This Preliminary Placement Document and the information contained in this Preliminary Placement Document are subject to completion or amendment (which may be material) without notice. This Issue is meant only for QIBs on a private placement basis and is not an offer to the public or to any other class of investors to purchase the Equity Shares. This Preliminary Placement Document is not an offer to sell any Equity Shares and is not soliciting an offer to subscribe to or buy the Equity Shares in any jurisdiction where such offer, sale or subscription is not permitted.

Preliminary Placement Document
Subject to Completion
Not for Circulation
Serial Number: _____
Strictly Confidential

DWARIKESH SUGAR INDUSTRIES LIMITED

*Dwarikesh Sugar Industries Limited (the "**Issuer**" or our "**Company**") was incorporated on November 1, 1993, under the Companies Act, 1956 as a company with limited liability having corporate identification number L15421UP1993PLC018642*

Registered office: Dwarikesh Nagar- 246 762, District Bijnor, Uttar Pradesh
Corporate office: 511, Maker Chambers- V, 221, Nariman Point, Mumbai 400 021
Telephone No.: 022-2283 2468/ 022-2204 2945; **Facsimile No**.: 022-2204 7288; **Email:** investors@dwarikesh.com; **Website**: www.dwarikesh.com

Our Company is issuing up to [●] equity shares of face value of ₹ 10 each (the "**Equity Shares**") at a price of ₹ [●] per Equity Share (the "**Issue Price**"), including a premium of ₹ [●] per Equity Share, aggregating upto ₹ [●] million (the "**Issue**").

ISSUE IN RELIANCE UPON CHAPTER VIII OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED (THE "SEBI REGULATIONS") AND SECTION 42 OF THE COMPANIES ACT, 2013 READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014.

THE ISSUE AND DISTRIBUTION OF THIS PRELIMINARY PLACEMENT DOCUMENT IS BEING MADE TO QUALIFIED INSTITUTIONAL BUYERS AS DEFINED UNDER THE SEBI REGULATIONS ("QIBs") IN RELIANCE UPON CHAPTER VIII OF THE SEBI REGULATIONS AND SECTION 42 OF THE COMPANIES ACT, 2013, READ WITH THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014. THIS PRELIMINARY PLACEMENT DOCUMENT IS PERSONAL TO EACH PROSPECTIVE INVESTOR AND DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO THE PUBLIC OR TO ANY OTHER PERSON OR CLASS OF INVESTORS WITHIN OR OUTSIDE INDIA OTHER THAN TO QIBs. THIS PRELIMINARY PLACEMENT DOCUMENT (WHICH INCLUDES DISCLOSURES PRESCRIBED UNDER FORM PAS-4) WILL BE CIRCULATED ONLY TO SUCH QIBs WHOSE NAMES ARE RECORDED BY OUR COMPANY PRIOR TO MAKING AN INVITATION TO SUBSCRIBE TO THE EQUITY SHARES.

YOU MAY NOT AND ARE NOT AUTHORISED TO (1) DELIVER THIS PRELIMINARY PLACEMENT DOCUMENT TO ANY OTHER PERSON; OR (2) REPRODUCE THIS PRELIMINARY PLACEMENT DOCUMENT IN ANY MANNER WHATSOEVER; OR (3) RELEASE ANY PUBLIC ADVERTISEMENT OR UTILIZE ANY MEDIA, MARKETING OR DISTRIBUTION CHANNELS OR AGENTS TO INFORM THE PUBLIC AT LARGE ABOUT THIS ISSUE. ANY DISTRIBUTION OR REPRODUCTION OF THIS PRELIMINARY PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN A VIOLATION OF THE SEBI REGULATIONS OR OTHER APPLICABLE LAWS OF INDIA AND/OR OTHER JURISDICTIONS.

INVESTMENTS IN THE EQUITY SHARES INVOLVE A HIGH DEGREE OF RISK AND PROSPECTIVE INVESTORS SHOULD NOT INVEST IN THIS ISSUE UNLESS THEY ARE PREPARED TO TAKE THE RISK OF LOSING ALL OR PART OF THEIR INVESTMENT. PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY READ "RISK FACTORS" ON PAGE [●] OF THIS PRELIMINARY PLACEMENT DOCUMENT AND EXPECTED TO BE INCLUDED IN THE PLACEMENT DOCUMENT BEFORE MAKING AN INVESTMENT DECISION RELATING TO THE EQUITY SHARES IN THE ISSUE. EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN ADVISORS ABOUT THE PARTICULAR CONSEQUENCES OF AN INVESTMENT IN THE EQUITY SHARES BEING ISSUED PURSUANT TO THIS PRELIMINARY PLACEMENT DOCUMENT.

The Equity Shares are listed on BSE Limited (the "**BSE**") and the National Stock Exchange of India Limited (the "**NSE**", and together with the BSE, referred to as the "**Stock Exchanges**"). The closing price of the outstanding Equity Shares on the BSE and the NSE on September 16, 2016 was ₹ 256.55 and ₹ 256.15 per Equity Share, respectively. In-principle approvals under Regulation 28(1) of the Listing Regulations (as hereinafter defined) for listing of the Equity Shares have been received from the BSE and the NSE on [●], 2016. Applications to the Stock Exchanges will be made for obtaining final listing and trading approvals for the Equity Shares offered through this Preliminary Placement Document. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Equity Shares to trading on the Stock Exchanges should not be taken as an indication of the merits of our business or of the Equity Shares.

A copy of this Preliminary Placement Document (which includes disclosures prescribed under Form PAS-4 (as hereinafter defined)) has been delivered to the Stock Exchanges, and a copy of the Placement Document (which shall include disclosures prescribed under Form PAS-4) shall also be delivered to the Stock Exchanges. Our Company shall also make the requisite filings with the Registrar of Companies, Uttar Pradesh & Uttarakhand, at Kanpur (the "**RoC**"), and the Securities and Exchange Board of India ("**SEBI**"), each within the stipulated period as required under the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended and the SEBI Regulations. This Preliminary Placement Document has not been reviewed by SEBI, the Reserve Bank of India (the "**RBI**"), the Stock Exchanges, the RoC or any other regulatory or listing authority and is intended only for use by QIBs. This Preliminary Placement Document has not been and will not be registered as a prospectus with the registrar of companies in India and will not be circulated or distributed to the public in India or any other jurisdiction. The Issue is meant only for QIBs by way of a private placement and will not constitute a public offer in India or any other jurisdiction.

Invitations for subscription, offer and sale of the Equity Shares to be issued pursuant to this Issue shall only be made pursuant to this Preliminary Placement Document together with the Placement Document, the Application Form and Confirmation of Allocation Note (as hereinafter defined). For further details, see "Issue Procedure" on page [●] of this Preliminary Placement Document. The distribution of this Preliminary Placement Document or the disclosure of its contents without prior consent of our Company to any person, other than QIBs and persons retained by QIBs to advise them with respect to their purchase of Equity Shares, is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Preliminary Placement Document, agrees to observe the foregoing restrictions and make no copies of this Preliminary Placement Document and/ or any of the documents referred to in this Preliminary Placement Document.

The information in this Preliminary Placement Document is not complete and may be changed. The information on the website of our Company, any website directly or indirectly linked to our Company's website, or the website of the Global Coordinator and Book Running Lead Manager or their affiliates does not form part of this Preliminary Placement Document and prospective investors should not rely on such information contained in, or available through, any such websites.

The Equity Shares in the Issue have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or any state securities laws in the United States, and unless so registered may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws of the United States. Accordingly, the Equity Shares are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S under the Securities Act ("Regulation S") and the applicable laws of the jurisdictions where those offers and sales occur. See "Selling Restrictions" and "Transfer Restrictions" on pages [●] and [●], respectively, of this Preliminary Placement Document.

OUR COMPANY HAS PREPARED THIS PRELIMINARY PLACEMENT DOCUMENT SOLELY FOR PROVIDING INFORMATION IN CONNECTION WITH THE PROPOSED ISSUE.

This Preliminary Placement Document is dated [●], 2016

GLOBAL COORDINATOR AND BOOK RUNNING LEAD MANAGER

RELIGARE
Values that bind

Religare Capital Markets Limited

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NOTICE TO INVESTORS

Our Company has furnished and accepts full responsibility for all of the information contained in this Preliminary Placement Document and confirms that to its best knowledge and belief, having made all reasonable enquiries, this Preliminary Placement Document contains all information with respect to our Company and the Equity Shares which are material in the context of this Issue. The statements contained in this Preliminary Placement Document relating to our Company and the Equity Shares are, in all material respects, true and accurate and not misleading, and the opinions and intentions expressed in this Preliminary Placement Document with regard to our Company and the Equity Shares are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions and information presently available to our Company. There are no other facts in relation to our Company and the Equity Shares, the omission of which would, in the context of this Issue, make any statement in this Preliminary Placement Document misleading in any material respect. Further, our Company has made all reasonable enquiries to ascertain such facts and to verify the accuracy of all such information and statements. The information contained in this Preliminary Placement Document has been provided by our Company and other sources identified herein. Distribution of this Preliminary Placement Document to any person other than the investor specified by the Global Coordinator and Book Running Lead Manager or its representatives, and those persons, if any, retained to advise such investor with respect thereto, is unauthorised, and any disclosure of its contents, without prior written consent of our Company, is prohibited. Any reproduction or distribution of this Preliminary Placement Document, in whole or in part, and any disclosure of its contents to any other person is prohibited.

The Global Coordinator and Book Running Lead Manager has not separately verified all the information contained in this Preliminary Placement Document (financial, legal or otherwise). Neither the Global Coordinator and Book Running Lead Manager nor any of its respective members, employees, counsel, officers, directors, representatives, agents or affiliates makes any express or implied representation, warranty or undertaking, and no responsibility or liability is accepted by the Global Coordinator and Book Running Lead Manager as to the accuracy or completeness of the information contained in this Preliminary Placement Document or any other information supplied in connection with the issue of the Equity Shares or its distribution. Each person receiving this Preliminary Placement Document acknowledges that such person has not relied on either the Global Coordinator and Book Running Lead Manager or on any of its shareholders, employees, counsel, officers, directors, representatives, agents or affiliates in connection with such person's investigation of the accuracy of such information or such person's investment decision, and each such person must rely on its own examination of our Company and the merits and risks involved in investing in the Equity Shares, issued pursuant to this Issue.

No person is authorised to give any information or to make any representation not contained in this Preliminary Placement Document and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of our Company or the Global Coordinator and Book Running Lead Manager. The delivery of this Preliminary Placement Document at any time does not imply that the information contained in it is correct as of any time subsequent to its date.

The distribution of this Preliminary Placement Document or the disclosure of its contents without the prior consent of our Company to any person, other than QIBs whose names are recorded by our Company prior to the invitation to subscribe to this Issue (in consultation with the Global Coordinator and Book Running Lead Manager or its representatives) and those retained by QIBs to advise them with respect to their purchase of the Equity Shares is unauthorised and prohibited.

