & loss as & when incurred.

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in statement of profit & loss in the period of de-recognition.

C. Intangible assets

Intangible assets are amortized over their estimated useful life on straight line basis, commencing from the date, the asset is available to the Company for its use.

Items of expenditure that meet the recognition criteria as mentioned in Accounting Standard are classified as intangible assets and are amortized over the period of economic benefits not exceeding ten years, except Computers software which is depreciated fully in the year of addition.

D. Depreciation and amortization

The assets' residual values, useful lives and methods of deprecation are reviewed each financial year end and adjusted prospectively, if applicable.

Depreciation on tangible assets is provided on straight line method over the useful life of assets estimated by the Management. Property, Plant and Equipment which are added / disposed of during the year, deprecation is provided pro-rata basis with reference to the month of addition / deletion.

Depreciation on property, plant and equipment is calculated on a written down basis.

The management estimates the useful life for fixed assets as follows:

Asset*	Useful life (years)
Factory building	28.50
Non factory building	58.25
Plant & machinery other than sugar rollers	18 to 20
Plant & machinery – rollers	1
Office equipment	13.50
Furniture and fixture	15
Vehicles	10

(*) Based on technical evaluation, the management believes that useful life as given above represents the period over which management expects to use these assets. Hence, the useful life for these assets is different from the useful life as prescribed under Part C of Schedule II of the Companies Act, 2013.

Computers (including accessories and peripherals) and temporary structures are depreciated fully in the year of addition. All assets costing ₹ 5,000 or below are depreciated in one-year period.

Depreciation and amortization methods, useful life and residual values are reviewed periodically, including at the end of each financial year.

E. **Capital work-in-progress**

Capital work-in-progress/intangible assets under development are carried at cost, comprising direct cost, related incidental expenses and attributable borrowing cost.

F. **Impairment of Non-financial assets**

Property, plant and equipment, intangible assets and assets classified as investment property with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized in the statement of profit or loss.

An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years. Impairment losses on continuing operations, including impairment on inventories are recognized in the statement of profit and loss, except for properties previously revalued with the revaluation taken to other comprehensive income. For such properties, the impairment is recognized in OCI up to the amount of any previous revaluation surplus.

G. **Inventories**

Inventories are valued at lower of cost or net realizable value except in case of scrap which is taken at net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost necessary to make the sale. Cost for various items of inventory is determined as under:

Raw Materials & Components (including those in transit)	Purchase cost including incidental expenses on FIFO basis
Chemicals, packing material and other store & spares (including those in transit)	Purchase cost including incidental expenses on weighted average basis.
Work in progress	At raw material cost including proportionate production overheads.
Finished Goods :	
1. Sugar	1. At raw material cost including proportionate production overheads.
2. Molasses	2. At average net realizable price.
3. Industrial Alcohol	3. At value of molasses as determined above plus proportionate production overheads in distillery.
4. Traded Goods	4. Purchase cost including incidental expenses on FIFO basis.

H. **Cash and cash equivalents**

Cash and cash equivalents includes cash on hand and at bank, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consists of cash and short term deposits, as defined above, net of outstanding bank overdraft as they being considered as integral part of the Company's cash management.

I. **Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 April 2016, the company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Where the Company is the lessee

Finance leases are capitalized as assets at the commencement of the lease, at an amount equal to the fair value of leased asset or present value of the minimum lease payments, whichever is lower, valued at the inception date. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the company's general policy on borrowing cost. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an operating expense in the statement of profit and loss on a straight-line basis over the lease term.

Where the Company is the lessor

Rental Income from operating leases is recognized on a straight-line basis over the term of the relevant lease, costs including depreciation are recognized as an expense in the statement of profit and loss. Initial direct costs incurred in negotiating and arranging an operating lease are recognized immediately in the statement of profit and loss.

J. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all 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 settled the obligation in respect of which reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the expense relating to provision presented in the statement of profit & loss is net of any reimbursement.

If the effect of the time value of money is material, provisions are disclosed using a current pre-tax rate that reflects, when appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as finance cost.

Contingent liability is disclosed in the notes in case of:

- There is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.
- A present obligation arising from past event, when it is not probable that as outflow of resources will be required to settle the obligation
- A present obligation arises from the past event, when no reliable estimate is possible
- A present obligation arises from the past event, unless the probability of outflow are remote.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets. Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

Onerous contracts

A provision for onerous contracts is measured at the present value of the lower expected costs of terminating the contract and the expected cost of continuing with the contract. Before a provision is established, the Company recognizes impairment on the assets with the contract.

Contingent assets

Contingent assets are not recognized in the financial statements.

L. Interest in Joint Ventures and associates

Investments in equity shares of Subsidiaries, Joint Ventures & Associates are recorded at cost and reviewed for impairment at each balance sheet date.

M. Taxes

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-Tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Current income tax relating to items recognized directly in equity is recognised in equity and not in the statement of profit and loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Minimum alternate tax

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

Deferred tax

Deferred tax is provided using the balance sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purpose at reporting date. Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow deferred tax assets to be recovered.

The company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

N. **Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sale of goods

Sales includes excise duty and is accounted for upon dispatch of goods from the factory when the risks and rewards of ownership are transferred to the buyer. Gross sales and net sales are disclosed separately in Statement of Profit & Loss.

Renewable Energy Certificates (REC's)

Entitlement to Renewable Energy Certificates (REC) owing to generation of power are recognised to the extent sold and treated as capital receipt.

Interest

Interest is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividends

Revenue in respect of dividends is recognised when the Shareholders rights to receive payment is established by the balance sheet date.

Insurance claim

Insurance and other claims are accounted for as and when admitted by the appropriate authorities in view of uncertainty involved in ascertainment of final claim.

O. **Foreign currency translation/conversion**

Standalone financial statements have been presented in Indian Rupees (₹), which is the Company's functional and presentation currency.

• **Initial recognition**

Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate at the date of the transaction.

• **Conversion**

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

• **Exchange differences**

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

P. **Borrowings**

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of profit or loss as other gains/(losses).

Q. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

R. Employee benefits

Expenses and liabilities in respect of employee benefits are recorded in accordance with Indian Accounting Standard (Ind AS)-19 - 'Employee Benefits'.

Defined contribution plan:

Retirement benefits in the form of provident fund and superannuation scheme are a defined contribution scheme and the contributions are charged to the statement of profit and loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the provident fund/trust.

Defined benefit plan:

The Company's liabilities on account of gratuity and earned leaves on retirement of employees are determined at the end of each financial year on the basis of actuarial valuation certificates obtained from registered actuary in accordance with the measurement procedure as per Indian Accounting Standard (INDAS)-19- 'Employee Benefits'. Gratuity liability is funded on year-to-year basis by contribution to respective fund. The costs of providing benefits under these plans are also determined on the basis of actuarial valuation at each year end. Actuarial gains and losses for defined benefit plans are recognized through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Accumulated leaves, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method at the year-end.

S. Financial Instruments

(a) Financial Assets

i. Classification

The company classified financial assets as subsequently measured at amortized cost, fair value though other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and contractual cash flow characteristics of the financial asset.

ii. Initial Recognition and Measurement

The company recognizes financial assets when it becomes a party to the contractual provisions of the instrument. All financial assets are recognized initially at fair value plus transaction costs that are attributable to the acquisition of financial assets.

iii. Subsequent Measurement

For the purpose of subsequent measurement the financial assets are classified in three categories:

- Debt instruments at amortized cost
- Debt instrument at fair value through profit or loss
- Equity investments

iv. **Debt instrument at amortized cost**

A "debts instrument" is measured at the amortized cost if both the following condition are met.

- The assets is held within a business model whose objective is to hold assets for collecting contractual cash flow, and
- Contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principle and interest (SPPI) on the principle amount outstanding.

After initial measurement, such financial assets are subsequently measurement at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount and premium and fee or costs that are an integral part of an EIR. The EIR amortization is included in finance income in the statement of profit and loss. The losses arising from impairment are recognized in the statement of profit and loss.

v. **Debt instrument at Fair value through Profit or loss**

Debt instruments included within the fair value through profit or loss (FVTPL) category are measured at fair value with all changes recognized in the statement of profit and loss.

vi. **Equity investments**

All equity investments other than investment in subsidiaries, joint venture and associates are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the company decides to classify the same either as at fair value through other comprehensive income (FVTOCI) or FVTPL. The company makes such election on an instrument-by- instrument basis. The classification is made on initial recognition and is irrevocable.

If the company decides to classify an equity instrument as at FVTOCI, then fair value changes on the instrument, excluding dividends, are recognized in other compressive income (OCI). There is no recycling of the amounts from OCI to statement of profit or loss, even on sale of such investments.

Equity instrument includes within the FVTPL category are measured at fair value with all changes recognized in the Statement of profit or loss.

vii. **Derecognition**

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

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

viii. **Impairment of financial assets**

The company applies 'simplified approach' measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instrument and are measured at amortized cost e.g. loans, debt securities, deposits, and bank balance.
- Trade receivables

The application of simplified approach does not require the company to track changes in credit risk. Rather, it recognized impairment loss allowance based on lifetime expected credit loss at each reporting date, right from its initial recognition.

(b) **Financial liabilities**

i. **Classification**

The company classifies all financial liabilities as subsequently measured at amortized cost.

ii. **Initial recognition and measurement**

All financial liabilities are recognized initially at fair value and, in the case of loan and borrowings and payables net of directly attributable transaction costs.

iii. Loan and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the Effective Interest Rate (EIR) Method. Gain and losses are recognized in statement of profit and loss when the liabilities are derecognized.

Amortized cost is calculated by taking into account any discount or premium on acquisition and transaction cost. The EIR amortization is included as finance cost in the statement of profit and loss.

This category generally applies to loans & borrowings.

iv. Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lander on substantially different terms, or the terms of an existing liability are, substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amount recognized in the Statement of Profit and loss.

v. Offsetting of financial instrument

Financial Assets and Financial Liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

(c) 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, 2018

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 01.04.2016	772.25	11,203.20	57,392.42	395.38	451.22	145.36	374.77	70,734.60	104.00	104.00	70,838.60
Additions	–	29.79	287.04	13.70	76.27	18.20	29.66	454.66	0.16	0.16	454.82
Disposals	–	(21.80)	(1.22)	(12.97)	(54.87)	(12.97)	(24.20)	(128.03)	(9.29)	(9.29)	(137.32)
As at 31.03.2017	**772.25**	**11,211.19**	**57,678.24**	**396.11**	**472.62**	**150.59**	**380.23**	**71,061.23**	**94.87**	**94.87**	**71,156.10**
Additions	46.45	445.14	3,532.42	38.95	70.86	9.15	47.85	4,190.82	116.47	116.47	4,307.29
Disposals	–	(21.80)	(98.63)	(40.88)	(37.90)	(4.39)	(22.63)	(226.23)	(14.25)	(14.25)	(240.48)
As at 31.03.2018	**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**
Depreciation/Amortisation											
As at 01.04.2016	–	4,379.85	29,779.05	271.93	204.88	86.52	374.77	35,097.00	104.00	104.00	35,201.00
Charge for the year	–	230.13	2,661.28	21.24	39.94	8.70	29.66	2,990.95	0.16	0.16	2,991.11
Disposals	–	(0.77)	(0.77)	(10.25)	(40.71)	(10.01)	(24.20)	(86.71)	(9.29)	(9.29)	(96.00)
As at 31.03.2017	**–**	**4,609.21**	**32,439.56**	**282.92**	**204.11**	**85.21**	**380.23**	**38,001.24**	**94.87**	**94.87**	**38,096.11**
Charge for the year	–	236.07	2,773.23	22.97	33.86	8.62	47.85	3,122.60	116.47	116.47	3,239.07
Disposals	–	(1.27)	(93.02)	(31.76)	(28.81)	(2.23)	(22.63)	(179.72)	(14.25)	(14.25)	(193.97)
As at 31.03.2018	**–**	**4,844.01**	**35,119.77**	**274.13**	**209.16**	**91.60**	**405.45**	**40,944.12**	**197.09**	**197.09**	**41,141.21**
Net Block as at 01.04.2016	**772.25**	**6,823.35**	**27,613.37**	**123.45**	**246.34**	**58.84**	**–**	**35,637.60**	**–**	**–**	**35,637.60**
Net Block as at 31.03.2017	**772.25**	**6,601.98**	**25,238.68**	**113.19**	**268.51**	**65.38**	**–**	**33,059.99**	**–**	**–**	**33,059.99**
Net Block as at 31.03.2018	**818.70**	**6,790.52**	**25,992.26**	**120.05**	**296.42**	**63.75**	**–**	**34,081.70**	**–**	**–**	**34,081.70**

Note: Refer note no 43 for charges.

