

“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.

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“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.

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 its Commercial paper program of ₹300 crores by ICRA, translating into a modest cost of working capital debt.

07 | Our financials

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

8 | Our awards and accreditations during season 2017-18

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.

9 | Our listing

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

● Established the Company.

1993

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

1995

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

2002

Our journey over the years

● 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).

2007

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

2008

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

2011

- 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)



- 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.

2004

2005

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



THE MENTOR'S VIEW

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