Each prospective investor, by accepting delivery of this Preliminary Placement Document, agrees to observe the foregoing restrictions and to make no copies of this Preliminary Placement Document or any documents referred to in this Preliminary Placement Document.

The Equity Shares have not been approved, disapproved or recommended by any regulatory authority in any jurisdiction including the U.S. Securities and Exchange Commission, any state securities commission in the U.S. or the securities commission of any non-U.S. jurisdiction or any other U.S. or non-U.S. regulatory authority. No authority has passed on or endorsed the merits of this Issue or the accuracy or adequacy of this Preliminary Placement Document. Any representation to the contrary is a criminal offence in the U.S. and may be a criminal offence in certain other jurisdictions.

The distribution of this Preliminary Placement Document and the issue of the Equity Shares may be restricted in certain jurisdictions by law. As such, this Preliminary Placement Document does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. In particular, no action has been taken by our Company and the Global Coordinator and Book Running Lead Manager which would permit an issue of the Equity Shares or distribution of this Preliminary Placement Document in any jurisdiction, other than India, where action for that purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Preliminary Placement Document nor any other Issue-related materials in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

The Equity Shares in the Issue have not been and will not be registered under the Securities Act, and unless so registered may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S and the applicable laws of the jurisdictions where those offers and sales occur. The Equity Shares are transferable only in accordance with the restrictions described in "Selling Restrictions" and "Transfer Restrictions" on pages [●] and [●] respectively, of this Preliminary Placement Document. Subscribers of the Equity Shares will be deemed to make the representations set forth in "Representations by Investors" and "Transfer Restrictions" on page [●] and [●], respectively, of this Preliminary Placement Document.

In making an investment decision, prospective investors must rely on their own examination of our Company and the terms of this Issue, including the merits and risks involved. Investors should not construe the contents of this Preliminary Placement Document as legal, tax, accounting or investment advice. Investors should consult their own counsel and advisors as to business, investment, legal, tax, accounting and related matters concerning this Issue. In addition, neither our Company nor the Global Coordinator and Book Running Lead Manager are making any representation to any investor, or subscriber or purchaser of the Equity Shares in relation to this Issue regarding the legality of an investment in the Equity Shares in this Issue, by such investor, or subscriber under applicable legal, investment or similar laws or regulations. Each subscriber of the Equity Shares in this Issue is deemed to have acknowledged, represented and agreed that it is eligible to invest in India and in our Company under Indian laws, including Section 42 of the Companies Act, 2013, read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, and Chapter VIII of the SEBI Regulations and is not prohibited by SEBI or any other statutory, regulatory or judicial authority in India or any other jurisdiction from buying, selling or dealing in securities including the Equity Shares, or otherwise accessing the capital markets in India. Each investor, subscriber or purchaser of the Equity Shares in this Issue also acknowledges that it has been afforded an opportunity to request from our Company and review information relating to our Company and the Equity Shares.

This Preliminary Placement Document contains summaries of certain terms of certain documents, which summaries are qualified in their entirety by the terms and conditions of such document. All references herein to "you" or "your" is to the prospective investors of the Issue.

The information on our Company's website, www.dwarikesh.com, any website directly and indirectly linked to the website of our Company or on the website of the Global Coordinator and Book Running Lead Manager, or their affiliates, neither constitute nor form part of this Preliminary Placement Document. Prospective investors should not rely on such information contained in, or available through, such websites.

NOTICE TO INVESTORS IN CERTAIN OTHER JURISDICTIONS

For information in relation to transfer or selling restrictions of the Equity Shares in certain other jurisdictions, see "Selling Restrictions" and "Transfer Restrictions" on pages [●] and [●], respectively, of this Preliminary Placement Document.

REPRESENTATIONS BY INVESTORS

References herein to "you" or "your" are to the prospective investors in this Issue.

By bidding for and/or subscribing to any Equity Shares in this Issue, you are deemed to have represented, warranted, acknowledged and agreed with our Company and the Global Coordinator and Book Running Lead Manager as follows:

- You are a QIB as defined in Regulation 2(1) (zd) of SEBI Regulations and not excluded as an eligible investor pursuant to Regulation 86(1)(b) of the SEBI Regulations, having a valid and existing registration under applicable laws and regulations of India, and undertake to acquire, hold, manage or dispose of any Equity Shares that are Allocated to you in accordance with Chapter VIII of the SEBI Regulations and undertake to comply with the SEBI Regulations, the Companies Act and all other applicable laws, including any reporting obligations;

- If you are not a resident of India, but are a QIB, you are an Eligible FPI including an FII (including a sub- account other than a sub-account which is a foreign corporate or a foreign individual) having a valid and existing certificate of registration with SEBI under the applicable laws in India or a multilateral or bilateral development financial institution or an FVCI, and are eligible to invest in India under applicable law, including the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 ("**FEMA 20**"), and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by SEBI or any other regulatory authority from buying, selling or dealing in securities;

- You will make all necessary filings with appropriate regulatory authorities, including the RBI, as required pursuant to applicable laws;

- If you are Allotted Equity Shares pursuant to the Issue, you shall not, for a period of one year from the date of Allotment, sell the Equity Shares so acquired except on the floor of the Stock Exchanges;

- You have made, or are deemed to have made, as applicable, the representations set forth under "Selling Restrictions" and "Transfer Restrictions" on pages [●] and [●], respectively of this Preliminary Placement Document;

- You are aware that the Equity Shares issued pursuant to the Issue have not been and will not be registered through a prospectus under the Companies Act (as defined hereinafter), the SEBI Regulations or under any other law in force in India. This Preliminary Placement Document has not been reviewed or affirmed by the RBI, SEBI, the Stock Exchanges, the RoC or any other regulatory or listing authority and is intended only for use by QIBs. This Preliminary Placement Document has been filed with the Stock Exchanges for record purposes only and will be displayed on the websites of our Company and the Stock Exchanges. Our Company shall make the requisite filings with the RoC and the SEBI within the stipulated period as required under the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014;

- You are entitled to subscribe for and acquire the Equity Shares under the laws of all relevant jurisdictions that apply to you and that you have fully observed such laws and you have necessary capacity, have obtained all necessary consents, governmental or otherwise, and authorisations and complied with all necessary formalities, to enable you to commit to participation in this Issue and to perform your obligations in relation thereto (including, without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorisations to agree to the terms set out or referred to in this Preliminary Placement Document), and will honour such obligations;

- You agree that neither our Company nor the Global Coordinator and Book Running Lead Manager or any of their shareholders, directors, officers, employees, counsel, representatives, agents or affiliates are making any recommendations to you or advising you regarding the suitability of any transactions it may enter into in connection with this Issue and your participation in this Issue is on the basis that you are not, and will not, up to the Allotment, be a client of the Global Coordinator and Book Running Lead Manager. Neither the Global Coordinator and Book Running Lead Manager nor any of its shareholders, directors, officers, employees, counsel, representatives, agents or affiliates have any duties or responsibilities to you for providing the protection afforded to their clients or customers or for providing advice in relation to this Issue and are not in any way acting in any fiduciary capacity;

- You confirm that, either: (i) you have not participated in or attended any investor meetings or presentations by our Company or its agents (the "**Company Presentations**") with regard to our Company or this Issue; or (ii) if you have participated in or attended any of our Company Presentations: (a) you understand and acknowledge that the Global Coordinator and Book Running Lead Manager may not have knowledge of the statements that our Company or its agents may have made at such Company Presentations and are therefore unable to determine whether the information provided to you at such Company Presentations may have included any material misstatements or omissions, and, accordingly you acknowledge that the Global Coordinator and Book Running Lead Manager has advised you not to rely in any way on any information that was provided to you at such Company Presentations, and (b) you confirm that, to the best of your knowledge, you have not been provided any material information relating to our Company and this Issue that was not publicly available;

- All statements other than statements of historical fact included in this Preliminary Placement Document, including, without limitation, those regarding our Company's future financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to our Company's business), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our Company's present and future business strategies and environment in which our Company will operate in the future. You should not place undue reliance on forward-looking statements, which speak only as at the date of this Preliminary Placement Document. Our Company assumes no responsibility to update any of the forward-looking statements contained in this Preliminary Placement Document;

- You are aware and understand that the Equity Shares are being offered only to QIBs and are not being offered to the general public, and the Allotment of the same shall be on a discretionary basis at the discretion of our Company and the Global Coordinator and Book Running Lead Manager;

- You are aware that if you are Allotted any Equity Shares, our Company is required to disclose details such as your name, address and the number of Equity Shares Allotted to the RoC and the SEBI, and you consent to such disclosures;

- You are aware that if you are Allotted more than 5% of the Equity Shares in this Issue, our Company is required to disclose your name and the number of Equity Shares Allotted to the Stock Exchanges and the Stock Exchanges will make the same available on their website, and you consent to such disclosures. Further, if you are one of the top 10 Equity Shareholders, our Company will be required to make a filing with the RoC within 15 days of the change in shareholding as per Section 93 of the Companies Act, 2013;

- You have been provided a serially numbered copy of this Preliminary Placement Document and have read it in its entirety, including in particular, "Risk Factors" on page [●] of this Preliminary Placement Document;

- In making your investment decision, you have (i) relied on your own examination of our Company and the terms of this Issue, including the merits and risks involved, (ii) made and will continue to make your own assessment of our Company, the Equity Shares and the terms of this Issue based solely on the information contained in this Preliminary Placement Document and the Placement Document and no other disclosure or representation by our Company or any other party, (iii) consulted your own independent counsel and advisors (including tax advisors) or otherwise have satisfied yourself concerning, without limitation, the effects of local laws, (iv) received all information that you believe is necessary or appropriate in order to make an investment decision in respect of our Company and the Equity Shares, and (v) relied upon your own investigation and resources in deciding to invest in this Issue;

- Neither the Global Coordinator and Book Running Lead Manager nor any of its shareholders, directors, officers, employees, counsel, representatives, agents or affiliates have provided you with any tax advice or otherwise made any representations regarding the tax consequences of purchase, ownership and disposal of the Equity Shares (including but not limited to this Issue and the use of the proceeds from the Equity Shares). You will obtain your own independent tax advice from a reputable service provider and will not rely on the Global Coordinator and Book Running Lead Manager or any of its shareholders, directors, officers, employees, counsel, representatives, agents or affiliates when evaluating the tax consequences in relation to the Equity Shares (including but not limited to this Issue and the use of the proceeds from the Equity Shares). You waive, and agree not to assert any claim against our Company or the Global Coordinator and Book Running Lead Manager or any of their shareholders, directors, officers, employees, counsel, representatives, agents or affiliates with respect to the tax aspects of the Equity Shares or as a result of any tax audits by tax authorities, wherever situated;