Notes to Financial Statement as at March 31, 2018

(₹ In Lakhs)

	Amount
4 Capital work in progress:	
Opening As at 01.04.2016	**23.90**
Additions	363.55
Capitalised during the year	271.90
As at 31.03.2017	**115.55**
Additions	691.92
Capitalised during the year	788.00
As at 31.03.2018	**19.47**
4A Intangible asset under development	
Opening As at 01.04.2016	**4.50**
Additions	5.05
Capitalised during the year	–
As at 31.03.2017	**9.55**
Additions	103.84
Capitalised	103.84
Adjustment	9.55
As at 31.03.2018	**–**

(₹ In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
5 Non-current investments			
Other investments			
Fair value through other comprehensive income			
a) Investment in equity shares (Unquoted)			
8,500 (31.03.17 - 8,500, 01.04.16 - 8,500) equity shares of ₹ 10 each fully paid up in 'Dwarikesh Informatics Limited'	10.75	11.47	11.77
9,600 (31.03.17 - 9,600, 01.04.16 - 9,600) equity shares of ₹ 10 each fully paid up in 'Faridpur Sugars Limited'	0.97	0.98	0.99
b) At cost			
Investments in preference shares (Unquoted)			
20,000 (31.03.17 - 20,000, 01.04.16 - 20,000) 10% non-cummulative preference shares of ₹ 100 each fully paid up in 'Dwarikesh Informatics Limited'	20.00	20.00	20.00
Total non-current investments	**31.72**	**32.45**	**32.76**
Aggregate amount of unquoted investments	31.72	32.45	32.76
Aggregate provision for impairment in the value of investments	–	–	–
6 Non-current trade receivable			
Unsecured, considered good	–	–	33.79
Total non-current trade receivables	**–**	**–**	**33.79**

Notes to Financial Statement as at March 31, 2018

(₹ In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
7 Non-currrent loans			
Unsecured, considered good:			
Security deposits	31.38	37.90	19.90
Total non current loans	**31.38**	**37.90**	**19.90**

8 Other non-current assets			
Unsecured, considered good:			
i) Fixed deposit (having maturity more than 12 months)*	15.17	24.54	22.65
ii) Others:			
Considered good	1.00	3.51	50.32
Doubtful	61.74	57.59	–
Provision for doubtful advances	(61.74)	(57.59)	–
Total other non-current financial assets	**16.17**	**28.05**	**72.97**

* Held as margin money with government departments.

9 Net deferred tax asset /(liabilities)

(₹ In Lakhs)

	Year ended March 31, 2018				Year ended March 31, 2017			
	As at April 01, 2017	Recognised in Profit & Loss	Recognised in OCI	As at March 31, 2018	As at April 01, 2016	Recognised in Profit & Loss	Recognised in OCI	As at March 31, 2017
Deferred tax assets								
Business loss carry forward	217.81	(217.81)	–	–	8149.83	(7,932.02)	–	217.81
Disallowances under section 43B								
i) Bonus	58.67	3.80	–	62.47	62.52	(3.85)	–	58.67
ii) Gratuity	447.49	78.63	(55.12)	471.00	358.93	43.03	45.53	447.49
iii) Leave encashment	167.45	(3.05)	–	164.40	136.63	30.82	–	167.45
iv) Purchase tax	75.29	(75.29)	–	–	–	75.29	–	75.29
v) Interest subvention	19.93	1.64	–	21.57	–	19.93	–	19.93
vi) Provision for excise duty	1,306.83	(1,306.83)	–	–	1,264.55	42.28	–	1,306.83
Indexation of land	–	1,764.53	–	1,764.53	–	–	–	–
MAT credit entitlement	5,107.66	1,942.01	–	7,049.67	732.84	4,374.82	–	5,107.66
Total deferred tax assets	**7,401.13**	**2,187.63**	**(55.12)**	**9,533.64**	**10,705.30**	**(3,349.70)**	**45.53**	**7,401.13**
Deferred tax liabilities								
Change in WDV of property, plant and equipment	5,981.13	216.48	–	6,197.61	8,265.30	(2,284.17)	–	5,981.13
Others*	22.07	(16.90)	–	5.17	31.22	(9.15)	–	22.07
Total deferred tax liabilities	**6,003.20**	**199.58**	**–**	**6,202.78**	**8,296.52**	**(2,293.32)**	**–**	**6,003.20**
Deferred tax liability on Exceptional Item						**170.79**		
Net deferred tax assets/(liabilities)	**1,397.93**	**1,988.05**	**(55.12)**	**3,330.86**	**2,408.78**	**(885.59)**	**45.53**	**1,397.93**

* Includes items routed through other equity

Note:

1) Difference in deferred tax liability at the end of both the periods includes ₹ Nil (31.03.17 - ₹ 170.79 Lakhs) being deferred tax liability netted off against exceptional item.

2) Deferred tax calculated on land @ 23.296%.

Notes to Financial Statement as at March 31, 2018

(₹ In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
10 Other non-current assets			
Unsecured, considered good:			
a) Capital advances	–	37.82	41.31
b) Advances other than capital advances:			
Prepaid expenses	12.53	17.15	13.98
Advance Lease Rent	9.62	10.08	0.89
Balances deposit with government authorities under protest	67.79	65.60	37.96
Others	127.91	127.91	127.91
Total other non-current asset	**217.85**	**258.56**	**222.05**

11 Inventories			
(As taken, valued and certified by the Management)			
Valued at or below cost: (Refer note. G of note no. 2)			
a) Raw materials	40.77	3.05	38.25
b) Work-in-progress (Refer note c of note no. 44)	648.73	788.37	296.90
c) Finished goods (Refer note c of note no. 44)	50,085.54	58,437.73	51,792.91
d) Stores and spares	2,122.37	1,626.06	1,461.25
e) Chemicals	59.65	39.74	26.11
f) Packing material	164.74	99.25	40.74
Total inventories	**53,121.80**	**60,994.20**	**53,656.16**

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.

12 Current investments			
Investment in equity shares (unquoted)			
Nil (31.03.17 - Nil, 01.04.16 - 11,500) equity shares of ₹ 10 each fully paid up in 'Dwarikesh Informatics Limited'	–	–	1.15
Nil (31.03.17 - Nil, 01.04.16 - 10,400) equity shares of ₹ 10 each fully paid up in 'Faridpur Sugars Limited'	–	–	1.04
	–	**–**	**2.19**

13 Trade receivables			
unsecured, considered good:	5,346.40	5,468.61	6,425.56
{Includes unbilled revenue of ₹ 1,556.13 Lakhs(31.03.17 - ₹ 1,605.80 Lakhs, 01.04.16 - ₹ 936.11 Lakhs)}			
Total trade receivable	**5,346.40**	**5,468.61**	**6,425.56**

(₹ In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
14 Cash and cash equivalents			
Balance with banks	239.34	51.44	404.27
Cash on hand	7.53	22.40	44.34
Total cash and cash equivalents	**246.87**	**73.84**	**448.61**
15 Bank balances other than cash and cash equivalents			
i) Fixed deposit account*	26.44	–	–
ii) Earmarked balance for unpaid dividend	8.64	3.96	4.58
iii) Earmarked balance in current account	8.42	18.67	29.06
(as per Uttar Pradesh State Molasses Control Rules, 1974)			
Total bank balances other than cash and cash equivalents	**43.50**	**22.63**	**33.64**

* Held as margin money with government departments.

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
16 Current - loans			
unsecured, considered good:			
Security deposit	7.00	–	–
Other loans (advances to employees)	23.08	23.09	11.79
Total current loans	**30.08**	**23.09**	**11.79**
17 Other financial assets			
unsecured, considered good:			
Income receivable and others	1.23	0.85	0.78
Total other financial assets	**1.23**	**0.85**	**0.78**
18 Other current assets			
Advances other than capital advances:			
Prepaid expenses	153.93	134.49	134.04
Balance with government authorities	257.49	177.63	317.67
Advances given to suppliers	86.02	33.05	14.98
Claim for reimbursement of cane commission	–	–	601.37
Total other current asset	**497.44**	**345.17**	**1,068.06**

Notes to Financial Statement as at March 31, 2018

(₹ In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
19 Equity share capital			
Authorised:			
22,50,00,000 (31.03.17 - 2,25,00,000, 01.04.16 - 1,75,00,000 of ₹ 10 each) equity shares of ₹ 1 each	2,250.00	2,250.00	1,750.00
Issued, Subscribed and Fully paid up:			
18,83,01,470 (31.03.17 - 1,88,30,147, 01.04.16 - 1,63,14,676 of ₹ 10 each) equity shares of ₹ 1 each paid up	1,883.01	1,883.01	1,631.47
Total share capital	**1,883.01**	**1,883.01**	**1,631.47**

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 ₹ 110 lakhs of series I and ₹ 1,500 lakhs of series II is now been classified as financial liability. (Refer note no 21 and 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, 2018		As at March 31, 2017		As at April 01, 2016	
	No of shares	Amount	No of shares	Amount	No of shares	Amount
Authorised:						
Equity shares:-						
At the beginning of the year	2,25,00,000	2,250.00	1,75,00,000	1,750.00	1,75,00,000	1,750.00
Reclassified from 8% cumulative redeemable preference shares (Series IV)	–	–	50,00,000	500.00	–	–
Spliting of face value of share in ratio of 10:1 (Refer 'F')	20,25,00,000	–	–	–	–	–
Outstanding at the end of the year	**22,50,00,000**	**2,250.00**	**2,25,00,000**	**2,250.00**	**1,75,00,000**	**1,750.00**
Issued, Subscribed and Fully paid up:						
Equity shares:-						
At the beginning of the year (face value ₹ 10)	1,88,30,147	1,883.01	1,63,14,676	1,631.47	1,63,14,676	1,631.47
Change during the year (Refer 'E')	–	–	25,15,471	251.54	–	–
Spliting of face value of share in ratio of 10:1 (Refer 'F')	16,94,71,323	–	–	–	–	–
Outstanding at the end of the year face value ₹ 1 (face value ₹ 10 for 31-03-2017 & 01-04-2016)	**18,83,01,470**	**1,883.01**	**1,88,30,147**	**1,883.01**	**1,63,14,676**	**1,631.47**

B. Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company: *(₹ In Lakhs)*

	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
	No of shares	% holding	No of shares	% holding	No of shares	% holding
Equity shares:-						
Dwarikesh Trading Company Limited	2,62,48,890	13.94%	26,24,889	13.94%	26,24,889	16.09%
Morarka Finance Limited	2,15,91,180	11.47%	21,59,118	11.47%	21,59,118	13.23%
Mukul Mahavirprasad Agrawal	–	–	–	–	9,00,000	5.52%
Gautam R Morarka	2,82,66,590	15.01%	28,26,659	15.01%	28,26,659	17.33%
India Nivesh Capital Limited	94,28,441	5.01%	–	–	–	–

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

Notes to Financial Statement as at March 31, 2018

C **Rights & restrictions attached to equity shares:**

The Company has one class of equity shares having a face value of ₹ 1 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors, If any is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.

D Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date.-Nil

E During the previous year, the company has issued and allotted 25,15,471 equity shares of ₹ 10 each @ premium of ₹ 226.11 per equity share by way of Qualified Institutional Placement. The amount so raised has been fully utilized for the purposes stated in the placement document.

F During the current year ending March 31, 2018, company has approved the stock split in the ratio of 10:1.

