

PASSION AND PERSEVERANCE



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

CELEBRATING
25
YEARS
OF OPERATIONS

Forward-looking statement

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

We cannot guarantee that these forward looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information.

Contents		02	Corporate snapshot
06	Our inspiring journey across 25 years	08	How we performed in the last few year
11	How we grew our operations across the years	12	The chairman's overview
14	Performance review, 2019-20	18	Dwarikesh and the Covid-19 impact
19	How Dwarikesh protected the interest of stakeholders during the pandemic	20	Dwarikesh. Empowering farmers for a quarter of a century
22	How we enhanced shareholder value in 2019-20	28	The Dwarikesh business model
30	Management discussion and analysis	46	Corporate social responsibility
48	Environment responsibility at Dwarikesh	50	Notice
60	Directors' Report	74	Corporate Governance Report
114	Auditors' Report	122	Financial Statements

PASSION AND PERSEVERANCE

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

Passion and Perseverance.

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

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



Dwarikesh Sugar Industries
Limited.

Where passion has inspired
the Company to outperform.

Where perseverance has
empowered the Company to
overcome challenges.

Across 25 years of operations.



Our vision

- | | | | |
|---|---|---|---|
| ● To be a torchbearer of the sugar industry and rewrite the rules of running the sugar business | ● To establish itself as a market leader in the sugar industry | ● To be an archetype of international quality standards | ● To become a large sugar conglomerate with interests in synergistic businesses |
| ● To ensure that the name of the Company becomes synonymous with good corporate governance and transparency | ● To be a paragon of virtue and 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 | ● Maximisation of shareholder value | ● 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 |
|--|-------------------------------------|--|---|---|



Background

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



Manufacturing facilities

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



Capacities

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

Capacity as on 31 st March 2020	Dwarikesh Nagar (Bijnor)	Dwarikesh Puram (Bijnor)	Dwarikesh Dham (Bareilly)	Aggregate
Sugar (tonnes of cane per day)	6,500	7,500	7,500	21,500
Co-generation (megawatts)	22	33	36	91
Distillery (litres per day)	1,00,000	-	-	-



People

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



Products

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



Leadership

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



Resource availability

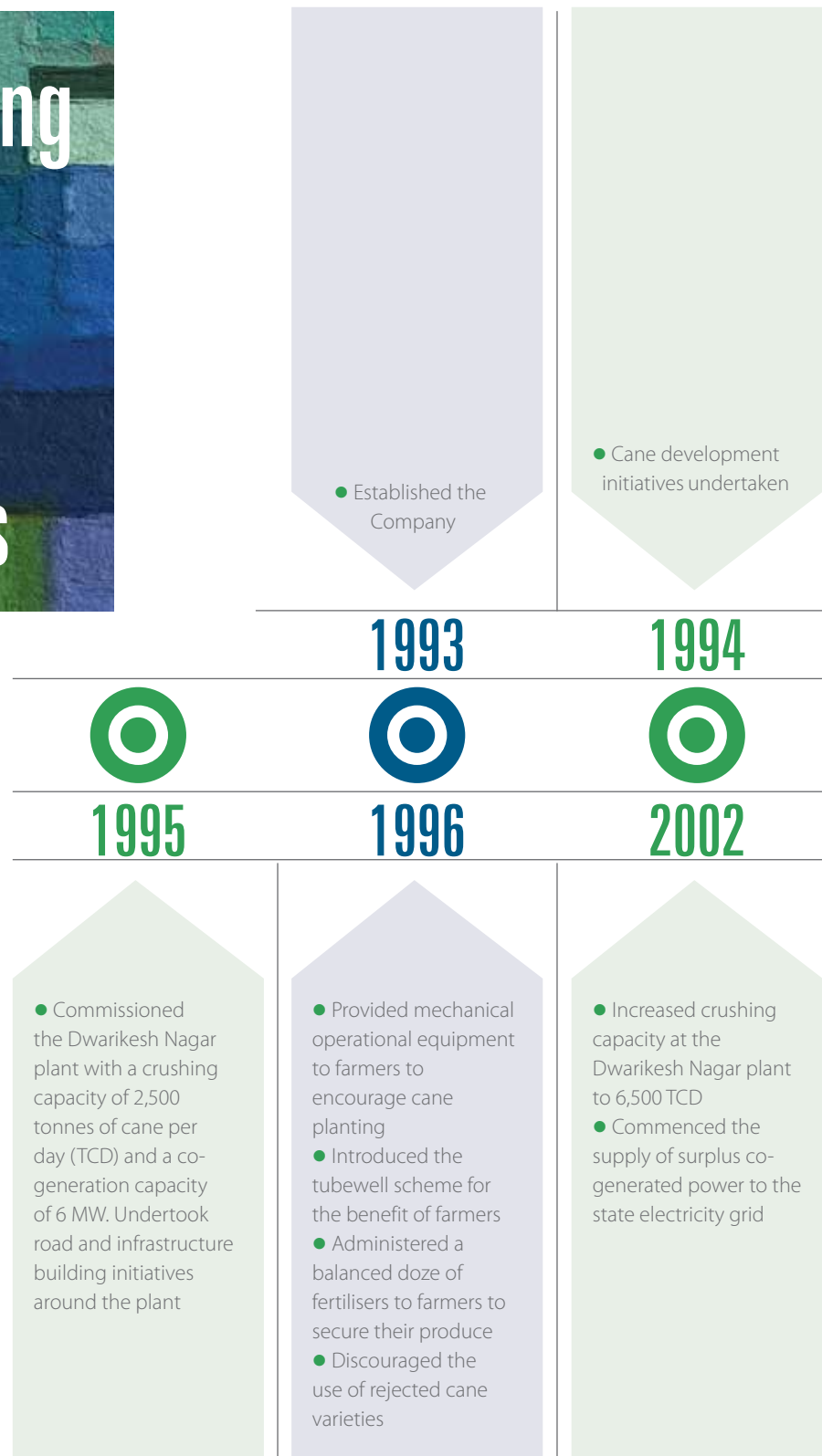
The Company works with an aggregate 1,32,205 farmers across 1,17,103 hectares of its command areas of three locations. The Company increased cane procurement from 193.90 lakh quintals in sugar season (SS) 2007-08 to 374.17 lakh quintals in SS 2019-20, strengthening the local economy.