- You are a sophisticated investor and have such knowledge and experience in financial, business and investment matters as to be capable of evaluating the merits and risks of an investment in the Equity Shares. You are experienced in investing in private placement transactions of securities of companies in a similar nature of business, similar stage of development and in similar jurisdictions. You and any accounts for which you are subscribing for the Equity Shares (i) are each able to bear the economic risk of your investment in the Equity Shares, (ii) will not look to our Company and/or the Global Coordinator and Book Running Lead Manager or any of their shareholders, directors, officers, employees, counsel, representatives, agents or affiliates for all or part of any such loss or losses that may be suffered in connection with this Issue, including losses arising out of non-performance by our Company of any of its obligations or any breach of any representations and warranties by our Company, whether to you or otherwise, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) have no need for liquidity with respect to the investment in the Equity Shares and (v) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares. You acknowledge that an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment. You are seeking to subscribe to the Equity Shares in this Issue for your own investment and not with a view to resell or distribute;

- When you are acquiring the Equity Shares to be issued pursuant to this Issue for one or more managed accounts, you represent and warrant that you are authorised in writing, by each such managed account to acquire such Equity Shares for each managed account and to make (and you hereby make) the representations, warranties, acknowledgements and agreements herein for and on behalf of each such account, reading the reference to "you" to include such accounts;

- You are not a 'promoter' (as defined under the SEBI Regulations) of our Company or any of its affiliates and are not a person related to the promoter, either directly or indirectly and your Bid does not directly or indirectly represent the 'promoter', or 'promoter group', (as defined under the SEBI Regulations) or person related to promoters of our Company;

- You agree that in terms of Section 42(7) of the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014, we shall file PAS-5 containing the list of QIBs (to whom the Preliminary Placement Document are circulated) along with other particulars with the RoC and SEBI within 30 days of circulation of the Preliminary Placement Document and other filings required under the Companies Act, 2013;

- You have no rights under a shareholders' agreement or voting agreement with the promoter or persons related to the promoter, no veto rights or right to appoint any nominee director on the Board of Directors of our Company other than the rights acquired, if any, in the capacity of a lender not holding any Equity Shares which shall not be deemed to be a person related to the promoter;

- You will have no right to withdraw your Bid after the Bid/Issue Closing Date;

- You are eligible to apply and hold the Equity Shares Allotted to you pursuant to this Issue together with any Equity Shares held by you prior to this Issue. Further, you confirm that your aggregate holding after the Allotment of the Equity Shares shall not exceed the level permissible as per any applicable law or regulation;

- The Bid made by you would not result in triggering a tender offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended (the "**Takeover Regulations**");

- To the best of your knowledge and belief, your aggregate holding, together with other QIBs in this Issue that belong to the same group or are under common control as you, pursuant to the Allotment under this Issue shall not exceed 50 % of this Issue. For the purposes of this representation:

  (a) the expression 'belong to the same group' shall derive meaning from the concept of 'companies under the same group' as provided in sub-section (11) of Section 372 of the Companies Act, 1956; and

  (b) 'Control' shall have the same meaning as is assigned to it by Regulation 2(1)(e) of the Takeover Regulations;

- You shall not undertake any trade in the Equity Shares credited to your beneficiary account until such time that the final listing and trading approvals for such Equity Shares is issued by the Stock Exchanges;

- You are aware that (i) applications for in-principle approval, in terms of Regulation 28(1) of the Listing Regulations, for listing and admission of the Equity Shares on the Stock Exchanges were made and approval has been received from the Stock Exchanges, and (ii) the applications for the final listing and trading approval will be made only after Allotment. There can be no assurance that the final approvals for listing of the Equity Shares will be obtained in time or at all. Our Company shall not be responsible for any delay or non-receipt of such final approval or any loss arising from such delay or non-receipt;

- You are aware and understand that the Global Coordinator and Book Running Lead Manager has entered into a placement agreement with our Company, whereby the Global Coordinator and Book Running Lead Manager has, subject to the satisfaction of certain conditions set out therein, agreed to manage this Issue and use their reasonable efforts as agents of our Company to procure subscriptions for the Equity Shares on the terms and conditions set forth therein;

- The contents of this Preliminary Placement Document are exclusively the responsibility of our Company, and neither the Global Coordinator and Book Running Lead Manager nor any person acting on its behalf has or shall have any liability for any information, representation or statement contained in this Preliminary Placement Document or any information previously published by or on behalf of our Company and will not be liable for your decision to participate in this Issue based on any information, representation or statement contained in this Preliminary Placement Document or otherwise. By accepting a participation in this Issue, you agree to the same and confirm that the only information you are entitled to rely on, and on which you have relied in committing yourself to acquire the Equity Shares is contained in this Preliminary Placement Document, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares, you have neither received nor relied on any other information, representation, warranty or statement made by or on behalf of the Global Coordinator and Book Running Lead Manager or our Company or any of its affiliates or any other person, and neither the Global Coordinator and Book Running Lead Manager nor our Company nor any other person will be liable for your decision to participate in this Issue based on any other information, representation, warranty or statement that you may have obtained or received;

- You understand that the Global Coordinator and Book Running Lead Manager does not have any obligation to purchase or acquire all or any part of the Equity Shares purchased by you in this Issue or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with this Issue, including non-performance by our Company of any of its obligations or any breach of any representations and warranties by our Company, whether to you or otherwise;

- You are eligible to invest in India under applicable laws, including the FEMA 20, as amended and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by SEBI or any other regulatory authority, from buying, selling or dealing in securities;

- You agree that any dispute arising in connection with this Issue will be governed by and construed in accordance with the laws of Republic of India, and the courts in Mumbai shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Preliminary Placement Document and the Placement Document;

- You agree to indemnify and hold our Company and the Global Coordinator and Book Running Lead Manager and their respective officers, directors, affiliates, associates and representatives harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the foregoing representations, warranties, acknowledgements and undertakings made by you in this Preliminary Placement Document. You agree that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares by, or on behalf of, the managed accounts;

- You acknowledge that our Company, the Global Coordinator and Book Running Lead Manager, their affiliates and others will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings, which are given to the Global Coordinator and Book Running Lead Manager on their own behalf and on behalf of our Company, are irrevocable;

- You agree that each of the representations, warranties, acknowledgments and agreements set out above shall continue to be true and accurate at all times upto and including the Allotment, listing and trading of the Equity Shares issued pursuant to the Issue;

- You understand that the Equity Shares will when issued pursuant to the Issue, be credited as fully paid and will rank *pari passu* in all respects with the existing Equity Shares including the right to receive all dividends and other distributions declared, made or paid in respect of the Equity Shares after the date of this Issue;

- You understand that the Equity Shares have not been and will not be registered under the Securities Act or registered, listed or otherwise qualified in any other jurisdiction outside India and accordingly, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable US state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S and the applicable laws of the jurisdictions where those offers and sales occur;

- You are, at the time the Equity Shares are purchased pursuant to Regulation S, located outside of the United States (within the meaning of Regulation S), and you are not an affiliate of our Company, or a person acting on behalf of our Company or such an affiliate; and

- You are purchasing the Equity Shares in an offshore transaction meeting the requirements of Rule 903 or 904 of Regulation S and you shall not offer, sell, pledge or otherwise transfer such Equity Shares except in an offshore transaction complying with Regulation S or pursuant to any other available exemption from registration under the Securities Act, and in accordance with all applicable securities laws of the states of the United States and any other jurisdiction, including India.

OFFSHORE DERIVATIVE INSTRUMENTS (P-NOTES)

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the SEBI (Foreign Portfolio Investors) Regulations, 2014, as amended (the "**SEBI FPI Regulations**"), FPIs (other than Category III foreign portfolio investors and unregulated broad based funds, which are classified as Category II FPIs (as defined in the SEBI FPI Regulations) by virtue of their investment manager being appropriately regulated unless such FPIs have entered into an offshore derivative instrument with an FII prior to January 7, 2014 or were registered as clients of an FII prior to January 7, 2014), including the affiliates of the Global Coordinator and Book Running Lead Manager, may issue or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument by whatever name called, which is issued overseas by a FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying, and all such offshore derivative instruments are referred to herein as "P-Notes"), for which they may receive compensation from the purchasers of such instruments. P-Notes may be issued only in favour of those entities which are regulated by any appropriate foreign regulatory authority, subject to compliance with 'know your client' requirements. An FPI shall also ensure that P-Notes are issued only in favour of those entities which are regulated by any appropriate foreign regulatory authority and after compliance with 'know your client' requirements. Further, prior consent of FPI is required for transfer of P-Notes, except when the entities to whom the P-Notes are to be transferred to are pre-approved by such FPI. P-Notes have not been and are not being offered or sold pursuant to this Preliminary Placement Document. This Preliminary Placement Document does not contain any information concerning P-Notes or the issuer(s) of any P-notes, including, without limitation, any information regarding any risk factors relating thereto.

Any P-Notes that may be issued are not securities of our Company and do not constitute any obligation of, claims on or interests in our Company. Our Company has not participated in any offer of any P-Notes, or in the establishment of the terms of any P-Notes, or in the preparation of any disclosure related to any P-Notes. Any P-Notes that may be offered are issued by, and are the sole obligations of, third parties that are unrelated to our Company. Our Company and the Global Coordinator and Book Running Lead Manager do not make any recommendation as to any investment in P-Notes and do not accept any responsibility whatsoever in connection with any P-Notes. Any P-Notes that may be issued are not securities of the Global Coordinator and Book Running Lead Manager and do not constitute any obligations of or claims on the Global Coordinator and Book Running Lead Manager. Affiliates of the Global Coordinator and Book Running Lead Manager which are Eligible FPIs or FIIs may purchase, to the extent permissible under law, the Equity Shares in this Issue, and may issue P-Notes in respect thereof.

Prospective investors interested in purchasing any P-Notes have the responsibility to obtain adequate disclosures as to the issuer(s) of such P-Notes and the terms and conditions of any such P-Notes from the issuer(s) of such P-Notes. Neither SEBI nor any other regulatory authority has reviewed or approved any P-Notes or any disclosure related thereto. Prospective investors are urged to consult their own financial, legal, accounting and tax advisors regarding any contemplated investment in P-Notes, including whether P-Notes are issued in compliance with applicable laws and regulations.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

As required, a copy of this Preliminary Placement Document has been submitted to the Stock Exchanges. The Stock Exchanges does not in any manner:

(1) warrant, certify or endorse the correctness or completeness of any of the contents of this Preliminary Placement Document;

(2) warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges; or

(3) take any responsibility for the financial or other soundness of our Company, its Promoters, its management or any scheme or project of our Company;

and it should not for any reason be deemed or construed to mean that this Preliminary Placement Document has been cleared or approved by the Stock Exchanges. Every person who desires to apply for or otherwise acquire any Equity Shares may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

In this Preliminary Placement Document, unless otherwise specified or the context otherwise indicates or implies, references to 'you', 'your', 'offeree', 'purchaser', 'subscriber', 'recipient', 'investors', 'prospective investors' and 'potential investor' are to the prospective investors in this Issue, references to our 'Company, 'DSIL', 'Issuer', 'we', 'us', or 'our' are to Dwarikesh Sugar Industries Limited.