(₹ In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
20 Other equity			
a) Capital reserve			
Opening balance	59.87	59.87	59.87
Changes during the year	–	–	–
Closing balance	59.87	59.87	59.87
b) Securities premium reserve			
Opening balance	14,688.11	9,000.38	9,000.38
Changes during the year	–	5,687.73	–
Closing balance	14,688.11	14,688.11	9,000.38
c) Surplus / (Deficit) in statement of profit and loss			
Opening balance	11,166.14	(4,444.34)	(8,340.97)
Add: profit during the year	10,144.77	15,610.48	3,896.63
Less: appropriations			
Transfer to capital redemption reserve	1,500.00	–	–
Dividend on equity shares (Including Dividend Distribution Tax)	2,266.35	–	–
Transfer to general reserve	–	–	–
Closing balance of surplus/(deficit) in statement of profit and loss	17,544.56	11,166.14	(4,444.34)
d) Other reserves			
(i) Capital redemption reserve			
Opening balance	752.00	752.00	752.00
Changes during the year	1,500.00	–	–
Closing balance	2,252.00	752.00	752.00
(ii) General reserve			
Opening balance	127.57	127.57	127.57
Changes during the year	–	–	–
Closing balance	127.57	127.57	127.57
(iii) Other Comprehensive Income/(loss)			
Opening balance	(75.39)	10.95	10.95
Changes during the year	101.89	(86.34)	–
Closing balance	26.50	(75.39)	10.95
Total other equity	**34,698.61**	**26,718.30**	**5,506.43**

Notes to Financial Statement as at March 31, 2018

(₹ In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
21 Long-term borrowings (Note 43)			
Secured			
Term loans			
From banks	3,708.33	10,319.67	20,449.57
Less : Ind AS adjustment	(10.07)	(135.61)	(470.38)
From banks	3,698.26	10,184.06	19,979.19
From other parties	–	–	3,256.53
Unsecured			
Liability component of compound financial instruments	1,500.00	1,610.00	3,110.00
Total long term borrowings	**5,198.26**	**11,794.06**	**26,345.72**

22 Provisions (non-current)			
Provision for employee benefits			
Gratuity	1,239.01	1,160.53	938.13
Leave encashment	316.60	328.44	293.80
Total provisions (non-current)	**1,555.61**	**1,488.97**	**1,231.93**

23 Other non-current liabilities			
Government Grant	–	90.56	399.82
Total other non-current liabilities	**–**	**90.56**	**399.82**

24 Short term borrowings (Note 43)			
a) Secured			
Loan payable on demand:			
From banks (cash credit)	27,225.25	35,776.62	35,411.91
b) Unsecured			
Loan from related parties:			
Due to director	–	0.62	6.54
Inter corporate deposits	1.26	1.96	1.96
Total Short Term Borrowings	**27,226.51**	**35,779.20**	**35,420.41**

25 Trade payables			
a) Micro and small enterprises*	55.61	40.48	25.50
b) Others	21,431.62	7,659.62	14,298.57
Total trade payables	**21,487.23**	**7,700.10**	**14,324.07**

* There are no outstanding amounts payable beyond the agreed period to Micro and Small enterprises as required by MSMED Act, 2006 as on the Balance Sheet date to the extent such enterprises have been identified based on information available with the company . In view of this there is no overdue interest payable.

(₹ In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
26 Other current liabilities			
a) Current maturities of long term debts (Note 43)			
From banks	1,696.67	4,224.67	5,430.38
Less: Ind AS adjustment	(95.90)	(327.98)	(522.80)
Term loans	1,600.77	3,896.69	4,907.58
Government grant	90.56	309.27	503.16
Liability component of compound financial instruments	110.00	1,500.00	–
From others	–	–	1,004.77
Total current maturities of long term debts	**1,801.33**	**5,705.96**	**6,415.51**
b) Interest accrued			
Interest accrued but not due on borrowings	29.58	93.50	164.93
Interest accrued but not due on liability component of compound financial instruments (including dividend distribution tax)	160.58	1,828.23	1,523.49
Total interest accrued	**190.16**	**1,921.73**	**1,688.42**
c) Unpaid dividend*	8.64	3.96	4.58
d) Other payables			
Salary & wages payable	616.02	1,010.60	498.69
Remuneration-due to directors	275.41	979.82	104.47
Security/Retention money payable	427.15	305.75	246.72
Others	319.02	392.27	953.79
{Including amount payable to related parties of ₹ 8.09 Lakhs (31.03.17 - ₹ 9.44 lakhs, 01.04.16 - ₹ 11.98 Lakhs)}			
Total others	**1,646.24**	**2,692.40**	**1,808.25**
Total other current financial liabilities	**3,637.73**	**10,320.09**	**9,912.18**

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

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
27 Other current liabilities			
a) Advance from customer and others	1,503.97	915.69	1,082.77
{Including amount payable to related parties of ₹ 0.40 Lakhs (31.03.17 - ₹ 0.40 lakhs, 01.04.16 - ₹ 0.40 Lakhs)}			
b) Other payables			
Statutory dues payable	1,150.49	432.20	249.77
(Including TDS, Purchase tax, PF, Excise Duty and GST)			
Excise duty payable on stock	–	3,776.07	3,653.91
Total other current liabilities	**2,654.46**	**5,123.96**	**4,986.45**

Notes to Financial Statement as at March 31, 2018

(₹ In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
28 Short term provisions			
Provision for employee benefits			
Gratuity	108.88	132.50	99.01
Leave encashment	153.87	155.40	100.98
Total short term provisions	**262.75**	**287.90**	**199.99**

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
29 Current tax liabilities/ (assets)			
Other provisions			
Provision for taxes	2,068.20	4,518.96	145.00
Prepaid taxes	(3,655.90)	(3,836.74)	(0.43)
Total current tax Liabilities / (assets)	**(1,587.70)**	**682.22**	**144.57**

(₹ In Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
30 Revenue from operations		
(Refer note. c of note no. 44)		
a) Sale of products (including excise duty)	1,45,751.41	1,25,503.89
b) Other operating revenues	76.86	106.38
Total revenue from operations	**1,45,828.27**	**1,25,610.27**

31 Other income		
a) Interest income		
on current deposits	48.51	0.22
on non current deposits with banks	0.19	2.10
b) Other non operating income*	1,699.22	1,453.25
Total other income	**1,747.92**	**1,455.57**

* Includes ₹ 1,125.52 Lakhs (previous year ₹ 890.54 Lakhs) being the amount received towards sale of REC.

32 Cost of materials consumed		
a) Raw material consumed		
Sugar cane		
Opening stock	3.05	38.25
Add: purchases	1,07,903.21	84,184.35
Less: closing stock	40.77	3.05
	1,07,865.49	**84,219.55**
b) Other materials consumed		
i) Chemicals		
Opening stock	39.74	26.11
Add: purchases	890.95	624.36
Less: closing stock	59.65	39.74
	871.04	**610.73**
ii) Packing Material consumed		
Opening stock	99.25	40.74
Add: purchases	1,506.91	1,151.28
Less: closing stock	164.74	99.25
	1,441.42	**1,092.77**
Total cost of materials consumed	**1,10,177.95**	**85,923.05**

Notes to Financial Statement for the year ended March 31, 2018

(₹ In Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
33 (Increase)/decrease in stocks		
(Refer note c of note no. 44)		
Closing stock		
Finished goods	50,085.54	58,437.73
Work in progress	648.73	788.37
	50,734.27	**59,226.10**
Opening stock		
Finished goods	58,437.73	51,792.90
Work in progress	788.37	296.90
	59,226.10	**52,089.80**
Net (increase)/decrease in stock	8,491.83	(7,136.30)
Less: Excise duty on account of (increase)/decrease on stock of finished goods	3,776.07	(122.16)
Total (increase)/decrease in stocks	**4,715.76**	**(7,014.14)**

34 Excise duty on sale		(₹ In Lakhs)
Excise duty on sale	2,833.43	6,569.95
Total excise duty on sale	**2,833.43**	**6,569.95**

35 Employee benefit expenses		(₹ In Lakhs)
a) Salary, wages, bonus and other payments	6,371.41	6,598.60
b) Contribution to provident and other funds	435.62	450.91
c) Staff welfare expenses	125.96	107.28
Total employee benefit expenses	**6,932.99**	**7,156.79**

36 Finance costs		(₹ In Lakhs)
a) Interest expense		
i) Interest on fixed loans :		
Term loans	604.71	1,596.60
Others (including paid to directors ₹ 0.04 Lakhs previous year ₹ 1.90 Lakhs)	0.21	461.52
	604.92	2,058.12
ii) Interest on cash credit and others	1,152.06	2,029.42
iii) Interest on delayed payment of advance tax	9.24	144.14
iv) Unwinding of discount (Increase in financial liabilities)	357.64	529.59
v) Net interest on defined benefit liability	85.88	77.53
b) Dividend on redemable preference share (including dividend distribution tax)	256.46	304.75
c) Other borrowing costs*	64.94	106.21
Total finance costs	**2,531.14**	**5,249.76**

* Mainly consist of loan processing facilities from banks.

(₹ In Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
37 Depreciation and amortisation expenses		
a) Depreciation		
Depreciation of tangible assets	3,122.60	2,990.95
Obsolescence	11.30	3.07
	3,133.90	2,994.02
b) Amortization of intangible assets	116.47	0.16
Total depreciation and amortization expenses	**3,250.37**	**2,994.18**

	Year ended March 31, 2018	Year ended March 31, 2017
38 Other expenses		
Power and fuel		
Power	110.83	143.47
(Net of ₹ 31.51 Lakhs power banked previous year ₹ 26.36 Lakhs)		
Fuel	82.46	55.27
Other manufacturing expenses	878.00	787.11
Repairs to buildings	416.92	225.67
Repairs to machinery	2,542.30	2,033.10
Repairs & maintenance - others	100.61	71.89
Rent (including lease rent)	120.15	116.28
Insurance	83.44	63.65
Rates and taxes	41.03	46.66
Travelling & conveyance	224.18	181.89
Sugar sales promotion expenses	401.79	324.55
Freight and forwarding (net of recovery from customers)	435.85	338.22
Donations & charity	1.05	0.69
Payment to the auditors [note 44 (a)]	24.99	19.92
CSR expenses [note 44 (b)]	295.89	126.19
Doubtful Advance	4.14	57.59
Miscellaneous expenses	1,155.27	1,045.92
Total other expenses	**6,918.90**	**5,638.07**

	Year ended March 31, 2018	Year ended March 31, 2017
39 Tax expenses		
Current year	2,058.95	4,374.82
Total tax expenses	**2,058.95**	**4,374.82**

	Year ended March 31, 2018	Year ended March 31, 2017
40 Other comprehensive income/(loss)		
Item that will not be reclassified to profit or loss		
Re-measurement of defined benefit plans	157.74	(131.56)
Fair valuation of non current investment	(0.73)	(0.31)
Income tax relating to items that will not be reclassified to profit or loss	(55.12)	45.53
Total other comprehensive income/(loss)	**101.89**	**(86.34)**

Notes to Financial Statement for the year ended March 31, 2018

41 Contingent liabilities & commitments (to the extent not provided for)

(₹ In Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
i) Contingent Liabilities:		
a) Claim against the company not acknowledged as debts.		
In respect of show cause notices from Central Excise department in various cases against which the company has preferred appeals [net of amount reversed and payments of ₹ 219.63 Lakhs (previous period ₹ 239.79 Lakhs)].	305.91	188.84
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 ₹ 10.69 Lakhs (previous period ₹ 8.33 Lakhs)].	15.90	0.85
Reduction of brought forwarded losses by the Income Tax department due to, certain disallowances amounting to ₹ 1,050.71 Lakhs (Previous year ₹ 544.85 Lakhs)	–	–
b) Guarantees issued by bankers on behalf of the Company	162.31	139.59
c) Other money for which the company may contingently liable	15.74	20.76
ii) Commitments:		
a) Estimated amount of contracts remianing to be executed on capital account and not provided for	40.10	73.40
b) Balance of Investment committed	–	–
c) Other commitements	–	–

Estimated amount of contracts remaining to be executed on capital account, net of advance of ₹ nil (previous period ₹ 37.82 Lakhs).

42 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, 2018	Year ended March 31, 2017
Lease rentals recognized during the year	51.34	55.12
The furture minimum non-cancellable operating lease payable are as follows:		
Not later than one year	51.34	51.34
Later than one year and not later than five years	179.25	230.58
Later than five years	–	–

General description of lease terms:

a) The operating lease arrangement are renewable on a periodic basis and for most of the leases extend up to a maximum of 6 years from their respective dates of inception and rented premises.

b) These lease agreements have price escalation clause of 15% after three years from the inception of the lease agreement.

