



Quantum leap

DWARIKESH SUGAR INDUSTRIES LIMITED
28TH ANNUAL REPORT 2021-22

Forward-looking statement

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



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The first word

Dwarikesh Industries Limited reported record revenues during 2021-22.

This was nearly 39% higher than the average revenue of the preceding four years.

The Company reported an EBITDA margin of 14.89% during the year under review compared to an average EBITDA margin of 12.08% across the preceding four years.

The Company also delivered a peak market valuation towards the close of the last financial year.

The Company is at the cusp of transforming from a commodity product company to an energy player.

In line with this transition and optimism, the Company followed up on a dividend payment of 125% for 2020-21 with an interim dividend of 200% for 2021-22.

This quantum leap – in scale, scope and shareholder reward – is expected to graduate the Company into a different orbit.

Dwarikesh Sugar Industries Limited.

A specialised sugar cum derivatives company that operates out of three units in Uttar Pradesh.

Recognised as one of the most efficient players of the sugar sector in India.

Sustained by a perseverance leading to higher standards.

Driven by passion leading to outperformance.

Our vision

- To be the front runner in the sugar industry and rewrite the rules of running the business.
- To establish the Company as a market leader in the sugar industry.
- To set a level for international quality standards.
- To be a major sugar entity that has interests in other co-related businesses.
- To ensure the name of the Company is synonymous with good corporate governance and transparency.
- To be the 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

- To deliver a product mix that enhances value for all stakeholders.
- To maximise the production of ethanol to serve national interests.
- To produce sugar of the highest quality, retaining the industry benchmark position.
- To achieve consistent annual growth with optimum technical efficiency and competitive production costs.
- To maximise customer satisfaction and employee/farmer welfare.
- To protect the environment and uphold the highest standards of integrity and values, with a passion for excellence and respect for all, while striding towards the achievement of our objectives.

Background

Incorporated in 1993, Dwarikesh Sugar Industries Limited was founded by Shri G. R. Morarka, who was driven by the objective to create one of the most respected sugar companies in India. Dwarikesh Sugar has positioned itself as one of the most sustainable multi-product sugar companies in India, manufacturing sugar, ethanol and co-generated power.

Manufacturing facilities

The Company has three manufacturing units in two regions across the western Uttar Pradesh. Dwarikesh Nagar and Dwarikesh Puram plants are situated at a distance of 45 kms apart in Bijnor district, while the Dwarikesh Dham plant is located in Bareilly district.

People

The Company employed 771 permanent non-seasonal talents as on 31st March, 2022 across its manufacturing facilities and offices. A large proportion of these employees were based in the rural manufacturing plants.

Products

The Company engages in the manufacture of sugar, ethanol (and related products) and power.

Capacities

The maiden sugar manufacturing unit of Dwarikesh Sugar Industries Limited was commissioned in 1995 in Bijnor, Uttar Pradesh, with a cane crushing capacity of 2,500 tonnes per day. The Company's aggregate cane crushing capacity was 21,500 tonnes per day as on March 31, 2022. Besides, the Company possessed an installed manufacturing capacity of 162.5 kilolitres of industrial alcohol per day and co-generated 91 MW of renewable power by the close of the year under review.

Capacity as on March 31, 2022	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)	1,62,500	-	-	1,62,500

Resource availability

The Company worked with ~1.51 lakh farmers across more than 1.20 lakh hectares of command areas across its three locations. The Company increased its procurement of sugarcane from 194 lakh quintals in sugar season (SS) 2007-08 to 378 lakh quintals in SS 2020-21, strengthening the local economy.

Listing

The Company is listed on the National Stock Exchange and Bombay Stock Exchange. As on March 31, 2022, the market capitalisation of the Company stood at ₹2,361 crore.

Leadership

Shri G. R. Morarka, *Executive Chairman*

- Over 20 years of experience in the sugar sector.
- Commerce graduate and ICWA Inter pass-out.
- Direct involvement in the business.
- A respected statesman in the industry; received Indira Gandhi Priyadarshini Award, multiple Bhamashah Awards, Indira Gandhi Sadbhavna Award and Swami Krishnanand Saraswati Purashkar, among others.

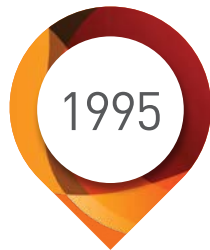
Shri Vijay S. Banka, *Managing Director*

- Over 30 years of experience in the fields of finance and strategy.
- Chartered Accountant.
- Employed with Dwarikesh since 2007.
- Whole Time Director and CFO between 2009 and 2018.
- Managing Director since 2018.

Shri B. J. Maheshwari, *Managing Director and Company Secretary-cum-Chief Compliance Officer*

- Over 30 years of experience in legal, taxation, secretarial and administrative areas.
- Chartered Accountant and Company Secretary.
- Employed with Dwarikesh Sugar Industries Limited since 1994.
- Whole Time Director and Company Secretary-cum-Chief Compliance Officer from 2009 to 2018.
- Managing Director and Company Secretary-cum-Chief Compliance Officer since 2018.

Our rewarding growth journey across 29 years



- Commissioned Dwarikesh Nagar plant with a crushing capacity of 2,500 tonnes of cane per day (TCD) and a co-generation capacity of 6 MW.
- Undertook road and infrastructure building initiatives around the plant.