In this Preliminary Placement Document, references to 'US$', 'USD' and 'U.S. Dollar' are to the legal currency of the United States of America and references to '₹', 'INR', 'Rs.', 'Indian Rupees' and 'Rupees' are to the legal currency of India. All references herein to the 'US' or 'U.S.' or the 'United States' are to the United States of America and its territories and possessions. All references herein to "India" are to the Republic of India and its territories and possessions and the 'Government' or the 'Central Government' or the 'State Government' are to the Government of India, central or state, as applicable.

References to the singular also refers to the plural and one gender also refers to any other gender, wherever applicable, and the words "lakh" or "lac" mean "100 thousand" and the word "million" means "10 lakh" and the word "crore" means "10 million" or "100 lakhs" and the word "billion" means "1,000 million" or "100 crores".

The current financial year of our Company commences on April 1 of each year and ends on March 31 of the following year, and unless otherwise specified or if the context requires otherwise, all references to a particular 'FY' are to financial year ending on March 31. Provided; however, FY 2015 or Financial Year 2015 refers to the 18 month period ended March 31, 2015; and FY 2013 or Financial Year 2013 refers to the 12 month period ended September 30, 2013. The financial statements of our Company as of and for FY 2016, FY 2015 and FY 2013; and the financial statements of our Company as at and for the period ended June 30, 2016, included herein, have been prepared in line with the accounting principles generally accepted in India and have been audited by the Auditors in accordance with the applicable generally accepted auditing standards in India prescribed by the ICAI.

Our Company publishes its financial statements in Indian Rupees. Unless the context otherwise requires and unless so specified, all financial data in this Preliminary Placement Document are derived from our Company's financial statements prepared in accordance with Indian GAAP. Indian GAAP differs in certain significant respects from International Financial Reporting Standards (the "**IFRS**") and U.S. GAAP. We have not attempted to quantify the impact of U.S. GAAP or IFRS on the financial data included in this Preliminary Placement Document, nor do we provide a reconciliation of our financial statements to those of U.S. GAAP or IFRS. Each of U.S. GAAP and IFRS differs in significant respects from Indian GAAP. See the section "Risk Factors – Risks Associated with doing Business with an Indian Company – Significant differences exist between Indian GAAP and other accounting principles, such as U.S. GAAP and IFRS, which investors may be more familiar with and may consider material to their assessment of our financial condition" on page [●] of this Preliminary Placement Document. Accordingly, the degree to which the financial statements prepared in accordance with Indian GAAP included in this Preliminary Placement Document will provide meaningful information is entirely dependent on the reader's level of familiarity with the respective accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Preliminary Placement Document should accordingly be limited.

Further, the Companies (Indian Accounting Standards) Rules, 2015 effective from February 16, 2015 (the "IAS Rules"), provides that the financial statements of the companies to which they apply shall be prepared and audited in accordance with Indian Accounting Standards ("Ind-AS"). The IAS Rules state that any company may voluntarily implement Ind-AS for the accounting period beginning from April 1, 2015. We have considered adopting Ind-AS for the accounting period beginning from April 1, 2017. However, we have not determined with any degree of certainty the impact such adoption will have on its financial reporting. There can be no assurance that our financial condition, results of operations, cash flows or changes in shareholders' equity will not appear materially worse under Ind-AS than under Indian GAAP. See the section "Risk Factors - Internal Risks and Risks Associated with our Business - Our Company is proposing a transition in accounting standards and is planning to prepare its financial statements under Ind-AS. The transition to Ind-AS in India may adversely affect us." on page [●] of this Preliminary Placement Document.

In this Preliminary Placement Document, certain monetary thresholds have been subjected to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

INDUSTRY AND MARKET DATA

Information included in this Preliminary Placement Document regarding market position, growth rates and other industry data pertaining to our businesses consists of estimates based on data reports compiled by government bodies, professional organisations and analysts, data from other external sources and knowledge of the markets in which we operate. Unless stated otherwise, statistical information included in this Preliminary Placement Document pertaining to the various sectors in which we operate has been reproduced from trade, industry, and government publications and websites. We confirm that such information and data has been accurately reproduced, and that as far as they are aware and are able to ascertain from information published by third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading. In this context, please note that we have relied on sugar industry reports, namely, CRISIL Research, *Sugar Report, July 2016* (the "**CRISIL Report**") and the Hand Book on Sugar Stastics (2014-2015) by Indian Sugar Mills Association ("**ISMA Handbook**") in relation to the industry data included in this Preliminary Placement Document.

This information is subject to change and cannot be verified with complete certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. In many cases, there is no readily available external information (whether from trade or industry associations, government bodies or other organisations) to validate market-related analysis and estimates, so we have relied on internally developed estimates.

Neither we nor the Global Coordinator and Book Running Lead Manager have independently verified this data, nor do we or the Global Coordinator and Book Running Lead Manager make any representation regarding the accuracy of such data. Similarly, internal estimates and surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified and neither we or the Global Coordinator and Book Running Lead Manager make any representation as to the accuracy and completeness of information based on trade, industry and government publications and websites, data reports complied by government bodies, professional organisations and analysts, or from other external sources.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Preliminary Placement Document that are not statements of historical fact constitute 'forward-looking statements'. These statements express views of the management of our Company and expectations based upon certain assumptions regarding trends in the Indian and international financial markets and regional economies, the political climate in which our Company operates and other factors. Prospective investors can generally identify forward-looking statements by terminology such as 'aim', 'anticipate', 'believe', 'continue', 'can', 'could', 'estimate', 'expect', 'intend', 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'shall', 'should', 'will', 'would' or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of our Company are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

All statements regarding our Company's expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our Company's business strategy, planned projects, planned revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Preliminary Placement Document that are not historical facts. These forward-looking statements and any other projections contained in this Preliminary Placement Document (whether made by our Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause the actual results, performances and achievements of our Company to be materially different from any of the forward-looking statements include, amongst others:

- general, political, social and economic conditions in India and elsewhere;
- our Company's dependence on our Sugar Segment for a significant portion of our revenue;
- adverse effect of competition on margins, market share and profits of the Company;
- increase in raw material costs;
- changes in technology;
- central and state government policy in the sectors in which we operate; and
- level of government support through subsidies and grants.

Additional factors that could cause actual results, performance or achievements of our Company to differ materially include, but are not limited to, those discussed under "Risk Factors", "Industry Overview", "Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages [●], [●], [●] and [●], respectively, of this Preliminary Placement Document. Our Company and the GCBRLM expressly disclaim any obligation or undertaking to release publically any updates or revision to any forward looking statements contained herein to effect any changes in our Company's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statements are based.

The forward-looking statements contained in this Preliminary Placement Document are based on the beliefs of management, as well as the assumptions made by, and information currently available to, the management of our Company. Although our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Preliminary Placement Document or the respective dates indicated in this Preliminary Placement Document, and our Company undertakes no obligation to update or revise any of them, whether as a result of new information, future events, changes in assumptions or changes in factors affecting forward looking statements or otherwise. If any of these risks and uncertainties materialise, or if any of our Company's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements. The forward-looking statements appear in a number of places throughout this Preliminary Placement Document and include statements regarding the intentions, beliefs or current expectations of our Company concerning, amongst other things, the expected results of operations, financial condition, liquidity, prospects, growth, strategies and dividend policy of our Company and the industry in which we operate. In addition even if the result of operations, financial conditions, liquidity and dividend policy of our Company, and the development of the industry in which we operate, are consistent with the forward-looking statements contained in this Preliminary Placement Document, those results or developments may not be indicative of results or developments in subsequent periods.

ENFORCEMENT OF CIVIL LIABILITIES

Our Company is a public company incorporated under the laws of India. All the Directors and the senior management named herein are residents of India and all the assets of our Company and such persons are located in India. As a result, it may be difficult or may not be possible for investors outside India to effect service of process upon our Company or such persons in India, or to enforce judgments obtained against such parties outside India.

Recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Civil Procedure Code (as defined below), on a statutory basis. Section 13 of the Civil Procedure Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon between the same parties or parties litigating under the same title, except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognise the law of India in cases in which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; and (vi) where the judgment sustains a claim founded on a breach of any law then in force in India.

Under Section 14 of the Civil Procedure Code, a court in India shall upon the production of any document purporting to be a certified copy of a foreign judgement, presume that the judgement was pronounced by a court of competent jurisdiction, unless the contrary appears on record; but such presumption may be displaced by proving want of jurisdiction.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. However, Section 44A of the Civil Procedure Code provides that a foreign judgment rendered by a superior court (within the meaning of that section) in any jurisdiction outside India which the Government has by notification declared to be a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a competent court in India. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalties and does not include arbitration awards.

Each of the United Kingdom, Singapore and Hong Kong has been declared by the Government to be a reciprocating territory for the purposes of Section 44A of the Civil Procedure Code, but the United States of America has not been so declared. A judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. The suit must be brought in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy of India. Further, any judgment or award in a foreign currency would be converted into Rupees on the date of such judgment or award and not on the date of payment. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to execute such a judgment or repatriate outside India any amount recovered, and we cannot assure that such approval will be forthcoming within a reasonable period of time, or at all, or that conditions of such approvals would be acceptable and any such amount may be subject to income tax in accordance with applicable laws. We cannot assure that Indian courts and/ or authorities would not take a longer amount of time to adjudicate and conclude similar proceedings in their respective jurisdictions.

EXCHANGE RATE INFORMATION

Fluctuations in the exchange rate between the Rupee and the foreign currencies will affect the foreign currency equivalent of the Rupee price of the Equity Shares traded on the Stock Exchanges. These fluctuations will also affect the conversion into foreign currencies of any cash dividends paid in Rupees on Equity Shares.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Rupee and the U.S. Dollar (in Rupees per U.S. Dollar). The exchange rates are based on the reference rates released by the RBI, which are available on the website of the RBI. No representation is made that any Rupee amounts could have been, or could be, converted into U.S. Dollar at any particular rate, the rates stated below, or at all.

On September 16, 2016, the exchange rate (RBI reference rate) was ₹ 66.88 to USD 1 (*Source:* www.rbi.org.in).