Notes to Financial Statement for the year ended March 31, 2018

43 Securities for borrowings

Abbreviations:

DN - Dwarikesh Nagar Unit	PNB- Punjab National Bank
DP- Dwarikesh Puram Unit	SUPGB- Sarva U.P.Gramin Bank
DD - Dwarikesh Dham Unit	DCB- District Co-Operative Bank (Zila Sahkari Bank)
ROI- Rate of interest	SDF- Sugar Development Fund
O/S- Amount outstanding	
Qtly.- Quarterly	

Bank/FI, amount sanctioned and outstanding as on reporting Date	Year	Current (₹ in Lakhs)	Non-Current (₹ in Lakhs)	Security	Repayment Schedule of amount outstanding and ROI on the reporting date
i) Long Term Borrowings - Secured					
PNB Sanctioned - ₹ 9,400 Lakhs O/S - Nil (Nil) (497.19) Lakhs	31.03.2018 31.03.2017 01.04.2016	– – 497.19	– – –	Fully Repaid	Fully Repaid
PNB Sanctioned - ₹ 5,600 Lakhs O/S - Nil (Nil) (296.21) Lakhs	31.03.2018 31.03.2017 01.04.2016	– – 296.21	– – –	Fully Repaid	Fully Repaid
PNB Sanctioned - ₹ 5,000 Lakhs O/S - Nil (Nil) (500.00) Lakhs	31.03.2018 31.03.2017 01.04.2016	– – 500.00	– – –	Fully Repaid	Fully Repaid
PNB Sanctioned - ₹ 10,000 Lakhs O/S - Nil (Nil) (1,000.00) Lakhs	31.03.2018 31.03.2017 01.04.2016	– – 1,000.00	– – –	Fully Repaid	Fully Repaid
PNB Sanctioned - ₹ 6,500 Lakhs O/S - 1,083.33 Lakhs (3,791.67) Lakhs (6,500.00) Lakhs	31.03.2018 31.03.2017 01.04.2016	– 541.67 1,083.33	1,083.33 3,250.00 5,416.67	Pari-passu Charge on fixed assets: -1st on DN, DP and DD	-ROI- 8.95% - 2 qtly installments of ₹ 541.67 lakhs each payable in June, 2019 and onwards.
PNB [SEFASU 2014] Sanctioned - ₹ 6,108 Lakhs O/S - 1,696.67 Lakhs (3,732.67) Lakhs (5,768.67) Lakhs	31.03.2018 31.03.2017 01.04.2016	1,696.67 2,036.00 2,036.00	– 1,696.67 3,732.67	Pari-passu Charge on fixed assets: 3rd on DN, DP and DD	-ROI-12.00% [total subvention from the Govt. of India] -10 monthly installments of ₹ 169.67 Lakhs each payable in April ,2018 and onwards.

Notes to Financial Statement for the year ended March 31, 2018

Bank/FI, amount sanctioned and outstanding as on reporting Date	Year	Current (₹ in Lakhs)	Non-Current (₹ in Lakhs)	Security	Repayment Schedule of amount outstanding and ROI on the reporting date
PNB Sanctioned - ₹ 720 Lakhs O/S - Nil (Nil) (720.00) Lakhs	31.03.2018 31.03.2017 01.04.2016	– 72.00 –	– 648.00 720.00	Fully Repaid	Fully Repaid
PNB Sanctioned - ₹ 10,500 Lakhs O/S - 2,625.00 Lakhs (6,300.00) Lakhs (10,500.00) Lakhs	31.03.2018 31.03.2017 01.04.2016	– 1,575.00 –	2,625.00 4,725.00 10,500.00	Pari-passu Charge on fixed assets: -1st on DN, DP and DD	ROI- 8.95% - 5 qtly installments of ₹ 525.00 Lakhs each payable from June, 2019 onwards.
PNB [car loan] Sanctioned - ₹ 65 Lakhs O/S - Nil (Nil) (49.86) Lakhs	31.03.2018 31.03.2017 01.04.2016	– – 12.09	– – 37.77	Fully Repaid	Fully Repaid
PNB [car loan] Sanctioned - ₹ 51 Lakhs O/S - Nil (Nil) (48.01) Lakhs	31.03.2018 31.03.2017 01.04.2016	– – 5.55	– – 42.46	Fully Repaid	Fully Repaid
Total term loans from Banks O/S - 5,405.00 Lakhs (14,544.34) Lakhs (25,879.94) Lakhs	31.03.2018 31.03.2017 01.04.2016	1,696.67 4,224.67 5,430.37	3,708.33 10,319.67 20,449.57		
SDF Sanctioned - ₹ 2,750 Lakhs O/S – Nil (Nil) (769.59) Lakhs	31.03.2018 31.03.2017 01.04.2016	– – 513.06	– – 256.53	Fully Repaid	Fully Repaid
SDF Sanctioned - ₹ 2,650 Lakhs O/S – Nil (Nil) (491.71) Lakhs	31.03.2018 31.03.2017 01.04.2016	– – 491.71	– – –	Fully Repaid	Fully Repaid
Unsecured Liability component of compound financial instruments (preference share): O/S - 1,610 lakhs (3,110 lakhs) (3,110 Lakhs)	31.03.2018 31.03.2017 01.04.2016	110.00 1,500.00 –	1,500.00 1,610.00 3,110.00	Not Applicable	1,10,000, 12% cumulative redeemable preference share of ₹ 100 each is redeemable in August 2018. 15,00,000, 8% cumulative redeemable preference share of ₹ 100 each is redeemable in August 2020.

Bank/FI, amount sanctioned and outstanding as on reporting Date	Year	Current (₹ in Lakhs)	Non-Current (₹ in Lakhs)	Security	Repayment Schedule of amount outstanding and ROI on the reporting date
Total term Loans from others **O/S – 1,610 lakhs** (3,110.00) Lakhs (4,371.30) Lakhs	31.03.2018 31.03.2017 01.04.2016	110.00 1,500.00 1,004.77	1,500.00 1,610.00 3,366.53		
From Companies O/S – Nil (Nil) (3,000.00) Lakhs	31.03.2018 31.03.2017 01.04.2016	– – –	– – 3,000.00	Fully Repaid	Fully Repaid
Total long term borrowings O/S - 3,01,41,25,227 O/S – 7,015.00 Lakhs (17654.34) Lakhs (33,251.24) Lakhs	31.03.2018 31.03.2017 01.04.2016	1,806.67 5,724.67 6,435.14	5,208.33 11,929.67 26,816.10		
ii) Short Term Borrowings:					
a. Cash Credit					
PNB Sanctioned - ₹ 56,500 Lakhs	31.03.2018 31.03.2017 01.04.2016	27,225.25 17,206.17 22,920.14	– – –	-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
PNB - WCDL Sanctioned- Nil	31.03.2018 31.03.2017 01.04.2016	– 5,801.55 –	– – –		Fully Repaid.
SUPGB Sanctioned- Nil	31.03.2018 31.03.2017 01.04.2016	– 986.19 995.82	– – –		Fully Repaid.
DCB Sanctioned- Nil	31.03.2018 31.03.2017 01.04.2016	– 11,782.71 11,495.94	– – –		Fully Repaid.
Total cash credit	31.03.2018 31.03.2017 01.04.2016	27,225.25 35,776.62 35,411.90	– – –		
b. Loans & advances from related parties	31.03.2018 31.03.2017 01.04.2016	1.26 2.57 8.50	– – –	Unsecured	-ROI- 10% - Payable on demand
Total short term borrowings	31.03.2018 31.03.2017 01.04.2016	27,226.51 35,779.19 35,420.40	– – –		

Term Loans and cash credit from banks aggregating to ₹ 32,630.26 Lakhs (31.03.17 - ₹ 50,320.95 Lakhs, 01.04.16 - ₹ 61,291.85 Lakhs) are personally guaranteed by the Managing Director of the company out of which the company has given Counter guarantees of ₹ 32,630.26 Lakhs (31.03.17 - ₹ 44,519.40 Lakhs, 01.04.16 - ₹ 50,023.84 Lakhs) to him to secure all these personal guarantees excluding PNB working capital demand loan/specific term loan outstanding of ₹ Nil (31.03.17 - ₹ 5,801.55 lakhs, 01.04.16 - ₹ 11,268.01 Lakhs)

Notes to Financial Statement for the year ended March 31, 2018

44 Other disclosures :

a) Auditors remuneration

(₹ In Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Statutory auditors		
i) Audit fee	18.83	16.63
ii) Tax audit fee	2.25	2.02
iii) Certification/other services	1.00	–
iv) Out of pocket Expenses	2.91	1.27
Total	**24.99**	**19.92**

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, 2018	Year ended March 31, 2017
1. Gross amount required to be spent by the company during the year	151.96	–
	151.96	**–**
2. Amount spent during the year		
Construction/Acquisition of assets	292.99	15.30
Others	2.90	110.89
	295.89	**126.19**

Note: ₹ 250.04 lakhs (Previous year ₹ 15.30 lakhs) on construction of asset and other activity is made through R R Morarka charitable trust.

c) **Particulars of revenue from operations & inventory**

Revenue from operations:

(₹ In Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
i) Sugar	1,31,957.50	1,10,537.73
ii) Molasses	1,589.19	3,337.76
iii) Power	9,306.16	7,952.02
iv) Industrial alcohol		
- Spirit	142.50	411.12
- Ethanol	2,493.81	3,151.44
v) Miscellaneous/other residual sale	262.24	113.82
vi) Other operating revenue	76.87	106.38
Total revenue from operations	**1,45,828.27**	**1,25,610.27**

Inventory:

Finished goods

Opening stock

(₹ In Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
i) Sugar	56,952.68	49,892.34
ii) Molasses	1,349.15	1,613.98
iii) Industrial alcohol		
- Spirit	18.73	33.58
- Ethanol	117.17	253.00
Total	**58,437.73**	**51,792.90**

Closing stock

(₹ In Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
i) Sugar	49,710.54	56,952.68
ii) Molasses	29.76	1,349.15
iii) Industrial alcohol		
- Spirit	111.45	18.73
- Ethanol	233.79	117.17
Total	**50,085.54**	**58,437.73**

Work in progress

Opening stock

(₹ In Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
i) Sugar	713.97	249.99
ii) Molasses	74.40	46.42
iii) Industrial alcohol	–	0.49
Total	**788.37**	**296.90**

Closing stock

(₹ In Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
i) Sugar	647.10	713.97
ii) Molasses	1.63	74.40
iii) Industrial alcohol	–	–
Total	**648.73**	**788.37**

Raw materials, chemicals and packing material consumed

(₹ In Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Sugar cane	1,07,865.49	84,219.54
Chemicals	871.04	610.73
Packing material	1,441.42	1,092.77
Total	**1,10,177.95**	**85,923.04**
Indegeneous (100%)	1,10,177.95	85,923.04
Imported (0%)	–	–
Total	**1,10,177.95**	**85,923.04**

d) Transaction in foreign currency

(₹ In Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Expenditure in foreign currency (on accrual basis)		
Travelling expense	**36.24**	**26.73**

Notes to Financial Statement for the year ended March 31, 2018

45 Earning per share:

(₹ In Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Net Profit for the year from continuing operations	10,144.75	15,610.48
Profit attributable to equity share holders	10,144.75	15,610.48
Equity shares outstanding during the year (weighted average in numbers)	18,83,01,470	17,58,96,410
Face value of equity shares (₹)	1	1
Earning per share (₹)		
Basic	5.39	8.87
Diluted	5.39	8.87

46 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, 2018	Year ended March 31, 2017
a) Principal amount and Interest due thereon remaining unpaid to any supplier at the end of accounting year.	55.61	40.48
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.	–	–

47 Segment information for the year ended March 31, 2018 prepared under Ind AS 108

(i) Information about primary business segment

(₹ In Lakhs)

	Sugar	Co-generation	Distillery	Adjustment	Total
Revenue					
External revenue	1,33,884.62	9,306.16	2,637.49		1,45,828.27
	(1,14,094.40)	(7,952.02)	(3,563.85)		(1,25,610.27)
Internal revenue	11,827.51	13,947.94	–	(25,775.45)	–
	(10,594.55)	(11,673.73)	–	(22,268.28)	–
Total revenue	1,45,712.13	23,254.10	2,637.49	(25,775.45)	1,45,828.27
	(1,24,688.95)	(19,625.75)	(3,563.85)	(22,268.28)	(1,25,610.27)
Less: excise duty	2,687.95	–	145.48		2,833.43
	(6,356.08)	–	(213.87)		(6,569.95)
Total income from operations (net)	1,43,024.18	23,254.10	2,492.01	(25,775.45)	1,42,994.84
	(1,18,332.87)	(19,625.75)	(3,349.98)	(22,268.28)	(1,19,040.32)
Results					
Segment results	2,776.87	8,737.19	1,232.73		12,746.79
	(17,402.10)	(7,411.33)	(984.51)		(25,797.94)
Less: unallocated expenditure (net of income)					
Interest					2,531.14
					(5,249.76)
Profit/(loss) before exceptional item and tax					10,215.65
					(20,548.18)
Exceptional item					–
					(322.71)
Profit/(loss) before tax					10,215.65
					(20,870.89)
Tax expense					70.90
					(5,260.41)
Net Profit/(loss) for the period after tax					10,144.75
					(15,610.48)
Other information					
Segment assets	75,841.46	15,320.12	2,492.31		93,653.89
	(81,321.21)	(16,655.20)	(2,461.58)		(1,00,437.99)
Unallocable corporate assets					4,950.28
					(1,430.38)
Total assets					98,604.17
					(1,01,868.37)
Segment liabilities	61,625.81	63.60	57.73		61,747.14
	(70,819.60)	(12.68)	(772.74)		(71,605.02)
Unallocable corporate libilities					275.41
					(1,662.04)
Total liabilities					62,022.55
					(73,267.06)
Capital expenditure	4,092.43	33.73	181.13		4,307.29
	(359.53)	–	(95.28)		(454.81)
Depreciation/obsolescence	1,853.43	1,262.34	134.60		3,250.37
	(1,597.36)	(1,270.29)	(126.53)		(2,994.18)

Revenue in respect of captive power produced from co generation plant has been arrived at based on the rates at which the same is being supplied to State Electricity Board.