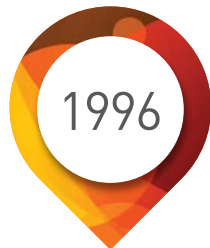
- Increased crushing capacity at Dwarikesh Nagar plant to 6,500 TCD.
- Commenced the supply of surplus co-generated power to the state electricity grid.



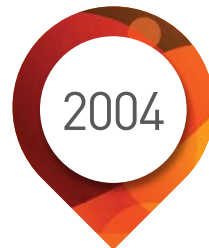
- Commissioned a distillery at Dwarikesh Nagar plant with a capacity of 30,000 litres/ day.
- Commissioned Dwarikesh Puram plant with a crushing capacity of 7,500 TCD and a co-generation capacity of 9MW.
- Mobilised ₹54 crore additional net worth through a GDR.



- Established the Company.



- Provided mechanical operational equipment to the farmers to encourage the plantation of sugarcane.
- Introduced the tubewell scheme for the benefit of farmers.
- Administered a balanced dose of fertilisers to farmers to secure their produce.
- Discouraged the use of rejected cane varieties.



- Mobilised ₹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.



- Introduced CO 0238 variety of sugarcane across the Company's command areas.
- Encouraged wide row spacing and intercropping practices among farmers.



- Cane development initiatives undertaken.



2007

- Commissioned Dwarikesh Dham plant with a crushing capacity of 7,500 TCD and a co-generation capacity of 36 MW (surplus of 24 MW).
- Increased cogeneration capacity at Dwarikesh Puram plant to 33 MW, resulting in a surplus of 24MW.
- Provided coragen to farmers to counter crop disease.



2008

- Commenced supplying surplus power to the state electricity grid from the Dwarikesh Puram and Dwarikesh Dham plants.



2016

- De-bottlenecked distillery capacity (Dwarikesh Nagar) by commissioning a biomethanated spent wash plant. Mobilised ₹59.4 crore through QIPs.



2017

- Right-sized the Dwarikesh Nagar plant to ensure optimal capacity utilisation.



2019

- 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.



2020

- Stabilised the distillery with a capacity of 130 KLPD. Set up a CO₂ producing unit.



2021

- Recalibrated the distillery capacity and stabilised it at 162.5 KLPD.

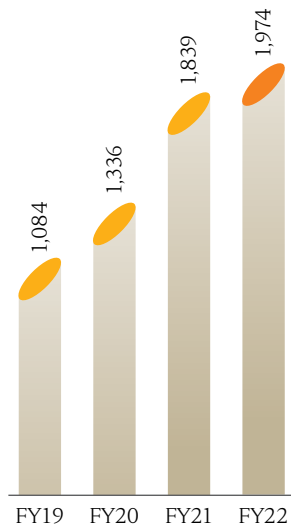




An aerial view of our Dwarikesh Puram sugar unit

How we performed financially in the last few years

Revenues (₹ crore)



Definition

Revenues include sales & other operating income.

Why is this measured?

It is an index that measures the Company's ability to report revenue growth, which can, in turn, help the Company amortise expenses effectively, strengthening margins.

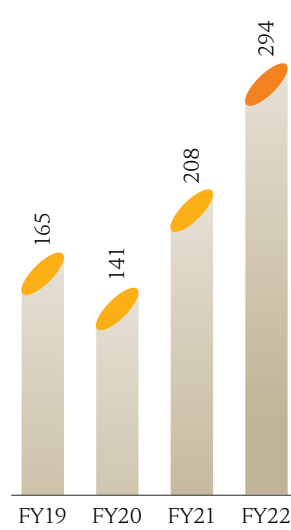
What does it mean?

Revenues increased 7.35% to ₹1,974 crores in 2021-22 due to higher sugar releases for the domestic market and transformation of revenue streams.

Value impact

The Company performed better during the year compared to the previous year.

EBITDA (₹ crore)



Definition

Earning before the deduction of 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.

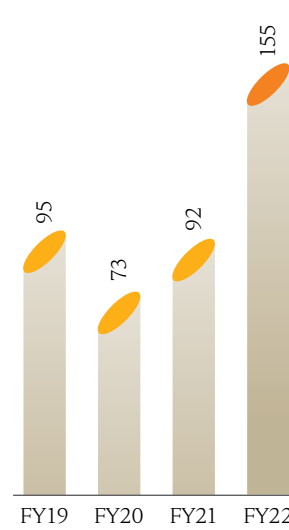
What does it mean?

Helps create a robust growth engine and sustain profits.

Value impact

The Company generated increase in EBITDA on account of a more remunerative sales mix.

Net profit (₹ crore)



Definition

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

Why is this measured?

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

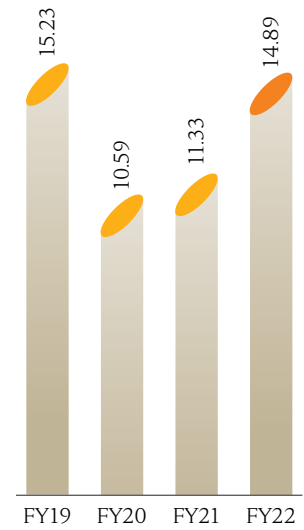
What does it mean?

Ensures that adequate surplus is available for reinvestment.

Value impact

The Company reported a 70% increase in net profit in 2021-22.

EBITDA margin (%)



Definition

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

Why is this measured?

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

What does it mean?

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

Value impact

The Company reported a 356 bps increase in EBITDA margin during 2021-22 on account of a more remunerative sales mix with a focus on selling ethanol besides a tight cost control.