	Period end	**Average**(1)	**High**(2)	**Low**(3)
Financial Year Ended:	(₹ Per USD)			
March 31, 2014	60.10*	60.50	68.36	53.74
March 31, 2015	62.59	61.15	63.75	58.43
March 31, 2016	66.33	65.46	68.78	62.16
Quarter ended:				
December 31, 2015	66.33	65.93	67.04	64.73
March 31, 2016	66.33	67.50	68.78	66.18
June 30, 2016	67.62	66.93	68.01	66.24
Month ended:				
March 31, 2016	66.33	67.02	68.16	66.33
April 30, 2016	66.52**	66.47	66.73	66.24
May 31, 2016	67.20	66.91	67.71	66.27
June 30, 2016	67.62	67.30	68.01	66.63
July 31, 2016	67.03***	67.21	67.50	66.91
August 31, 2016	66.98	66.94	67.19	66.74

(1) *Average of the closing official rate for each working day of the relevant period.*

(2) *Maximum of the closing official rate for each working day of the relevant period.*

(3) *Minimum of the closing official rate for each working day of the relevant period.*

** Exchange rate as on March 28, 2014, as March 29, 2014, March 30, 2014 and March 31, 2014 were non-trading days*

*** Exchange rate as on April 29, 2016, as April 30, 2016 was a non-trading day*

****Exchange rate as on July 29, 2016, as July 30, 2016 and July 31, 2016 were non-trading days*

(*Source:* www.rbi.org.in)

DEFINITIONS AND ABBREVIATIONS

Our Company has prepared this Preliminary Placement Document using certain definitions and abbreviations which you should consider when reading the information contained herein.

Company Related Terms

Term	Description
"Company" or "our Company" or "Issuer" or "DSIL"	Dwarikesh Sugar Industries Limited, a public limited company, incorporated under the Indian Companies Act, 1956 and having its registered office at Dwarikesh Nagar- 246 762, District Bijnor, Uttar Pradesh and corporate office at 511, Maker Chambers- V, 221, Nariman Point, Mumbai 400 021 It is clarified that references to "us", "we" or "our" are to our Company
Articles/Articles of Association	Articles of association of our Company as amended from time to time
Auditor/Statutory Auditor	The statutory auditor of our Company, SS. Kothari Mehta & Co., Chartered Accountants
Board / Board of Directors	The board of directors of our Company or duly constituted committee thereof
Cogeneration Segment	The renewable energy segment of our Company
Corporate Office	511, Maker Chambers- V, 221, Nariman Point, Mumbai 400 021
Directors	The directors of our Company
Distillery Segment	The industrial alcohol manufacturing segment of our Company
Equity Shares	Equity shares of our Company having face value of ₹ 10 each
Memorandum/Memorandum of Association	Memorandum of association of our Company, as amended from time to time
Preference Shares (Series-I)	Series-I - 12% cumulative redeemable preference shares of ₹ 100 each
Preference Shares (Series-II)	Series-II - 8% cumulative redeemable preference shares of ₹ 100 each
Preference Shares (Series-III)	Series-III - 8% cumulative redeemable preference shares of ₹ 100 each
Preference Shares (Series-IV)	Series-IV - 8% cumulative redeemable preference shares of ₹ 100 each
Promoter	Mr. G. R. Morarka
Promoter Group	Promoter group of our Company as defined in Regulation 2(1)(zb) of the SEBI Regulations
Registered Office	Dwarikesh Nagar- 246 762, District Bijnor, Uttar Pradesh
Sugar Segment	The sugar manufacturing segment of our Company, which includes external sale of molasses and bagasse
Total Segmental Revenue	Sum of revenue from operations (net, incl. of intersegment sales) of Sugar Segment and revenue from operations (net, incl. of intersegment sales) of Cogeneration Segment and revenue from operations (net, incl. of intersegment sales) of Distillery Segment

Issue Related Terms

Term	Description
Allocated /Allocation	The allocation of Equity Shares following the determination of the Issue Price to the QIBs on the basis of the Application Form submitted by them, by our Company in consultation with the Global Coordinator and Book Running Lead Manager and in compliance with Chapter VIII of the SEBI Regulations
Allot/Allotment/Allotted	Unless the context otherwise requires, the issue and allotment of Equity Shares to be issued pursuant to this Issue
Allottees	QIBs to whom Equity Shares are issued and Allotted pursuant to this Issue
Application Form	The form (including any revisions thereof) pursuant to which QIB shall submit a Bid for the Equity Shares in this Issue
Audited Financial Statements	Audited financial statements of our Company for the last three Financial Years i.e. FY 2016, FY 2015, and FY 2013
Bid(s)	Indication of interest of a QIB, including all revisions and modifications thereto, as provided in the Application Form, to subscribe for the Equity Shares pursuant to this Issue
Bid/Issue Closing Date	[●], 2016, which is the last date up to which the Application Forms shall be accepted by our Company (or the Global Coordinator and Book Running Lead

Term	Description
	Manager on behalf of our Company)
Bid/Issue Opening Date	[●], 2016, which is the date on which our Company (or the Global Coordinator and Book Running Lead Manager on behalf of our Company) shall commence the acceptance of duly completed Application Forms for this Issue
Bid/Issue Period/Bidding Period	Period between the Bid/Issue Opening Date and the Bid/Issue Closing Date, inclusive of both days, during which prospective Bidders can submit their Bids, including any revision thereof
Bidder	Any prospective investor, a QIB, who makes a Bid pursuant to the terms of this Preliminary Placement Document and the Application Form
CAN/Confirmation of Allocation Note	Note or advice or intimation sent only to successful Bidders confirming Allocation of Equity Shares to such successful Bidders after determination of the Issue Price and requesting payment for the entire applicable Issue Price for all Equity Shares Allocated to such successful Bidders.
Closing Date	The date on which Allotment of Equity Shares pursuant to this Issue shall be made, i.e. on or about [●], 2016
Cut-off Price	The Issue Price of the Equity Shares to be issued pursuant to this Issue which shall be finalised by our Company in consultation with the Global Coordinator and Book Running Lead Manager
Designated Date	The date of credit of the Equity Shares to the successful Bidders demat account, as applicable to the respective successful Bidders
Escrow Account	The non-interest bearing, no-lien, current bank account entitled "[●]" with regard to any money received towards the subscription of the Equity Shares, opened with the Escrow Bank, subject to the terms of the Escrow Agreement
Escrow Agreement	Agreement dated [●], 2016, entered into amongst our Company, the Escrow Bank and the Global Coordinator and Book Running Lead Manager for collection of the bid amounts and for remitting refunds, if any, of the amounts collected, to the Bidders
Escrow Bank	[●]
Floor Price	The floor price of ₹ [●] which has been calculated in accordance with Chapter VIII of the SEBI Regulations. In terms of the SEBI Regulations, the Issue Price cannot be lower than the Floor Price. Our Company may offer a discount of not more than 5% on the Floor Price in terms of Regulation 85 of the SEBI Regulations
Global Coordinator and Book Running Lead Manager/ GCBRLM	Global Coordinator and Book Running Lead Manager to this Issue, namely, Religare Capital Markets Limited
Issue	The offer, issue and Allotment of [●] Equity Shares of face value of ₹ 10 each at a price of ₹ [●], including a premium of ₹ [●] per Equity Share aggregating ₹ [●], to the QIBs, pursuant to Chapter VIII of the SEBI Regulations and the provisions of the Companies Act, 2013 and the rules made thereunder
Issue Price	₹ [●] per Equity Share
Issue Size	The Issue of [●] Equity Shares aggregating up to ₹ [●] million
Limited Review Financial Statements	Limited review financial statements of our Company for the quarter ended June 30, 2016
Lock-up Period	180 days from the date of Allotment of Equity Shares
Mutual Fund	A mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended
Mutual Fund Portion	10% of the Equity Shares proposed to be Allotted in this Issue, which is available for Allocation to Mutual Funds
Net Proceeds	The total proceeds of this Issue after deduction of Issue expenses including fees, commission and other expenses
Pay-in Date	The last date specified in the CAN sent to the succesful Bidders for payment of application monies by the successful Bidders
Placement Agreement	Agreement dated [●], 2016 entered into amongst our Company and the Global Coordinator and Book Running Lead Manager
Placement Document	The placement document to be issued in accordance with the provisions of Chapter VIII of the SEBI Regulations and Section 42 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014
Preliminary Placement Document	This preliminary placement document dated [●], 2016 issued by our Company in accordance with Chapter VIII of the SEBI Regulations and Section 42 of the

Term	Description
	Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014
QIBs or Qualified Institutional Buyers	Qualified institutional buyer as defined under Regulation 2(1)(zd) of the SEBI Regulations and not excluded pursuant to Regulation 86 of the SEBI Regulations
QIP	Qualified institutions placement to QIBs under Chapter VIII of the SEBI Regulations and Section 42 of the Companies Act, 2013, read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014
Relevant Date	[●], 2016 which is the date of the meeting of the Board, or any committee duly authorised by the Board, deciding to open this Issue
Uniform Listing Agreement	The uniform listing agreement as notified by the SEBI, on October 13, 2015. Our Company has entered into the uniform listing agreement for continuing the listing of our Equity Shares with the Stock Exchanges pursuant to requirements of Regulation 109 of the Listing Regulations.

Conventional and General Terms/ Abbreviations

Term/Abbreviation	Description
AGM	Annual General Meeting
AIF(s)	Alternative investment fund, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
AY	Assessment Year
BSE	BSE Limited
Category III FPI	An FPI registered as a category III foreign portfolio investor under the SEBI FPI Regulations
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identification Number
Civil Procedure Code	The Code of Civil Procedure, 1908, as amended
Companies Act	The Companies Act, 2013 or the Companies Act, 1956, as applicable
Companies Act, 1956	The Companies Act, 1956 and the rules made thereunder (without reference to the provisions thereof that have ceased to have effect upon notification of the Notified Sections)
Companies Act, 2013	The Companies Act, 2013 and the rules made thereunder, to the extent in force pursuant to notification of the Notified Sections
Competition Act	The Competition Act, 2002, as amended
Delisting Regulations	Securities Exchange Board of India (Delisting of Equity Shares) Regulations, 2009, as amended from time to time
Depositories Act	The Depositories Act, 1996, as amended
Depository	A body corporate registered under the SEBI (Depositories and Participant) Regulations, 1996
DIPP	The Indian Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India
DP ID	Depository Participant's Identity Number
DP/Depository Participant	A depository participant as defined under the Depositories Act, 1996, as amended
EBITDA	Earnings before interest, tax, depreciation and amortisation calculated as "Profit/(Loss) before exceptional item and tax plus depreciation and amortization expenses plus finance cost"
Eligible FPIs	FPIs that are eligible to participate in the Issue and does not include Category III FPIs who are not eligible to participate in the Issue
EGM	Extraordinary General Meeting
EPS	Earnings Per Share, i.e., profit after tax for a fiscal year divided by the weighted average outstanding number of equity shares during that fiscal year
FCNR(B)	Foreign currency non-resident (bank)
FDI	Foreign direct investment
FEMA	The Foreign Exchange Management Act, 1999 together with rules and regulations thereunder
FEMA 20	The Foreign Exchange Management (Transfer or Issue of Security by a Person