(ii) The company does not have any secondary business segment since there were no exports during the year and no 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, 2018 and March 31, 2017.

48 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 ₹ 435.62 Lakhs (previous period ₹ 450.91 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, 2018	Year ended March 31, 2017
Opening defined benefit obligation	1,293.03	1,037.14
Current service cost	108.11	91.85
Interest cost	85.87	77.53
Actuarial loss/ (gain)	(157.73)	131.56
Past service cost	72.56	–
Benefit paid	(53.97)	(45.05)
Closing defined benefit obligation	1,347.87	1,293.03
Change in fair value of assets :		
Contribution by employer	53.97	45.05
Benefit paid	(53.97)	(45.05)
Change in fair value of plan assets	–	–
Expense recognized in Statement of Profit & Loss		
Current service cost	108.11	91.85
Interest cost	85.87	77.53
Net actuarial losses / (gain)	(157.73)	131.56
Past service cost	72.56	–
Expense recognized in Statement of Profit & Loss	108.81	300.94
Financial Assumptions at the valuation date		
Discount rate	7.90%	7.00%
Expected rate of return on assets (p.a.)	–	–
Salary escalation	6.00%	6.00%

(c) **Sensitivity analysis**

Gratuity is a lump sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key actuarial assumptions to which the benefit obligation results are particularly sensitive to are discount rate and future salary escalation rate. The following table summarizes the impact in percentage terms on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 50 basis points.

(₹ In Lakhs)

	Year ended March 31, 2018		Year ended March 31, 2017	
	Discount Rate	Salary Escalation Rate	Discount Rate	Salary Escalation Rate
Impact of increase in 50 bps on DBO	-4.42%	4.68%	-3.89%	3.76%
Impact of decrease in 50 bps on DBO	4.74%	-4.44%	4.15%	-3.58%

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:

During the intervaluation period, the monetary ceiling under the Payment of Gratuity Act, 1972 was enhanced from ₹ 10 Lakhs to ₹ 20 Lakhs. The revised benefit is described in the summary of gratuity benefit set-out in Annexure II of this report. This change resulted in a past service cost for the company which has been recognized in the statement of profit & loss account for the period.

49 Related party disclosures as required by Ind AS 24 for the year ended March 31, 2018

a) Names of the related parties and description of relationship:

i) Enterprises over which key management personnel are able to exercise significant influence	- Morarka Finance Limited	
	- Dwarikesh Trading Company Limited	
	- Dwarikesh Informatics Limited	
	- Dwarikesh Agriculture Research Institute	
	- Faridpur Sugars Limited	
	- R R Morarka Charitable Trust	
ii) Key management personnel	- Shri G.R.Morarka	Managing Director
	- Shri B.J.Maheshwari	Whole-time Director & Company Secretary Cum Chief Compliance Officer
	- Shri Vijay S. Banka	Whole -time Director & Chief Finance Officer
iii) Relatives of Key Managerial Personnel Shri G.R.Morarka	- Ms. Priyanka G. Morarka (Daughter)	

b) Details of transactions

(₹ In Lakhs)

Sl. No.	Name of related party	Nature of transaction		Volume of transaction (₹ in Lakhs)	Amount due to (₹ in Lakhs)	Amount due from (₹ in Lakhs)	Investment (₹ in Lakhs)
1	Dwarikesh Trading Co. Ltd.	Inter Corporate Deposit Repaid	31.03.18				
			31.03.17	0.01	0.70		
			01.04.16	0.02	0.70		
		Interest Paid	31.03.18	0.04			
			31.03.17	0.07			
		Rent Received	31.03.18	2.40			
			31.03.17	2.40			
		Rent Paid	31.03.18	26.59			
			31.03.17	21.74			
		Advance Rent	31.03.18		0.40		
			31.03.17		0.40		
			01.04.16		0.40		
2	Dwarikesh Informatics Ltd.	Services Purchased	31.03.18	37.52	8.09		20.85
			31.03.17	32.20	9.45		20.85
			01.04.16				22.00
		Dividend Received	31.03.18				
			31.03.17				
3	Dwarikesh Agriculture Research Institute (Formerly Dwarikesh Sugarcane Research Institute)	Interest Paid	31.03.18	0.13	1.26		
			31.03.17	0.13	1.26		
			01.04.16		1.26		
4	Faridpur Sugars Limited		31.03.18				0.96
			31.03.17				0.96
			01.04.16				2.00

(₹ 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)
5	Morarka Finance Limited	Rent Paid	31.03.18	18.17			
			31.03.17	17.81			
		Management Consultancy Paid	31.03.18	35.18			
			31.03.17	13.79			
6	R R Morarka Charitable Trust	Construction/ Acquisition of assets	31.03.18	250.04			
			31.03.17	15.30			
		Donation	31.03.18				
			31.03.17	100.00			
7	Shri G.R.Morarka	Interest Paid	31.03.18	0.04			
			31.03.17	1.90	0.62		
			01.04.16		6.54		
		Remuneration	31.03.18	273.52			
			31.03.17	131.52			
		Commission	31.03.18	226.48			
			31.03.17	965.04			
8	Shri B.J. Maheshwari	Remuneration	31.03.18	88.18			
			31.03.17	73.82			
		Ex-gratia/Interim Bonus	31.03.18	25.00			
			31.03.17	7.50			
		Leave Encashment	31.03.18				
			31.03.17				
9	Shri Vijay S. Banka	Remuneration	31.03.18	87.80			
			31.03.17	73.44			
		Ex-gratia/Interim Bonus	31.03.18	25.00			
			31.03.17	7.50			
		Leave Encashment	31.03.18				
			31.03.17				
10	Ms. Priyanka G. Morarka	Remuneration	31.03.18	25.31			
			31.03.17	16.22			
		Ex-gratia/Interim Bonus	31.03.18	0.17			
			31.03.17	0.17			
		Leave Encashment	31.03.18	0.81			
			31.03.17	0.19			

50 Financial instruments

Financial assets

(₹ In Lakhs)

Sl. No.		Fair value hierarchy	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
			Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
1	**Financial assets designated at fair value through profit and loss**							
	Investment in preference share (non-cummulative redeemable)	Level-2	20.00	20.00	20.00	20.00	20.00	20.00
2	**Financial assets designated at fair value through other comprehensive income**	Level-2						
	Investment In equity share		1.81	11.72	1.81	12.45	4.00	14.95
3	**Financial assets designated at amortised cost**							
	a) Trade receivables		–	–	–	–	33.79	33.79
	b) Loans							
	Security deposit		41.00	31.38	47.98	37.90	20.79	19.90
	c) Other non-current financial assets		16.17	16.17	28.05	28.05	72.97	72.97
			78.98	**79.27**	**97.84**	**98.40**	**151.55**	**161.61**

Financial liabilities

(₹ In Lakhs)

Sl. No.		As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
		Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	Financial liability designated at amortised cost						
	Borrowings	7,015.00	6,909.03	17,654.34	17,190.75	33,251.25	32,258.07
		7,015.00	**6,909.03**	**17,654.34**	**17,190.75**	**33,251.25**	**32,258.07**

The following methods and assumptions were used to estimate the fair values.

a) Company has adopted effective rate of interest for calculating Interest. This has been calculated as the weighted average of effective interest rates calculated for each loan. In addition processing fees and transaction cost relating to each loan has also been considered for calculating effective interest rate.

b) Due to short term nature, the carrying amount of current financial assets (excluding investments) and current financial liabilities (excluding current maturities of long term debt) are considered to be the same as of their fair values . Hence, the figures are not shown in the above note.

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Notes to Financial Statement for the year ended March 31, 2018

51 Financial risk management objectives and policies

Financial risk factors

The Company's principal financial liabilities includes borrowings, trade payable and other financial liabilities. The main purpose of these financial liabilities is to finance the Company's assets and operations. The Company's principal financial assets include trade receivables, cash and cash equivalents and other financial assets that are derived directly from its operations. The Company is exposed to credit risk, liquidity risk and market risk. The Company's senior management oversees the management of these risks and the appropriate financial risk governance framework for the Company is in place. The senior management provides assurance that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. It is the Company's policy that derivatives whenever used are used exclusively for hedging purposes and not for trading or speculative purposes. The Audit Committee and the Board are regularly apprised of these risks every quarter and each such risk and mitigation measures are extensively discussed and the same are summarized below:

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, 2018	**6,165.52**	**297.12**	**6,462.64**
As at March 31, 2017	5,934.19	356.96	6,291.15
As at April 01, 2016	7,990.63	381.47	8,372.10

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, 2018				
Borrowings	27,226.51	1,801.33	5,198.26	34,226.10
Other financial Liabilities	–	1,836.40	–	1,836.40
Trade and other payables	24,141.69	–	–	24,141.69
Total	**51,368.20**	**3,637.73**	**5,198.26**	**60,204.19**
As at March 31, 2017				
Borrowings	35,779.20	5,705.96	11,794.06	53,279.22
Other financial Liabilities	–	4,614.13	–	4,614.13
Trade and other payables	12,824.06	–	90.56	12,914.62
Total	**48,603.26**	**10,320.09**	**11,884.62**	**70,807.97**
As at April 1, 2016				
Borrowings	35,420.41	6,415.51	26,345.72	68,181.64
Other financial Liabilities	–	3,496.67	–	3,496.67
Trade and other payables	19,310.52	–	399.82	19,710.34
Total	**54,730.93**	**9,912.18**	**26,745.54**	**91,388.65**

Notes to Financial Statement for the year ended March 31, 2018

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 prcies. It mainly comprises of regulatory risk, commodity price risk & interest rate risk, which are discussed herein below:

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, 2018	3,307.93	30,933.58	34,241.51
As at March 31, 2017	6,845.24	46,588.29	53,433.53
As at April 1, 2016	13,148.47	55,523.17	68,671.64

(₹ In Lakhs)

Sensitivity on variable rate borrowings	Impact on statement of profit & loss account	
	March 31, 2018	March 31, 2017
Interest rate increase by 0.25%	(77.33)	(116.47)
Interest rate decrease by 0.25%	77.33	116.47

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.

52 Impairment review:

Assets are tested for impairment whenever there are any internal or external indicators of impairment. Impairment test is performed at the level of each Cash Generating Unit ('CGU') or groups of CGUs within the Company at which the assets are monitored for internal management purposes, within an operating segment. The impairment assessment is based on higher of value in use and value from sale calculations. During the year, the testing did not result in any impairment in the carrying amount of other assets. The measurement of the cash generating units' value in use is determined based on financial plans that have been used by management for internal purposes. The planning horizon reflects the assumptions for short to- mid-term market conditions.

Key assumptions used in value-in-use calculations are:-

(i) Operating margins (Earnings before interest and taxes), (ii) Discount Rate, (iii) Growth Rates and (iv) Capital Expenditure

53 During FY 2016-17, the Company, as per GOI notification no. 20(43)/2015-SP-I dated December 2nd, 2015 and September 12th, 2016, accounted for Production subsidy @ ₹ 4.50 per quintal of sugar cane crushed during the sugar season 2015-16 amounting to ₹ 941.06 Lakhs, and considered the same as exceptional income. The Company also accounted ₹ 184 Lakhs towards remission of the purchase tax pertaining to sugar season 2012-13 allowed by the State Government of Uttar Pradesh and considered the same as exceptional income.

During FY 2016-17, irrecoverable claim amounting to ₹ 631.55 Lakhs were written off by the Company in pursuance of Uttar Pradesh

Government order dated 28th December, 2016 which was recoverable from State Government of Uttar Pradesh towards society commission relating to sugar season 2015-16. The same was considered as exceptional expense.

