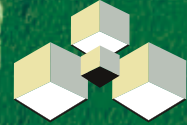


Dwarikesh Sugar Industries Limited



# Junoon!

AND HOW THIS PASSION HAS SET OUR COMPANY  
APART IN INDIA'S COMPETITIVE SUGAR INDUSTRY

Twenty Third  
Annual Report  
**2016-17**

Dilon  
me apne  
betaabiyaan  
leke chal  
rahe ho to  
zinda ho  
tum!

Nazar mein  
khwaabo  
ki bijliyaan  
leke chal  
rahe ho to  
zinda ho  
tum!

Javed Akhtar





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### 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 realised, 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 materialise, 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 as a result of new information, future events or otherwise







Ek se ek mile to  
qatra ban jata hai  
dariya

Ek se ek mile to  
zarra ban jata hai  
sehra.


Ek se ek mile to  
raai ban sakti hai  
parbat.

Ek se ek miley to  
insaan bas mein kar  
le kismet.

**Saathi haath  
badhaana!**

Lyrics Sahir Ludhianvi, Film Naya Daur (1957),  
Song Saathi haath badhaana





What is that one reason that has evolved Dwarikesh Sugar to a cost leadership position in the Uttar Pradesh sugar industry?

**Junoon.**


What prompted Dwarikesh Sugar to become the first to embrace clonal cane planting in the Uttar Pradesh sugar industry?

**Junoon.**

What makes Dwarikesh Sugar's factories the most efficient in Uttar Pradesh and one of the most productive in India?

**Junoon.**





What made Dwarikesh Sugar report an average group recovery of 11.78% in crushing season 2016-17 that was 32 bps higher than the group recovery of nearest Uttar Pradesh player?

**Junoon.**

What made Dwarikesh Sugar among the first in Uttar Pradesh to clear cane arrears to farmers?

**Junoon.**

What empowered Dwarikesh Sugar to cover interest outflow even in the worst of the industry's slowdowns in the last few years?

**Junoon.**



# Corporate identity

DWARIKESH SUGAR INDUSTRIES LIMITED IS ONE OF THE MOST EFFICIENT SUGAR COMPANIES IN INDIA.

THE COMPANY'S GROUP RECOVERY DURING SEASON 2016-17 WAS THE HIGHEST IN UTTAR PRADESH AND RECOVERY CLOCKED IN ONE OF ITS MILLS WAS AMONG THE HIGHEST FOR THE SEASON ACROSS THE COUNTRY.

OVER THE YEARS, THE COMPANY HAS BROAD-BASED ITS PERSONALITY FROM A SINGULAR FOCUS ON SUGAR TO A MULTI-PRODUCT ORGANISATION WHERE NON-SUGAR PRODUCTS NOW ACCOUNT FOR 16.26% OF ITS REVENUES.





### 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.

### Our background

Dwarikesh Sugar Industries Limited was founded in 1993 by Mr. Gautam Morarka with a crushing capacity of 2,500 tonnes of cane per day. Over the decades, the company has evolved into an integrated sugar company with a cane crushing capacity of 21,500 TPD and engaged in the manufacture of sugar, ethanol (30,000 KLPD) and power co-generation (86MW).

### Our locations

Dwarikesh Sugar's manufacturing operations are located completely in Uttar Pradesh. The company has three units – two in Bijnor and one in Bareilly. These units are located in cane-rich belts, enhancing supply chain efficiency. Besides, these units are 194 kms, 210 kms and 284 kms respectively from New Delhi, enhancing its access to one of the largest sugar consuming pockets of India.

### Our vendors

Dwarikesh Sugar works with more than 97,000 farmers across its command areas (aggregate 1,731 Sq Km). Over the

years, the company evoked increased confidence among these farmers to have generated progressively increased cane quantities: from 197.12 lakh quintals in SS 2007-08, 237.15 lakh quintals in SS 2011-12 to 283.43 lakh quintals in SS 2016-17. As a result of closer farmer engagement, average farm supply yields climbed from 246 quintal per hectare in 2007-08 to 295 quintals per hectare in 2011-12 to 356 quintals per hectare in 2016-17.

### Our customers

Dwarikesh Sugar generated 83.74% of its revenues from sugar in 2016-17. Industrial alcohol accounted for 2.37% of revenues; co-generation accounted for 13.89%. Over the last five years, the company increased the proportion of non-sugar revenues, strengthening its sectoral de-risking. A major chunk of the industrial alcohol revenues were derived from sales of ethanol to prominent Indian oil marketing companies. The entire external sale of the co-generated power was marketed to the Uttar Pradesh state electricity board.