Term/Abbreviation	Description
	Resident Outside India) Regulations, 2000, as amended
FIIs	Foreign institutional investors and foreign portfolio investors as defined under the SEBI FPI Regulations other than category 3 foreign portfolio investors that are corporates or individuals.
Financial Year/FY	Period of 12 months or 18 months ended 31 March, or a period of 12 months ended 30 September, as the case may be
FIPB	Foreign Investment Promotion Board of the Ministry of Finance, Government of India
Form PAS-4	Form PAS-4 prescribed under the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended
FPI	Foreign portfolio investors as defined under the SEBI FPI Regulations and includes person who has been registered under the SEBI FPI Regulations. Any foreign institutional investor who holds a valid certificate of registration is deemed to be a foreign portfolio investor till the expiry of the block of three years for which fees have been paid as per the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995 or till it obtains a certificate of registration as an FPI, whichever is earlier
FVCI	Foreign venture capital investors as defined and registered with SEBI under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended
FY 2016 / Financial Year 2016	12 month period ended March 31, 2016
FY 2015 / Financial Year 2015	18 month period ended March 31, 2015
FY 2013 / Financial Year 2013	12 month period ended September 30, 2013
GAAP	Generally accepted accounting principles
GAAR	General Anti-Avoidance Rules
GDP	Gross Domestic Product
GIR Number	General Index Register Number
GoI/Government	Government of India
GST	Goods and services tax; a proposed reform to Indian tax laws relating to indirect taxes on goods and services
HNIs	High net worth individuals
HUF	Hindu undivided family
ICAI	The Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards of the International Accounting Standards Board
IND-AS	Indian accounting standards converged with IFRS, which has been notified by the MCA
India	The Republic of India
Indian GAAP	Generally Accepted Accounting Principles followed in India
ISO	International Standards Organisation
IT	Information Technology
IT Act	The Income Tax Act, 1961, as amended
Listing Regulations	The Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended
MAT	Minimum alternate tax
MCA	The Ministry of Corporate Affairs, Government of India
MoU	Memorandum of understanding
Mn/Million	Million
NEAT	National Exchange for Automated Trading
NEFT	National Electronic Fund Transfer
Notified Sections	Sections of the Companies Act, 2013 that have been notified by the Government of India
NRE	Non-Resident (external)
NRI	Non-Resident Indian
NRO	Non-Resident Ordinary
NSDL	National Securities Depositary Limited
NSE	National Stock Exchange of India Limited
p.a.	Per annum
P/E Ratio	Price/Earnings Ratio

Term/Abbreviation	Description
PAN	Permanent Account Number
PAT	Profit After Tax
PBT	Profit Before Tax
PMLA	Prevention of Money Laundering Act, 2002, as amended
RBI	Reserve Bank of India
Regulation S	Regulation S under the Securities Act
RoC	Registrar of Companies, Uttar Pradesh & Uttarakhand at Kanpur
Indian Rupees/Rs./Rupees/INR/₹	The official currency of India
SCR (SECC) Rules	Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012, notified by the SEBI
SCRA	Securities Contracts (Regulation) Act 1956, as amended
SCRR	Securities Contracts (Regulation) Rules 1957, as amended
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended
SEBI FII Regulations	Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as amended
SEBI Insider Trading Regulations	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended
SEBI Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended
SEC	United States Securities and Exchange Commission
SENSEX	Index of 30 stocks traded on BSE representing a sample of large and liquid listed companies
Securities Act	Securities Act of 1933, as amended, enacted by the United States Congress
SICA	Sick Industrial Companies (Special Provisions) Act, 1985, as amended
Stock Exchanges	BSE and NSE
STT	Securities Transaction Tax
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011, as amended
US$/USD/U.S. Dollar	United States Dollar, the legal currency of the United States of America
U.S. GAAP	Generally accepted accounting principles in the United States of America
USA/U.S./United States	The United States of America
VAT	Value added tax
VCF	A Venture Capital Fund, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 or the erstwhile Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996, as the case may be

Technical and Industry Terms

Term/Abbreviation	Full Form/Description
BPS	Basis Points
CAGR	Compound Annual Growth Rate
CENVAT	Central Value Added Tax
Cr.	Crore; a numerical unit equal million
CRISIL	CRISIL Limited
CRISIL Research	CRISIL Research, Sugar Report, July 2016
CSR	Corporate Social Responsibilty
Dwarikesh Dham	Our manufacturing facility located in the Bareilly district of Uttar Pradesh, India
Dwarikesh Nagar	Our manufacturing facility located in the Bijnor district of Uttar Pradesh, India
Dwarikesh Puram	Our manufacturing facility located in the Bijnor district of Uttar Pradesh, India
F&RP	Fair and Remunerative Price
ISMA	Indian Sugar Mills Association
ISMA Handbook	Hand Book on Sugar Stastics (2014-2015) by ISMA
Lakh or Lac	A numerical unit; equal to 100 thousand
MW	Megawatts

Term/Abbreviation	Full Form/Description
OMC	Oil Marketing Companies
PPA	Power Purchase Agreement
SAP	State Advised Price
SPCB	State Pollution Control Board
Sugar Season/SS	The twelve months period ended September 30 of that particular year, unless otherwise stated
TCD	Tonnes of cane crushed per day
UPPCL	Uttar Pradesh Power Corporation Limited.
VAT	Value Added Tax
VCF	Venture Capital Funds
YoY	Year on Year
YTD	Year to Date

Not withstanding the foregoing, terms in “Financial Statements” and “Statement of Tax Benefits”on pages [●] and [●], respectively, of this Preliminary Placement Document shall have the meanings ascribed to such terms in those respective sections.

DISCLOSURE REQUIREMENTS UNDER FORM PAS-4 PRESCRIBED UNDER THE COMPANIES ACT, 2013

The table below sets out the disclosure requirements as provided in PAS-4 and the relevant pages in this Preliminary Placement Document where these disclosures, to the extent applicable, have been provided:

Sr. No.	Disclosure Requirements	Relevant page of this Preliminary Placement Document
1.	**GENERAL INFORMATION**	
a.	Name, address, website and other contact details of the company indicating both registered office and corporate office.	Cover Page and [●]
b.	Date of incorporation of the company.	Cover Page and [●]
c.	Business carried on by the company and its subsidiaries with the details of branches or units, if any.	[●]
d.	Brief particulars of the management of the company.	[●]
e.	Names, addresses, DIN and occupations of the directors.	[●]
f.	Management's perception of risk factors.	[●]
g.	Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of:	
(i)	Statutory dues;	[●]
(ii)	Debentures and interest thereon;	[●]
(iii)	Deposits and interest thereon; and	[●]
(iv)	Loan from any bank or financial institution and interest thereon.	[●]
h.	Names, designation, address and phone number, email ID of the nodal/ compliance officer of the company, if any, for the private placement offer process.	[●]
2.	**PARTICULARS OF THE OFFER**	
a.	Date of passing of board resolution.	[●]
b.	Date of passing of resolution in the general meeting, authorising the offer of securities.	[●]
c.	Kinds of securities offered (i.e. whether share or debenture) and class of security.	[●]
d.	Price at which the security is being offered including the premium, if any, along with justification of the price.	[●]
e.	Name and address of the valuer who performed valuation of the security offered.	Not applicable
f.	Amount which the company intends to raise by way of securities.	[●]
g.	Terms of raising of securities:	
(i)	Duration, if applicable;	Not applicable
(ii)	Rate of dividend;	[●]
(iii)	Rate of interest;	Not applicable
(iv)	Mode of payment; and	Not applicable
(v)	Repayment.	Not applicable
h.	Proposed time schedule for which the offer letter is valid.	[●]
i.	Purposes and objects of the offer.	[●]
j.	Contribution being made by the promoters or directors either as part of the offer or separately in furtherance of such objects.	[●]
k.	Principle terms of assets charged as security, if applicable.	Not applicable
3.	**DISCLOSURES WITH REGARD TO INTEREST OF DIRECTORS, LITIGATION ETC.**	
a.	Any financial or other material interest of the directors, promoters or key managerial personnel in the offer and the effect of such interest in so far as it is different from the interests of other persons.	[●]
b.	Details of any litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against any promoter of the offeree company during the last three years immediately preceding the year of the circulation of the offer letter and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action shall be disclosed.	[●]

Sr. No.	Disclosure Requirements	Relevant page of this Preliminary Placement Document
c.	Remuneration of directors (during the current year and last three financial years).	[●]
d.	Related party transactions entered during the last three financial years immediately preceding the year of circulation of offer letter including with regard to loans made or, guarantees given or securities provided.	[●]
e.	Summary of reservations or qualifications or adverse remarks of auditors in the last five financial years immediately preceding the year of circulation of offer letter and of their impact on the financial statements and financial position of the company and the corrective steps taken and proposed to be taken by the company for each of the said reservations or qualifications or adverse remark.	[●]
f.	Details of any inquiry, inspections or investigations initiated or conducted under the Companies Act or any previous company law in the last three years immediately preceding the year of circulation of offer letter in the case of company and all of its subsidiaries. Also if there were any prosecutions filed (whether pending or not) fines imposed, compounding of offences in the last three years immediately preceding the year of the offer letter and if so, section-wise details thereof for the company and all of its subsidiaries.	[●]
g.	Details of acts of material frauds committed against the company in the last three years, if any, and if so, the action taken by the company.	[●]
4.	**FINANCIAL POSITION OF THE COMPANY**	
a.	The capital structure of the company in the following manner in a tabular form:	
(i)(a)	The authorised, issued, subscribed and paid up capital (number of securities, description and aggregate nominal value);	[●]
(b)	Size of the present offer; and	[●]
(c)	Paid up capital:	[●]
(A)	After the offer; and	[●]
(B)	After conversion of convertible instruments (if applicable);	Not applicable
(d)	Share premium account (before and after the offer).	[●]
(ii)	The details of the existing share capital of the issuer company in a tabular form, indicating therein with regard to each allotment, the date of allotment, the number of shares allotted, the face value of the shares allotted, the price and the form of consideration.	[●]
	Provided that the issuer company shall also disclose the number and price at which each of the allotments were made in the last one year preceding the date of the offer letter separately indicating the allotments made for considerations other than cash and the details of the consideration in each case.	[●]
b.	Profits of the company, before and after making provision for tax, for the three financial years immediately preceding the date of circulation of offer letter.	[●]
c.	Dividends declared by the company in respect of the said three financial years; interest coverage ratio for last three years (Cash profit after tax plus interest paid/interest paid).	[●]
d.	A summary of the financial position of the company as in the three audited balance sheets immediately preceding the date of circulation of offer letter.	[●]
e.	Audited Cash Flow Statement for the three years immediately preceding the date of circulation of offer letter.	[●]
f.	Any change in accounting policies during the last three years and their effect on the profits and the reserves of the company.	F – pages
5.	**A DECLARATION BY THE DIRECTORS THAT**	[●]
a.	The company has complied with the provisions of the Act and the rules made thereunder.	[●]
b.	The compliance with the Act and the rules does not imply that payment of dividend or interest or repayment of debentures, if applicable, is guaranteed	

Sr. No.	Disclosure Requirements	Relevant page of this Preliminary Placement Document
	by the Central Government.	
c.	The monies received under the offer shall be used only for the purposes and objects indicated in the Offer letter.	