Net impact of the above transactions stated above amounting to ₹ 322.71 Lakhs, net of taxes, was shown as an exceptional item in the Statement of Profit and Loss.

54 During the year, the Company sold Renewal Energy Certificates (RECs) for a consideration of ₹ 1,125.52 Lakhs (previous year ₹ 890.54 Lakhs). The Company also incurred ₹ 111.85 lakhs (previous year ₹ 117.31 Lakhs) as expenditure on such sale. These RECs are generated due to environmental concerns and allotted to the Company as per Regulation on Renewal Energy Certificate, notified by Central Electricity Regulatory Commission. Judgements of the various Hon'ble courts held that such credits were not an off shoot of business but an off shoot of environmental concerns and hence, the net gain from such sale was held as capital receipt and not an income forming part of the operations of the Company. The same is also supported by legal opinion obtained by the Company. Accordingly, net earnings on such sale amounting to ₹ 1,013.67 Lakhs (previous year ₹ 773.22 Lakhs) was treated as capital receipt for computation of the income tax (including MAT computation).

55 Allahabad High Court in the case of PIL Rashtriya Kisan Mazdoor Sangathan VS State of U.P. (no.67617 of 2014) passed a final order on 9th March, 2017 directing the Cane Commissioner to decide afresh the issue within 4 months as to whether the Sugar Mills are entitled for waiver of interest on the delayed payment of the price of sugarcane for the seasons 2012-13, 2013-14 and 2014-15 under the provisions of Section 17(3) of the U.P. Sugarcane (Regulations of Supply and Purchase) Act, 1953 (in short 'the Act'). No order has yet been passed by the Cane Commissioner. Based on the legal opinion received by the Industry Association, possibility of the liability crystallizing on this score is remote. No provision in respect of such improbable liability is made.

56 Liability component of compound financial instrument :

During FY 2016-17 , being a committed obligation to pay dividend on cumulative redeemable preference shares, the Company provided an amount of ₹ 1,519 Lakhs and ₹ 309.23 Lakhs towards dividend on preference shares and corporate dividend tax thereon respectively, including arrears of ₹ 1,265.80 Lakhs and corporate dividend tax ₹ 257.69 Lakhs thereon respectively. Pursuant to sub section (2) of section 47 of the Companies Act, 2013, all series of preference shareholders are now vested with voting rights since dividend was in arrears for more than 2 years (since paid).

57 Cane societies are in dispute with the State Government of Uttar Pradesh with regard to retrospective partial waiver of society commission payable by the sugar mills for the crushing seasons 2012-13,2014-15 and 2015-16. Company was the beneficiary of such waiver, based on the legal advise no liability is likely to crystalize on the Company on this matter.

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.

59 Income tax:

a) Amount recognised in Statement of profit and loss *(₹ In Lakhs)*

	Year ended March 31, 2018	Year ended March 31, 2017
Current income tax	2,058.95	4,374.82
Deferred tax	(1,988.05)	885.59
Income tax expense reported in the statement of profit and loss	70.90	5,260.41

b) Reconciliation of effective tax rate

(₹ In Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Tax expense		
Profit before tax	10,215.65	20,870.89
Add: Interest on Tax as grouped in finance cost	9.24	144.14
Less: Other comprehensive income	157.74	(131.56)
Add: Ind AS Adjustment	304.86	331.17
	10,687.49	**21,214.64**
Less: REC income	1,013.67	–
Less: Income exempted under Income Tax Act (Power Income)	6,074.52	–
	3,599.30	21,214.64
Applicable tax rate	**34.608%**	**34.608%**
Computed tax expense	**1,245.65**	**7,341.96**
Add: Tax on REC income @ 11.536%	116.94	–
Total Tax Expense	**1,362.58**	**7,341.96**
Adjustments for:		
Income exempt for tax purpose	(4.32)	(269.79)
Expenses not allowed for tax purpose	102.76	96.29
Additional income for tax Purposes	–	59.11
Brought forward unabsorbed depreciation setoff	(1,225.79)	(7,671.68)
Changes in recognized deductible temporary differences	(118.29)	444.11
Effect of deferred tax adjustment (Excluding MAT credit entitlement)	(46.04)	5,260.41
Net adjustments	**(1,291.68)**	**(2,081.55)**
Tax Expense	**70.90**	**5,260.41**

60 First time adoption of Ind AS

These financial statements, for the year ended March 31, 2018, are the first the company has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2017, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for period ending on March 31, 2018, together with the comparative period data as at and for the year ended March 31, 2017, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 01, 2016, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 01, 2016 and the financial statements as at and for the year ended March 31, 2017.

Exemptions applied :

The estimates at April 01, 2016 and at March 31, 2017 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items under Indian GAAP did not require estimation:

- Fair value of investments in unquoted equity instruments.
- Impairment of financial assets based on expected credit loss model
- Discount rates

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions that existed as at April 01, 2016 and March 31, 2017.

1. Fair valuation of investments

   Under Indian GAAP, investments in equity instruments, mutual funds and debt securities were classified as long term investments or current investments based on the intended holding period and realis ability. Long term investments were carried at cost less provision for other than temporary diminution in the value of investments. Current investments were carried at lower of cost and fair value. Ind AS requires such investments to be measured at fair value except investments in subsidiaries, associates and joint venture for which exemption has been availed.

   Accordingly, the Company has designated investments in equity instruments and mutual funds as FVTPL investments. The difference between the instrument's fair value and Indian GAAP carrying amount has been recognized in retained earnings.

2. Financial instruments measured at amortized cost

   Under Indian GAAP, interest free loan to employees are recorded at their transaction value. Under Ind AS, these loans are to be measured at amortized cost on the basis of effective interest rate method. Due to this, long term loans to employees and short term loans to employees has been decreased and difference between carrying amount and amortized cost has been recognized as 'Deferred employee cost' under the head 'Other non-current assets'/'Other current assets'.

3. Borrowings

   Under Indian GAAP, transaction costs incurred in connection with borrowings are amortized upfront and charged to profit or loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method. Therefore, borrowings as at 1st April 2016 and 31st March 2017 have been reduced with corresponding adjustment in retained earnings.

4. Defined benefit obligation

   Both under Indian GAAP and Ind AS, the Company recognized costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gain and loss, are charged to profit and loss. Under Ind AS, such actuarial gain and loss is to be recognized separately through Other Comprehensive Income. Thus, employee cost has been reduced and actuarial gain/loss has been recognized in OCI net of taxes.

5. Sale of goods

   Under Indian GAAP, sale of goods was presented as net of excise duty. However, under Ind AS, sale of goods includes excise duty. Thus, sale of goods under Ind AS has increased by the excise duty with a corresponding increase in other expenses.

6. Deferred tax

   Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS has resulted in recognition of deferred tax on temporary differences which was not required under Indian GAAP. In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments are recognized in correlation to the underlying transaction either in retained earnings or a separate component of equity.

7. Statement of cash flows

   The transition from Indian GAAP to IND AS has not had a material impact on statement of cash flows.

Notes to Financial Statement for the year ended March 31, 2018

61 Note to reconciliation of IND AS Balance Sheet and IGAAP Balance Sheet of comparative previous years

(₹ In Lakhs)

	Note No.	Year ended March 31, 2017 IGAAP	Adjsutment	Year ended March 31, 2017 IND AS	As at April 01, 2016 IGAAP	Adjsutment	As at April 01, 2016 IND AS
Non - current assets							
Property, plant and equipment	3	33,059.99	–	33,059.99	35,637.60	–	35,637.60
Capital work - in - progress	4	115.55	–	115.55	23.90	–	23.90
Other intangible assets	4A	9.55	–	9.55	4.50	–	4.50
Financial assets				–			–
Investments	5	21.81	(10.64)	32.45	21.81	(10.95)	32.76
Trade receivables	6	–	–	–	–	(33.79)	33.79
Loans	7	5,341.04	5,303.14	37.90	942.76	922.86	19.90
Others	8	–	(28.05)	28.05	–	(72.97)	72.97
Deferred tax assets (net)	9	–	(1,397.93)	1,397.93	1,707.16	(701.62)	2,408.78
Other non - current assets	10	35.29	(223.27)	258.56	109.41	(112.64)	222.05
Current assets							
Inventories	11	60,994.20	–	60,994.20	53,656.16	–	53,656.16
Financial assets						–	–
Investment	12	–	–	–	2.19	–	2.19
Trade receivables	13	5,468.61	–	5,468.61	6,425.56	–	6,425.56
Cash and cash equivalents	14	96.48	22.63	73.84	482.25	33.64	448.61
Bank balances	15	–	(22.63)	22.63	–	(33.64)	33.64
Loans	16	424.11	401.02	23.09	507.87	496.08	11.79
Others	17	–	(0.85)	0.85	–	(0.78)	0.78
Other current assets	18	0.85	(344.32)	345.17	602.15	(465.91)	1,068.06
Total assets		**1,05,567.48**	**3,699.10**	**1,01,868.37**	**1,00,123.32**	**20.28**	**1,00,103.04**
Equity and liabilities							
Equity							
Equity share capital	19	4,993.01	3,110.00	1,883.01	4,741.47	3,110.00	1,631.47
Other equity	20	26,665.98	(52.32)	26,718.30	6,959.98	1,453.55	5,506.43
Liabilities							
Non - current liabilities							
Financial liabilities							
Borrowings	21	10,319.67	(1,474.39)	11,794.06	23,706.10	(2,639.62)	26,345.72
Deferred tax liabilities (net)	9	3,687.66	3,687.66	–	–	–	–
Provisions	22	1,488.97	–	1,488.97	1,231.93	–	1,231.93
Other non-current liabilities	23	–	(90.56)	90.56	–	(399.82)	399.82
Current liabilities							
Financial liabilities							
Borrowings	24	35,779.20	–	35,779.20	35,420.41	–	35,420.41
Trade payables	25						
Total outstanding dues of the Micro and Small Enterprises		40.48	–	40.48	25.50	–	25.50
Total outstanding dues other than above		7,659.62	–	7,659.62	14,298.57	–	14,298.57
Other financial liabilities	26	–	(10,320.09)	10,320.09	13,394.80	3,482.62	9,912.18
Other current liabilities	27	12,134.53	7,010.56	5,123.96	–	(4,986.45)	4,986.45
Provisions	28	2,798.36	2,510.46	287.90	344.56	144.57	199.99
Current Tax Liabilities (Net)	29	–	(682.22)	682.22	–	(144.57)	144.57
Total equity & liabilities		**1,05,567.48**	**3,699.10**	**1,01,868.37**	**1,00,123.32**	**20.28**	**1,00,103.04**

Notes to Financial Statement for the year ended March 31, 2018

62 Note to reconciliation of IND AS Statement of Profit & Loss and IGAAP Statement of Profit & Loss of comparative previous year

(₹ In Lakhs)

		Note No.	Year ended March 31, 2017 IGAAP	Adjsutment	Year ended March 31, 2017 IND AS
	Revenue:				
I.	Revenue from operations (gross)	30	1,25,610.27	–	1,25,610.27
	Less: excise duty	34	6,569.95	6,569.95	–
	Revenue from operations (net)		1,19,040.32	(6,569.95)	1,25,610.27
II.	Other income	31	944.16	(511.41)	1,455.57
III.	**Total revenue (I +II)**		**1,19,984.48**	**(7,081.36)**	**1,27,065.84**
IV.	**Expenses:**				
	Cost of materials consumed	32	85,923.05	–	85,923.05
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	33	(7,014.14)	–	(7,014.14)
	Excise duty on sale	34	–	(6,569.95)	6,569.95
	Employee benefit expenses	35	7,365.87	209.08	7,156.79
	Finance cost	36	4,193.76	(1,056.00)	5,249.76
	Depreciation and amortization expenses	37	2,994.18	–	2,994.18
	Other expenses	38	5,629.81	(8.26)	5,638.07
V.	**Total expenses**		**99,092.53**	**(7,425.13)**	**1,06,517.66**
VI.	Profit/(loss) before exceptional item and tax (III - V)		20,891.95	343.77	20,548.18
VII.	Exceptional item				
	Exceptional income/ expense relating to earlier years (net of tax) (refer note 6 of note no. 28 B)		322.71	–	322.71
VIII.	**Profit/(loss) before tax (VI+VII)**		**21,214.66**	**343.77**	**20,870.89**
IX.	Tax expense:				
	(1) Current tax				
	Current period	39	4,518.96	144.14	4,374.82
	Less: MAT credit entitlement	9	(4,374.82)	(4,374.82)	–
	(2) Deferred tax		5,224.02	4,338.43	885.59
X.	**Net Profit/(loss) for the period after tax (VIII - IX)**		**15,846.50**	**236.02**	**15,610.48**
XI	Other comprehensive income				
	Item that will not be reclassified to profit or loss	40	–	131.87	(131.87)
	Income tax relating to items that will not be reclassified to profit or loss		–	(45.53)	45.53
	Other comprehensive income total		**–**	**86.34**	**(86.34)**
	Total Comprehensive income		**15,846.50**	**322.36**	**15,524.14**