## Our business portfolio

Intermediate

Sugarcane  
Juice

Residue

Molasses  
(By-product)

Bagasse  
(Residue)

Output product

Sugar

Power

Industrial  
Alcohol

Molasses  
(external sales)

Bagasse  
(external sales)

Biofertilisers



## Our employees

Dwarikesh Sugar employs 638 full-time permanent employees in addition to seasonal and other indirect labour across its three manufacturing locations and administration offices. The company has a relatively young team.

## Our financials

Dwarikesh Sugar is largely a debt-free company (long-term debt) with gross revenues of ₹1,256.10 cr. and profit after tax of ₹158.47 cr. in 2016-17. The company reported higher-than-average sectoral margins during the year under review, emphasising its positioning as one of the most efficient mid-sized sugar companies in India.

## Our awards and accreditations during season 2016-17

- On 20th March, 2017: 1st Prize for highest Sugar Recovery at Dwarikesh Nagar Plant in Ganna Kishan Mela evam Krishank Vaigaynik Vichar Sangosthi (Mithas-2017), organised by U.P. Sugarcane Research Centre, Shahjahanpur (U.P).
- On 12th May, 2017: Industry Excellence Award for being most efficient factory (Dwarikesh Nagar) of the year 2016-17 in NISSTA Convention-2017 by North Indian Sugarcane and Sugar Technologists' Association and Indian Institute of Sugarcane Research, held at Lucknow.

## 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 ₹828 cr. as on 31st March 2017.

## Our business portfolio

- Sugar
- Power
- Industrial Alcohol
- Molasses (external sales)
- Bagasse (external sales)

## Our management

### G R Morarka

Founder, Managing Director

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

### Vijay S Banka

Whole Time Director and CFO

- Qualified Chartered Accountant
- Employed with the Company since 2007
- Whole Time Director and CFO since 2009
- Possesses more than two decades of sectoral experience in the areas of Finance and Strategy

### B J Maheshwari

Whole Time Director, CS/CCO

- Chartered Accountant cum Company Secretary
- Employed with the Company since 1994
- Whole Time Director since 2009
- Possesses more than two decades of experience in the areas of Legal, Taxation, Secretarial and Administration

## Our manufacturing capacities

Capacity as on 31st March 2017	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	-	-	30,000

## Our growth across the decades

Segment	1995	2002	2004	2005	2007	2017
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



# Junoon has made all the difference!

DWARIKESH SUGAR INDUSTRIES LIMITED REPORTED A 51% INCREASE IN REVENUES AND A 307% GROWTH IN PROFIT AFTER TAX IN 2016-17. THIS SHARPLY DIVERGENT PROFITABLE GROWTH VALIDATES WHAT WE ALWAYS BELIEVED: THAT OUR COMPANY WOULD BE THE LAST MAN STANDING DURING A SECTORAL TROUGH AND THE FIRST TO REBOUND FOLLOWING INDUSTRY RECOVERY. EPS FOR FY 17 WAS ₹88.36 VIS-À-VIS ₹22.02 IN FY 16. CEPS FOR FY 17 WAS 135.08 COMPARED TO ₹41.08 DURING FY 16

There have been a number of reasons why our company never reported cash losses even during the most challenging sectoral tenures of the last few years.

## Passion at work

Primarily, we worked with a deeper passion than most; this made it possible to generate an incremental gain over the sectoral average; when you aggregate the improvements (whether in-plant availability or the speed with which we brought in the cane for onward crushing, or the way we maintained the road network within our command area to smoothen logistics), the result was that we generated a recovery that was usually among the highest in Uttar Pradesh.

Hamko to raahein thi  
chalati

Woh khud apni raah  
banata

Girta sambhaltta masti  
mein chalta tha woh

Hum ko kal ki fikr  
sataati,

Woh bas aaj ka jashn  
manaata

Har lamhe ko khulke  
jeeta tha who

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

At Dwarikesh, this junoon was complemented by some standing rules that we applied to ourselves.

We would seek to be the best, never the biggest. The result is that we invested more in enhancing operating efficiency than taking large loans to set up new factories that may have stretched our management bandwidth.

We selected to focus on becoming the best mid-sized sugar plants in the country because this is the scale that we would be the best at managing, as opposed to scaling our business to a size where we would have compromised precisely what we prided and sought to protect the most