SUMMARY OF BUSINESS

The following information is qualified in its entirety, and should be read together with the more detailed financial and other information included in this Preliminary Placement Document, including the information contained in "Financial Statements" and "Risk Factors" on pages [●] and [●], respectively, of this Preliminary Placement Document. Except as indicated otherwise, all references in this section to "we", "us", "our", or "our Company" are to Dwarikesh Sugar Industries Limited.

Overview

We are an integrated Indian sugar manufacturing company with sugar, cogeneration facilities and industrial alcohol manufacturing. We process sugarcane, the raw material used in the production of sugar. From the by-products, we produce industrial alcohol and generate power at our sugar mills. We have a combined sugarcane crushing capacity of 21,500 TCD. We also have cogeneration facilities, which have an aggregate installed capacity of 86 MW. Of this installed capacity, 56 MW of power is in excess of our captive consumption of power required to operate our business. We sell this surplus power to the grid under long term power purchase agreements. In addition, we have a distillery at our Dwarikesh Nagar unit with a capacity to produce 30,000 litres of industrial alcohol per day.

In FY 2016 and FY 2015, we had revenue from operations (net) of ₹ 7,943.41 million and ₹ 11,360.74 million, respectively, EBITDA of ₹ 1,168.30 million and ₹ 958.66 million, respectively. In FY 2016, we had a net profit of ₹ 389.66 million and a net loss of ₹ 167.50 million in FY 2015. In FY 2016 and in FY 2015, 84.86% and 82.41%, respectively, of our Total Segmental Revenue was attributable to our Sugar Segment; 12.57% and 16.53%, respectively, to our Cogeneration Segment; and 2.56% and 1.06%, respectively, to our Distillery Segment.

We own and operate a total of three manufacturing facilities, all of which are located in the north Indian state of Uttar Pradesh. At these facilities, we operate our sugar mills and cogeneration plants and at the Dwarikesh Nagar unit, we have a distillery unit as well. Historically, our sugar recovery rates have been amongst the highest compared to other listed peers in the sugar segment in Uttar Pradesh. Our focus is to maintain high sugar recovery primarily through efforts towards cane development leading to improvement in the quality/ variety of sugarcane, better cut to crush time and efficient operation of plants. Additionally, we also endeavour to increase yield at the farm level.

We have integrated our sugarcane processing operations downstream across all of our manufacturing units. We use bagasse (fibrous residue of crushed sugarcane) to produce power and molasses to produce industrial alcohol (primarily ethanol). All of our manufacturing facilities are equipped with cogeneration plants from which we produce power for captive consumption and sale.

Our business is primarily divided into three verticals, namely the sugar manufacturing segment (the "**Sugar Segment**"); the renewable energy segment (the "**Cogeneration Segment**"); and the distillery segment for the manufacture of industrial alcohol (the "**Distillery Segment**").

Sugar Segment

All of our cane crushing units are strategically located in the sugarcane rich belt of Uttar Pradesh, and generally draw their cane from within their reserved areas which may extend to a distance of around 15 kilometres of each such unit. Our Company sources its raw materials from around 87,000 farmers. The products manufactured by our Sugar Segment comprises white (or sulphated) sugar. During the SS 2016, we produced 2.47 million quintals of sugar across our mills. Our 'average sugar recovery' increased from 10.78% in SS 2015 to 11.73% in SS 2016. The Sugar Segment contributed to 84.86% and 82.41% of our Total Segmental Revenue during FY 2016 and FY 2015, respectively. For further information please see "Management's Discussion and Analysis of Financial Conditions and Results of Operations" on page [●] of the Preliminary Placement Document.

Power Segment

Our Company has recognised that a power intensive business like sugar manufacturing needs to maximise generation of power from downstream utilisation of its by-products. Our Company has installed 86 MW of cogeneration capacity in aggregate at all three of our manufacturing facilities. The Cogeneration Segment contributed to 12.57% and 16.53% of our Total Segmental Revenue in FY 2016 and FY 2015, respectively.

Distillery Segment

We have distilleries at Dwarikesh Nagar unit. Total revenue from Distillery Segment contributed to 2.56% and 1.06% of our Total Segmental Revenue in FY 2016 and FY 2015, respectively.

Competitive Strengths

We believe we have consistently achieved higher recoveries from our sugar crushing capacities as compared to other listed sugar manufacturers of Uttar Pradesh

We have achieved relatively high recovery rates of sugar from sugarcane, which is the key profit driver for any sugar manufacturer. In order to achieve higher recoveries from our sugar crushing capacities, we have focused on (i) continued efforts towards cane development and cane procurement activities along with increasing awareness amongst farmers to provide fresh sugarcane, (ii) research and development activities coupled with use of high yielding varieties of sugarcane (such as the Co 0238 variety), (iii) reduction in cut to crush time of sugarcane, and (iv) efficient operation of plants.

Our efforts towards cane development and cane procurement are continuing on a sustained basis. We purchase sugarcane from the farmers through their sugarcane registered societies. Based on the age of the crop, variety and maturity, a harvesting program is chalked out for desired quantity and quality of cane to be procured on a day-to-day basis. The cane department issues cane supply tickets/'parchees' to farmers based on a date-wise pre-harvesting maturity survey. We also coordinate and manage the harvesting and transportation of cane, which reduces the difficulties faced by farmers, and results in higher yields when the cane is transported and crushed in a timely manner. 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. The Cane Development Councils provides assistance to us in relation to improving infrastructure for the transportation of cane. As mentioned above, this enables us to obtain fresh and mature sugarcane, which increases the recovery of sugar.

As part of our cane development initiative, we also focus on engaging farmers in adopting the agricultural practices followed at the demonstration plots. These demonstration plots are in arrangement with farmers who have roadside plots and are easily accessible to other farmers who can adopt the better agricultural practices such as inter-culturing, application of fertilizers, irrigation, sub soiling and cane propping, trench farming followed by integrated pest and disease management followed at such demonstration plots.

In addition, our cane development initiatives in our reserved areas include (a) providing farmers with agro-inputs and fertilizer subsidies to encourage sugarcane production; (b) educating the farmers of modern agricultural techniques including trench farming and autumn planting; and (c) providing subsidies to farmers for the acquisition of quality seeds.

In addition to cane plantation during spring season which is a major planting season across state of Uttar Pradesh, we also adopt trench farming techniques for autumn planting. The production yield and average weight cane stalk is comparatively higher during autumn planting. Also, the technique we follow for autumn planting enables farmers to utilise the space between two rows of autumn planting for inter cropping.

We have also continued to strengthen our research initiatives to identify and adopt higher yielding and early maturing variety of seeds. We have achieved higher sugar recoveries on account of proportionately higher mix of early variety Co 0238 in the total varietal composition. The said variety is an early maturing variety, reasonably good on fiber content and is generally favoured by the farmers on account of its high yield properties. Also, we have distributed nuclear/ certified cane seeds of different improved sugarcane seed varieties such as CoS-767, CoS-8432, CoSe- 03234, CoJ 88, Co 0238, Co 0118, CoJ -83, CoJ- 85, Co 5011 & CoH-160 etc., for raising the foundation seed nurseries and subsequent multiplication in primary and secondary nurseries. The distribution of new improved cane varieties obtained from research stations / centres amongst the farmers on subsidised rates have resulted in higher cane yield and sugar recovery. We have soil testing laboratory and bio-pesticides laboratory to study the application of fertilizers and the ideal sowing conditions for sugarcane seeds. At our soil testing laboratory, we conduct soil testing to evaluate soil fertility status for making suitable recommendations for use of fertilizer, to predict the probable crop response to applied nutrient, to classify soils into different fertility groups for preparing soil fertility maps, and to identify the type and degree of soil related problems like salinity, alkalinity and acidity etc. and to suggest appropriate reclamation/ amelioration measures.

Our continued efforts to minimise cut to crush time of sugarcane, ensuring retention of high sucrose content in sugarcane coupled with favourable climatic conditions and adoption of trench farming technique, enabling accumulation of water and growth of sugarcane in pre-built trenches to improve yield and quality also lead to higher recoveries. Also, efficient operation of plants lead to minimal process losses, which too adds to our high sugar recoveries.

As a result of the factors mentioned above, our sugar recovery increased to 11.73% in SS 2016, compared to 10.78% in SS 2015 and 10.22% in SS 2014.

We have strong relationships with sugarcane farmers

We generally endeavour to make timely payments to sugarcane farmers for sugarcane purchased. As a result, we have built strong relationships and goodwill with farmers in our reserved areas. Despite the cyclical nature of the sugar industry, we have strong ties with around 87,000 sugarcane growers. We have incurred expenses of ₹6,443.68 million (of which subsidies of ₹418.53 million were provided by the State Government of Uttar Pradesh for cane purchased in SS 2015) in FY 2016 and ₹12,011.13 million (of which subsidies of ₹179.97 million and ₹125.25 million were provided by the State Government of Uttar Pradesh for cane purchased in SS 2015 and SS 2014 respectively) in FY 2015 towards procurement, transportation and development of cane in our reserved area providing impetus to rural economy. We encourage the farmers to grow more sugar cane and make cane cultivation attractive and we also provide subsidies to plant better variety of sugar cane. We believe that these relationships are a competitive advantage as farmers practically have no obligation to grow sugarcane or sell their cane to us. They may from time to time switch to other crops that may be more profitable or sell their cane to other buyers. However, we believe that paying farmers on a timely basis provides an incentive for farmers to continue cultivating sugarcane and selling to us. In order to strengthen our relationship with the farmers, we periodically run campaigns and have personal interactions, 'kisangoshtis' (farmers seminars), 'nukkadnataks' (street plays), etc. within our reserved areas to educate the farmers with modern agricultural techniques and methods to improve the quality and quantity of their crop. We undertake several other initiatives to assist farmers in improving their efficiencies and enhance productivity such as use of remote sensing for accurate geological surveys of the command area, using satellite images to enhance sugarcane growth and yield, providing separate web portal for farmers to access information about their calendar, payment status, survey details and loan position, setting up of Kisan Sewa Kendras for providing good quality agrochemicals, and engaging farmers in adopting better agricultural practices followed at demonstration plots.