(₹ In Lakhs)

	As at March 31, 2017	As at April 01, 2016
Reserve as per IGAAP	26,665.98	6,959.98
Add:		
Fair valuation of non current investment	10.64	10.95
Prepaid transaction cost of loan	63.77	90.20
Less:		
Dividend on pref share including DDT recognised in opening financial statement	–	1,523.49
Deferred tax liability recognised on prepaid transaction cost of loan	22.09	31.21
Reserve as per Ind AS	**26,718.30**	**5,506.43**

Notes to Reconciliation

a Security Deposits

Company has paid security deposit, against the lease of office and guest house situated at Delhi. Indian GAAP requires the entire amount to be recognized in books under assets. However, in Ind AS, the fair value of security deposit has been disclosed a financial asset and the balance amount has been recognised as advance lease rent, giving a net impact on the retained earnings i.e. nil.

b Deferred Tax

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP. On the date of transition, the net increase of deferred tax liabilities is of ₹ 31.22 Lakhs.

c Borrowings

Under Indian GAAP, transaction costs incurred in connection with borrowings are amortised upfront and charged to profit or loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method. The net effect of this change is a increase in total equity by ₹ 90.20 Lakhs, resulting in a corresponding decrease in long term loan liability towards banks, by ₹ 70.56 Lakhs, and their current maturities by ₹ 19.64 Lakhs.

d Financial Assets & Liabilities

Under Indian GAAP, there was no such concept of financial assets or liabilities. Under Ind AS, financial assets and financial liabilities has been classified as per Ind AS 109 read with Ind AS 32. Figures of the previous year have been regrouped as per Ind AS, wherever necessary.

e FVTOCI financial assets

Under Indian GAAP, the company accounted for long term investments in unquoted and quoted equity shares as investment measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, the company has designated such investments as FVTOCI investments. Ind AS requires FVTOCI investments to be measured at fair value. At the date of transition to Ind AS, difference between the instruments fair value and Indian GAAP carrying amount has been recognised under other comprehensive income.

f Dividends

Under Indian GAAP, proposed dividends including DDT are recognised as a liability in the period to which they relate, irrespective of when they are declared. Under Ind AS, a proposed dividend is recognised as a liability in the period in which it is declared by the company (usually when approved by shareholders in a general meeting) or paid.

g Defined benefit obligation

Both under Indian GAAP and Ind AS, the company recognised costs related to its post-employment defined benefit obligation on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains/losses and interest, are charged to profit or loss. Under Ind AS, actuarial gains/losses debit or credit to retained earnings through OCI and interest as finance cost.Thus the employee benefit cost is reduced by ₹ 209.08 Lakhs (F.Y. 2016-17) and Remeasurement gains/ losses on defined benefit plans has been recognized in the OCI net of tax.

h Property, plant and equipment & Depreciation

The company has elected to measure certain items of property, plant and equipment at cost at the date of transition to Ind AS. Hence at the date of transition to Ind AS, has no impact on recognised in property, plant and equipment.

i Other comprehensive income

Under Indian GAAP, the company has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to profit or loss as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

j Standards issued but not effective yet

Ind AS 115 was issued in Feburary 15 and establishes a five step model to account for revenue arising from contracts with customers. The new revenue standard will supersede all current revenue recognition requirements under Ind AS. This standard will come into force from 1st April, 2018. The company will adopt new standard on the required effective date.

k Revenue from sale of goods

Excise duty Under the previous GAAP, revenue from sale of goods was presented as net of excise duty on sales. However, under Ind AS, revenue from sale of goods includes excise duty and such excise duty is separately presented as an expense on the face of the Statement of Profit and Loss. Thus, under Ind AS, sale of goods for the year ended 31st March, 2016 has increased by ₹ 6,569.95 lakhs with a corresponding increase in "Total expense".

l Interest Income

The previous GAAP required the recognition of revenue from interest on time proportion basis. However, Ind AS requires interest on financial assets to be recognized using the effective interest rate method.

m Total comprehensive income and other comprehensive income

Under the previous GAAP, the Company did not present total comprehensive income and other comprehensive income. Hence, it has reconciled the previous GAAP profit to profit as per Ind AS. Further, the previous GAAP profit is reconciled to other comprehensive income and total comprehensive income as per Ind AS.

63 The previous year's including figures as on the date of transition have been reworked, regrouped, rearranged and reclassified wherever necessary. Amounts and other disclosures for the preceding year including figures as at the date of transition are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.

As per our report of even date

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

Deepak K. Aggarwal
Partner
Membership No. 095541

Place: Mumbai
Date: May 07, 2018

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

Vijay S. Banka
Managing Director & CFO
DIN: 00963355

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

B. K. Agarwal
Independent Director
DIN: 00001085

Place: Mumbai
Date: May 07, 2018

Key Financial Data

(₹ *In Lakhs*)

Particulars	2007-08 (Oct 07 - Sep 08)	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)	2014-15 (18 months) (Oct 13 - Mar 15)	2015-16 (Apr 15 - Mar 16)	2016-17# (Apr 16 - Mar 17)	2017-18 (Apr 17 - Mar 18)
Sales	29,386	48,461	57,728	61,655	72,595	96,282	1,17,643	83,151	1,25,610	1,45,828
Revenue from operation										
Other Income	40	155	190	35	216	1,310	266	862	1,456	1,748
Increase/Decrease ( ) in stock	7,005	(9,318)	6,132	(1,829)	9,941	(4,511)	28,228	2,856	7,014	(4,716)
Total Income	**36,431**	**39,297**	**64,051**	**59,861**	**82,752**	**93,082**	**1,46,137**	**86,869**	**1,34,080**	**1,42,860**
Manufacturing and operating expenses (cost of material used)	26,089	20,499	50,735	43,134	63,790	74,247	1,19,978	61,717	85,923	1,10,178
Excise Duty	2,121	2,274	2,221	2,342	2,735	3,521	4,035	3,717	6,570	2,833
Exception item/ Deferred revenue expenditure	30	30	30	–	–	–	–	(492)	(323)	–
Staff expenses	2,412	2,858	3,218	3,543	3,805	4,030	7,144	4,968	7,157	6,933
Selling & administration expenses (other expenses*)	822	1,038	1,346	3,359	2,811	4,101	5,393	4,785	5,638	6,919
Total Expenditure	31,474	26,699	57,551	52,378	73,141	85,899	1,36,550	74,694	1,04,965	1,26,863
Profit before interest, depreciation and tax (PBIDT)	4,957	12,598	6,500	7,483	9,611	7,183	9,587	12,175	29,115	15,997
Depreciation and amortization expenses	2,943	3,295	3,206	3,272	3,289	3,319	4,725	3,076	2,994	3,250
Profit before interest and tax (PBIT)	2,014	9,302	3,294	4,212	6,322	3,864	4,862	9,098	26,121	12,747
Interest	4,947	6,164	4,631	5,978	7,886	7,056	7,521	5,159	5,250	2,531
Profit before tax (PBT)	(2,933)	3,138	(1,336)	(1,766)	(1,564)	(3,192)	(2,659)	3,939	20,871	10,216
Taxes	(455)	630	(431)	(450)	(433)	(1,256)	(984)	42	5,260	71
Profit after Tax (PAT)	(2,478)	2,508	(906)	(1,316)	(1,131)	(1,936)	(1,675)	3,897	15,611	10,145
Cash accruals	27	6,103	1,651	1,506	1,725	117	2,066	7,006	23,865	13,349
Equity Share Capital	1,631	1,631	1,631	1,631	1,631	1,631	1,631	1,631	1,883	1,883
Preference Share Capital	1,610	1,610	1,610	1,610	1,610	3,110	3,110	3,110	–	–
Share Application money pending allotment					1,000	–	–	–	–	–
Equity Share Warrant	60	–	–		–	–	–	–	–	–
Reserves & Surplus/Other Equity	10,638	12,608	11,702	10,386	9,255	7,319	5,644	6,960	26,718	34,699
Secured loan funds/ Financial liabilites borrowings excluding cash credit limits/ secured loan including repayable within 1 year*	39,311	38,459	32,305	39,308	33,169	23,983	27,154	30,141	14,390	5,390
Unsecured loan funds and Liability component of compound financial instrument	5,459	44	5,617	239	11	9	9	9	3,113	1,611
Net block of fixed assets/Property,Plant Equipment and capital work in progress	58,655	55,544	52,531	50,032	46,999	44,044	39,861	35,666	33,185	34,101
Investment	22	22	27	24	24	24	24	20	32	32
Deferred tax liability	945	1,701	1,261	683	249	–	–	–	–	–
Deferred tax Assets						1,017	2,001	1,707	1,398	3,331
Current assets	22,911	12,820	18,300	14,058	26,967	19,837	56,964	61,725	66,928	60,875
Non Current Assets/Long term loans & advances & other non current assets				1,208	1,231	1,125	1,024	1,005	325	265
Current Liabilities / current liabilitiees excluding short term borrowing & current maturity of loan term debts	7,727	5,928	9,306	3,301	7,813	13,529	25,560	21,190	18,408	26,241
Non Current Liabilities/Other long term liabilities & long term provisions				1,046	1,159	1,237	1,494	1,670	1,580	1,556
Current Liabilities including cash credit limit	21,995	12,361	16,732	10,419	27,137	28,758	60,833	56,602	54,188	53,467
Capital raising expenditure to the extent not written off	60	30	–	–	–	–	–	–	–	

*regrouped /reclasiified as per schedule VI since 2010-11

#regrouped/ recasted as per IND AS

Financial Icons

(₹ In Lakhs)

Particulars	2007-08 (Oct 07 - Sep 08)	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)	2014-15 (18 months) (Oct 13 - Mar 15)	2015-16 (Apr 15 - Mar 16)	2016-17# (Apr 16 - Mar 17)	2017-18 (Apr 17 - Mar 18)
OPERATING RATIOS										
Manufacturing & operating expenses/Total income	71.61%	52.16%	79.21%	72.06%	77.09%	79.77%	82.10%	71.05%	64.08%	77.12%
Cost of material consumed/Total income*										
Excise duty / Total income	5.82%	5.79%	3.47%	3.91%	3.30%	3.78%	2.76%	4.28%	4.90%	1.98%
Staff expenses / Total income	6.62%	7.27%	5.02%	5.92%	4.60%	4.33%	4.89%	5.72%	5.34%	4.85%
Selling & administration expenses / Total income	2.26%	2.64%	2.10%	5.61%	3.40%	4.41%	3.69%	5.51%	4.21%	4.84%
Other expenses / Total income*										
PBIDT / Total income	13.61%	32.06%	10.15%	12.50%	11.61%	7.72%	6.56%	14.01%	21.71%	11.20%
PBIT / Total income	5.53%	23.67%	5.14%	7.04%	7.64%	4.15%	3.33%	10.47%	19.48%	8.92%
PBT / Total income	(8.05%)	7.99%	(2.09%)	(2.95%)	(1.89%)	(3.43%)	(1.82%)	4.53%	15.57%	7.15%
PAT / Total income	(6.80%)	6.38%	(1.41%)	(2.20%)	(1.37%)	(2.08%)	(1.15%)	4.49%	11.64%	7.10%
BALANCE SHEET RATIO										
Debt Equity Ratio	2.82	2.43	2.16	2.88	2.65	1.99	2.61	2.58	0.50	0.15
(Secured loan excluding cash credit / share holder's funds)										
Inventory Turnover Ratio	1.68	5.95	4.04	4.94	3.20	5.37	2.47	1.60	2.12	2.87
(Turnover / closing stock of inventory)										
Fixed Assets Turnover Ratio	0.62	0.71	1.22	1.20	1.76	2.11	3.67	2.44	4.04	4.19
(Total income / net block of fixed assets)										
Fixed Assets Coverage Ratio (FACR)	1.49	1.44	1.60	1.26	1.41	1.83	1.47	1.18	2.31	6.33
(Net block of fixed assets/ Secured loan excluding cash credit)										
PER SHARE DATA										
Earnings per share (EPS) (₹)	(15.31)	14.20	(6.50)	(9.02)	(7.88)	(13.53)	(13.19)	22.02	8.87	5.39
Cash earnings per share (CEPS) (₹)	(0.63)	35.90	9.17	8.28	9.62	(0.95)	15.77	41.08	7.59	7.09
Dividend (₹ per Equity Share)	–	1.50	–	–	–	–	–	–	10	–
Dividend Payout %	0%	15%	0%	0%	0%	0%	0%	0%	100%	–
Book Value (₹)	75.21	87.28	81.73	73.66	66.73	54.86	44.60	52.66	15.19	18.43