Listing

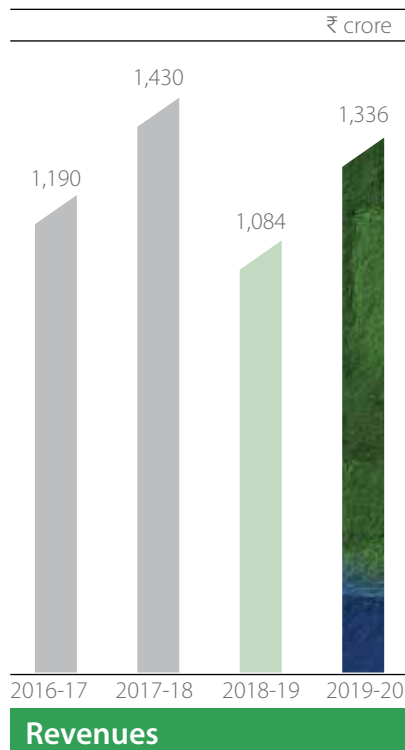
The Company is listed on the National Stock Exchange and Bombay Stock Exchange. As on 31st March, 2020, it enjoyed a market capitalisation of ₹312 crore.

Our inspiring journey across 25 years of operations



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

How we performed in the last few years



Definition

Growth in sales net of taxes and excise duties.

Why is this measured?

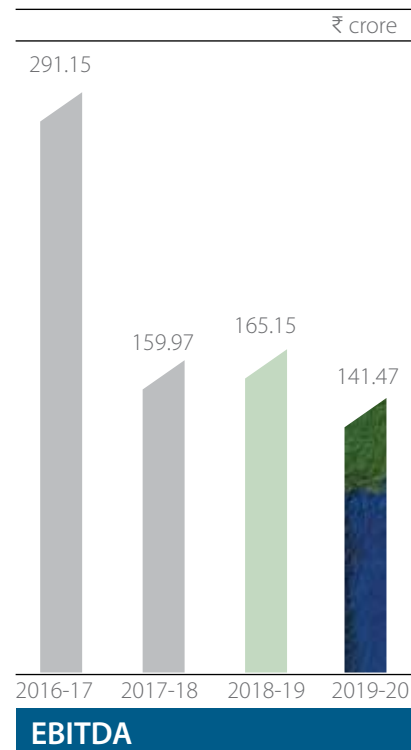
It is an index that showcases the Company's ability to enhance revenues, an index that can be compared with sectoral peers.

What does it mean?

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

Value impact

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



Definition

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

Why is this measured?

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

What does it mean?

Helps create a robust growth engine and sustain profits.

Value impact

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