*regrouped /reclasiified as per schedule VI since 2010-11

#regrouped/ recasted as per IND AS

Value-Added Statement

(₹ In Lakhs)

Particulars	2007-08 (Oct 07 - Sep 08)	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)	2014-15 (18 months) (Oct 13 - Mar 15)	2015-16 (Apr 15 - Mar 16)	2016-17# (Apr 16 - Mar 17)	2017-18 (Apr 17 - Mar 18)
Corporate Output (Total Income)	36,431	39,297	64,051	59,861	82,752	93,082	1,46,137	86,869	1,34,080	1,42,860
Less: Manufacturing & Operating expenses/ cost of material consumed*	26,089	20,499	50,735	43,134	63,790	74,247	1,19,978	61,717	85,923	1,10,178
Less:Exceptional Item/ deferred revenue expenditure	30	30	30	–	–	–	–	(492)	(323)	–
Less: Selling & Administrative expenses/	822	1,038	1,346	3,359	2,811	4,101	5,393	4,785	5,638	6,919
Other Expenses*										
Gross Value Added	9,490	17,730	11,940	13,368	16,151	14,734	20,766	20,860	42,842	25,763
Less: Depreciation	2,943	3,295	3,206	3,272	3,289	3,319	4,725	3,077	2,994	3,250
Net Value Added	6,547	14,435	8,734	10,096	12,862	11,415	16,041	17,783	39,848	22,513
Allocation of Net Value Added										
to personnel	2,412	2,858	3,218	3,543	3,805	4,030	7,144	4,968	7,157	6,933
to Exchequer (Excise)	2,121	2,274	2,221	2,342	2,735	3,521	4,035	3,717	6,570	2,833
to Exchequer (Direct Taxes)	14	360	249	–	–	–	–	145	4,375	2,059
to Mat Credit entitlement		(487)	(239)	128	–	–	–	(135)	(4,375)	(1,942)
to deferred tax	(469)	757	(441)	(578)	(433)	(1,256)	(984)	33	5,260	(46)
to Stake holders (Interest)	4,947	6,164	4,631	5,978	7,886	7,056	7,521	5,159	5,250	2,531
to Investors (Dividend)	1	598	–	–	–	–	–	–	–	–
to Company (Retained earnings)	(2,479)	1,910	(906)	(1,316)	(1,131)	(1,936)	(1,674)	3,897	15,611	10,145
	6,547	**14,435**	**8,734**	**10,096**	**12,862**	**11,415**	**16,041**	**17,783**	**39,847**	**22,513**

*regrouped /reclasiified as per schedule VI since 2010-11

#regrouped/ recasted as per IND AS

Key Statistics

(₹ *In Lakhs*)

Particulars	2008-09	2009-10	2010-11*	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
No of days crushed										
- DN	119	140	141	155	159	141	156	146	173	197
- DP	106	134	132	147	148	131	139	127	169	188
- DD	66	114	113	145	143	111	113	98	148	203
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
- 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
- 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
Recovery % - DN	10.31	10.31	10.30	10.16	10.32	10.47	11.11	12.12	12.34	12.24
Recovery % - DP	9.93	9.77	9.47	9.73	10.00	10.52	10.98	11.77	12.11	12.24
Recovery % - DD	8.61	8.77	8.55	9.09	9.15	9.65	10.14	11.16	10.89	11.24
Total losses % -DN	1.84	1.89	1.85	1.82	1.83	1.79	1.70	1.82	1.75	1.76
Total losses % -DP	1.97	1.96	1.93	1.76	1.81	1.66	1.61	1.62	1.61	1.66
Total losses % -DD	2.14	2.04	2.07	1.90	1.92	1.68	1.72	1.74	1.75	1.86
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
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
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

*regrouped /reclasiified as per schedule VI since 2010-11

DWARIKESH SUGAR INDUSTRIES LIMITED

Regd. Office: Dwarikesh Nagar – 246762, Dist. Bijnor, U.P.

CIN: L15421UP1993PLC018642

ATTENDANCE SLIP

(TO BE SIGNED AND HANDED OVER AT THE ENTRANCE OF THE MEETING HALL)

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL. Joint shareholders may obtain additional Slip at the venue of the meeting.

DP Id*	
Client Id*	

Folio No.	
No. of Shares	

NAME AND ADDRESS OF THE SHAREHOLDER

I hereby record my presence at the 24th **ANNUAL GENERAL MEETING** of the Company held on Friday, August 31, 2018 at 12.30 p.m. at Dwarikesh Nagar – 246762, Dist. Bijnor, U.P.

* Applicable for investors holding shares in electronic form.

....

Signature of Shareholder / proxy

DWARIKESH SUGAR INDUSTRIES LIMITED

Regd. Office: Dwarikesh Nagar – 246762, Dist. Bijnor, U.P.

CIN: L15421UP1993PLC018642

PROXY FORM

Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of Member(s) Registered address		E-mail Id Folio No/ *Client Id *DP Id	

I/We, being the member(s) of ____________________ shares of Dwarikesh Sugar Industries Limited, hereby appoint:

1) .... of .... having e-mail id or failing him .... or failing him

2) .... of .... having e-mail id or failing him .... or failing him

3) .... of .... having e-mail id or failing him .... or failing him

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 24th **ANNUAL GENERAL MEETING** of the Company, to be held on Friday, August 31, 2018 at 12.30 p.m. at Dwarikesh Nagar – 246762, Dist. Bijnor, U.P. and at any adjournment thereof in respect of such resolutions as are indicated below:

** I wish my above Proxy to vote in the manner as indicated in the box below:

Resolutions	For	Against
1. Adoption of Financial Statement for the year ended March 31, 2018.		
2. Declaration of Dividend on Cumulative Redeemable Preference Shares (Series I & II).		
3. Appoint Director in place of Shri Balkishan J Maheshwari who retires by rotation and being eligible offers himself for re-appointment.		
4. Ratification of Statutory Auditors.		
5. Re-designation of Shri V S Banka from Whole Time Director & CFO to Managing Director & CFO.		
6. Re-designation of Shri B J Maheshwari from Whole Time Director & CS cum CCO to Managing Director & CS cum CCO.		
7. Approval for increase in remuneration of Ms. Priyanka Morarka.		
8. To appoint Shri G R Morarka as Mentor to the Board.		
9. Appointment & fixation of remuneration of Cost Auditors.		
10. Approval for continuation of holding of office of Shri B.K. Agarwal (Non-Executive Independent Director).		
11. Determination of fees for delivery of documents through a particular mode to a member.		

Signed this ______day of ____________ 2018

Signature of shareholder

Affix a 15 paise Revenue Stamp

.... Signature of first proxy holder

.... Signature of second proxy holder

.... Signature of third proxy holder

Notes:

(1) This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

(2) A Proxy need not be a member of the Company.

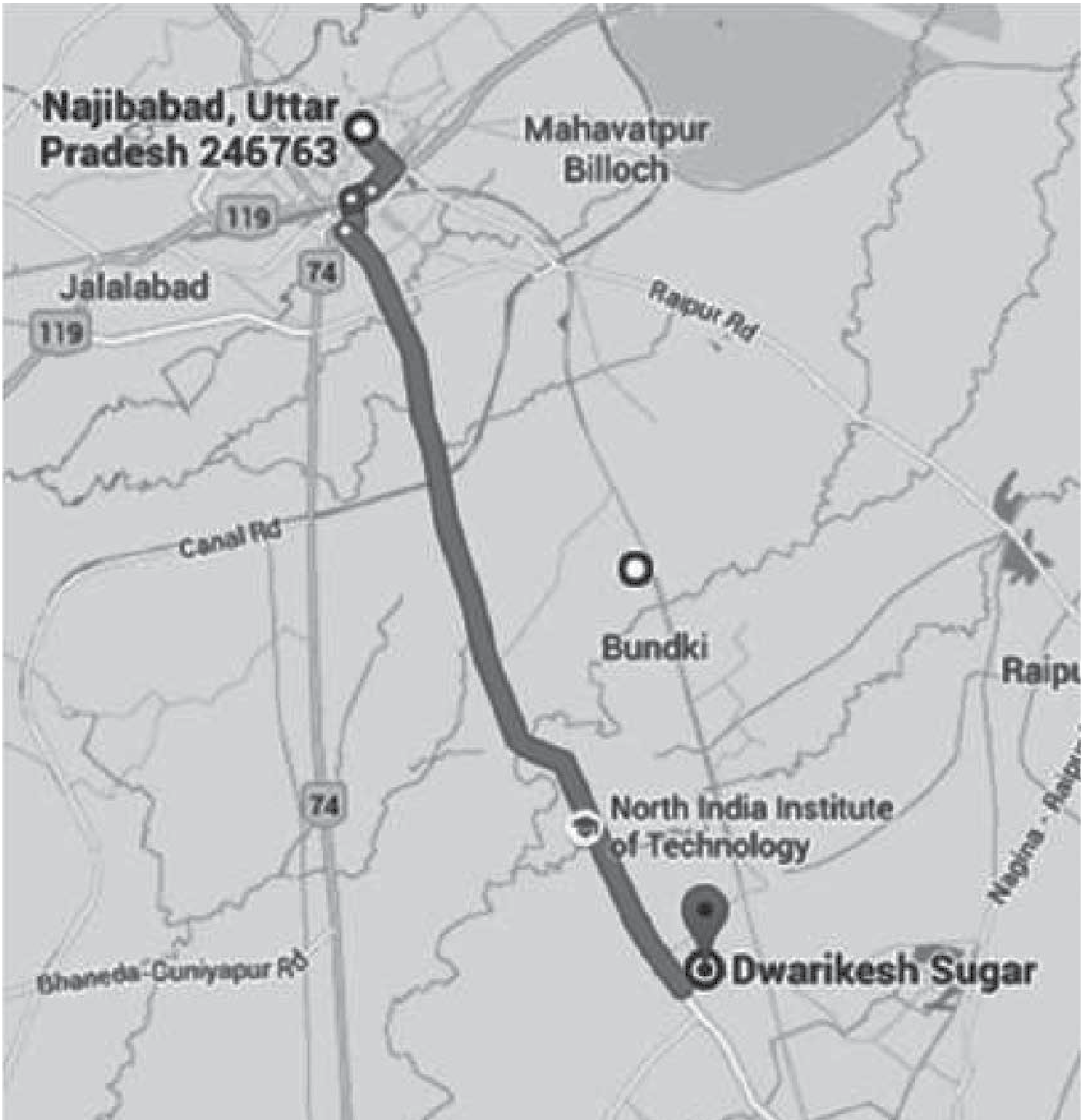
(3) A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

**(4) This is only optional. Please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.

(5) Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.

(6) In the case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.

AGM VENUE ROUTE MAP



Corporate Information

G. R. Morarka Founder and Mentor

Directors

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 and CFO

Vice President (Corporate Affairs)

Priyanka G. Morarka

Vice President (Works) – DN & DP Units

B. P. Dixit

Vice President (Works) – DD Unit

R. K. Gupta

Registered Office & Unit I

Unit I: Dwarikesh Nagar - 246 762
District: Bijnor,
Uttar Pradesh.

Unit II: Dwarikesh Puram - 246 722.
Tehsil Dhampur, District Bijnor,
Uttar Pradesh.

Unit III: Dwarikesh Dham - 243 503.
Tehsil Faridpur, District Bareilly,
Uttar Pradesh.

Corporate office

511, Maker Chambers – V,
221, Nariman Point,
Mumbai - 400 021.

Bankers

Punjab National Bank

Solicitors

Mulla & Mulla & Craigie Blunt & Caroe
Kanga & Co.

Auditors

N S B P & Co.
Chartered Accountants

Dwarikesh
Sugar Industries Limited

www.dwarikesh.com