We believe we have recorded higher EBIDTA margins and net profit margins as compared to other listed sugar manufacturers in the state of Uttar Pradesh due to higher operational efficiencies and reduction in costs

We have recorded one of the highest EBIDTA margins and net profit margins in FY 2016 as compared to other listed sugar manufacturers in the state of Uttar Pradesh. In FY 2016, our EBIDTA margin and net profit margin was 14.55% and 4.85 %, respectively. We believe that we have achieved higher profits due to operational efficiencies and cost efficient manufacturing resulting in reduction in operational costs. Further, we have achieved higher recoveries in FY 2016 due to cane development and cane procurement activities and use of new variety seeds which coupled with locational advantage of our manufacturing facilities, favourable climatic conditions and policies of the Government have enabled us to record higher profits. We have also rationalised our operational and financial costs thereby resulting in higher EBIDTA margin and net profit margin in FY 2016.

Our sugar manufacturing business is well integrated with the production of a diverse array of products such as power and industrial alcohol

We have adopted a business model that integrates the production of sugar with the production of a diverse array of products such as power and ethanol/ industrial alcohol. Such diversification helps us in countering the effect of cyclicality in sugar business. We have recorded higher EBIDTA margins in Cogeneration Segment and Distillery Segment in FY 2013, FY 2015 and FY 2016, supporting the aggregate margins. We utilise the by-products of our existing sugar production processes to increasingly manufacture products such as power and ethanol/ industrial alcohol. We have installed 86 MW of cumulative cogeneration capacity at all three of our manufacturing facilities. These facilities use bagasse to generate power. The ratio of our cogeneration capacity to crushing capacity has been historically high indicating a sound integration of power generation with production of sugar. This ratio was 4MW/Thousand TCD for the year ended March 31, 2016. Additionally, we also have a distillery at our Dwarikesh Nagar unit with capacity to produce 30,000 litres of industrial alcohol per day. It uses molasses, a by-product of our sugar operations, to manufacture industrial alcohol. In order to increase productivity of our Distillery Segment, we have recently installed a bio-methanated spent wash plant at our Dwarikesh Nagar unit that will enable us to address the effluent treatment needs of the distillery, and provide assistance in uninterrupted functioning of the distillery plant for most parts of the year.

Our operations are strategically located within the largest domestic market for sugar.

Our operations are located in India, one of the largest markets for sugar in the world in terms of consumer demand for sugar. In particular, all of our manufacturing facilities are located in the north Indian state of Uttar Pradesh, which was generally the second largest sugar producing state in India in SSs 2016, 2015 and 2014 (*Source: ISMA Handbook and CRISIL Report*). Given our location, we benefit from the following advantages. Firstly, our proximity to sugarcane is an important factor because expedient crushing of sugarcane within a very short time of harvest ensures a better recovery of sugar. Secondly, Uttar Pradesh is on the Gangetic River belt and the water table is higher than most other areas in India and is well irrigated. As a result, sugarcane growth is relatively less exposed to the vagaries of monsoons compared to other sugarcane producing states in the country. Thirdly, our northern-based location generally offers us better price realizations from sugar sales compared to southern-based mills because northern India has a higher population and higher demand for sugar.

We have a committed and experienced management team

Mr. G. R. Morarka, the Managing Director of our Company has over two decades of experience in the sugar industry. For further information, please see "Board of Directors and Senior Management", on page [●] of this Preliminary Placement Document. Our management team has requisite mix of having background from the sugar industry, business management, commerce, etc. They hold qualifications in engineering, business management and accounting. In addition, our senior management team has considerable experience in the sugar manufacturing industry and have been on an average associated with our Company for over 10 years. We have developed a strong relationship between the promoter director and the senior managerial personnel of our Company. This is reflected in the way the management is planning our future growth and taking advantage of the improving dynamics of the sugar industry. Since inception our Company has gone about in a systematic manner to increase the manufacturing capacities to gain advantages of economies of scale.

Our Strategies

Strengthen our focus on cane development and cane procurement

We aim to continue to invest in cane development and cane procurement activities for ensuring better recoveries for us and higher yields for farmers in future. To facilitate increase in cane yield, we seek to educate the farmers in our reserved area and equip them with modern agricultural techniques. This will enable us to increase the quantity of sugarcane that we are able to procure without increasing the size of our reserved areas. In addition, we believe that our coordinated management of the harvesting and transportation of cane will enable us to procure fresh and mature sugarcane in a timely manner, thereby increasing the recovery. We also work with the farmers to improve soil quality and fertility.

Continue to build on operating efficiencies and control costs

We intend to continue to build on operating efficiencies through continuous improvements in operating parameters, research and development and continuous farmer engagement. Our focus on strengthening our efficiencies extends beyond procurement and manufacturing of sugar to propagating the latest practices in farming. We are engaged in practical research of farming techniques to augment the crop yield and safeguard the quality of the soil. We will continue to invest in research and development initiatives in order to identify and propogate superior cane varieties and help farmers to improve their efficiencies to ensure cost efficient manufacturing resulting in reduction in operational costs.

De-leverage balance sheet through cash generation and improve financial parameters

The cyclical nature of the sugar industry over the last several years has required us to increase our aggregate long term debt to equity ratio. We intend to reduce this ratio through a combination of prudent management initiatives, including repayment of certain of high cost debts through the proceeds from this Issue and through internal accruals to strengthen our financial position. With our efforts focused on reaping the benefits of our strength and utilizing the funds generated in the current phase to quickly repay our debts, we are focussed at deleveraging the Company in the near term.

SUMMARY OF THE ISSUE

*The following is a general summary of this Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information appearing elsewhere in this Preliminary Placement Document, including under "*Risk Factors*", "*Use of Proceeds*", "*Placement and Lock-up*", "*Issue Procedure*" and "*Description of the Equity Shares*" on pages [●],[●],[●],[●] and [●], respectively, of this Preliminary Placement Document.*

Issuer	Dwarikesh Sugar Industries Limited
Issue Size	Up to [●] Equity Shares aggregating up to ₹ [●] million. A minimum of 10% of the Issue Size, or at least [●] Equity Shares, shall be available for Allocation to Mutual Funds only, and the balance [●] Equity Shares shall be available for Allocation to all QIBs, including Mutual Funds. In case of under-subscription or no subscription in the portion available for Allocation only to Mutual Funds, such portion or part thereof may be Allocated to other QIBs.
Issue Price	₹ [●] per Equity Share.
Date of Board Resolution	May 24, 2016 (the relevant intimation in compliance with Regulation 29(1) of the SEBI LODR Regulations, 2015 to the Stock Exchanges was made on May 16, 2016)
Date of Shareholders' Resolution	August 5, 2016 (the relevant intimation in compliance with Section 101(1) of the Companies Act, 2013 to the Stock Exchanges was made on July 8, 2016)
Floor Price	The floor price of ₹ [●] which has been calculated in accordance with Chapter VIII of the SEBI Regulations. In terms of the SEBI Regulations, the Issue Price cannot be lower than the Floor Price. Our Company may offer a discount of not more than 5% on the Floor Price in terms of Regulation 85 of the SEBI Regulations.
Eligible Investors	QIBs as defined in regulation 2(1)(zd) of the SEBI Regulations and not excluded pursuant to Regulation 86(1)(b) of the SEBI Regulations who are outside of the United States acquiring Equity Shares in an offshore transaction in reliance on Regulation S. See "Issue Procedure – Qualified Institutional Buyers" on page [●] of this Preliminary Placement Document.
Equity Shares issued and outstanding immediately prior to this Issue	16,314,676 Equity Shares.
Equity Shares issued and outstanding immediately after this Issue	[●] Equity Shares.
Lock-up	The Promoters and the Promoter Group of DSIL, jointly and severally, agrees that, without the prior written consent of the GCBRLM, he or it will not, and will not announce any intention to enter into any transaction whether any such transaction which is to be settled by delivery of Equity Shares, or such other securities, in cash or otherwise, during the period commencing on the date hereof and ending 180 days after the date of Allotment of the Equity Shares pursuant to the QIP (the "**Lock-up Period**"), directly or indirectly, issue, offer, lend, sell, contract to sell, pledge, encumber, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, make any short sale, lend or otherwise transfer or dispose of directly or indirectly, any Equity Shares, including but not limited to any options or warrants to purchase any Equity Shares, or any securities convertible into or exercisable or exchangeable for, or that represent the right to receive, Equity Shares or enter into any swap or other agreement that transfers, directly or indirectly, in whole or in part, any of the economic consequences of ownership of the Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares or deposit any Equity Shares, or any securities convertible into or exercisable or exchangeable for the Equity Shares or which carry the rights to subscribe for or purchase Equity Shares, in any depositary receipt facility or enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of a sale or deposit of Equity Shares in any

	depositary receipt facility. However, the foregoing restrictions shall not be applicable if any of the actions mentioned above are required to be undertaken pursuant to any employee stock option scheme or inter-se transfers between promoter group or any change in applicable law, or a direction of a court of law or the Reserve Bank of India post the date of execution of the Placement Agreement. In addition, each of the Promoters and Promoter Group of DSIL, jointly and severally, agree that, without the prior written consent of the GCBRLM, he or it will not, during the Lock-up Period, make any demand for or exercise any right with respect to, the registration or sale or deposition of any Equity Shares or any other securities of our Company substantially similar to the Equity Shares, including, but not limited to options, warrants or other securities that are convertible into, exercisable or exchangeable for, or that represent the right to receive Equity Shares or any such substantially similar securities, whether now owned or hereinafter acquired. Our Company has undertaken that it will not for a period commencing the date hereof and ending 180 days from the date of Allotment, without the prior written consent of the GCBRLM, directly or indirectly: a. offer, sell, issue, contract to issue, sell, issue or offer any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, any Equity Shares or any securities convertible into or exercisable for Equity Shares (including, without limitation, securities convertible into or exercisable or exchangeable for Equity Shares which may be deemed to be beneficially owned), or file any registration statement under the U.S. Securities Act, with respect to any of the foregoing, or b. enter into any swap or other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences associated with the ownership of any of the Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares (regardless of whether any of the transactions described in clause (a) or (b) is to be settled by the delivery of Equity Shares or such other securities, in cash or otherwise), or c. deposit Equity Shares with any other depositary in connection with a depositary receipt facility, or d. publicly announce any intention to enter into any transaction falling within (a) to (c) above or enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of an issue or offer or deposit of Equity Shares in any depositary receipt facility or publicly announce any intention to enter into any transaction falling within (a) to (c) above.
Transferability Restrictions	The Equity Shares to be issued pursuant to this Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of the Stock Exchanges. See "Transfer Restrictions" on page [●] of this Preliminary Placement Document.
Use of Proceeds	The gross proceeds from this Issue will be approximately ₹ [●] million. The net proceeds from this Issue, after deducting fees, commissions and expenses of this Issue, will be approximately ₹ [●] million. See "Use of Proceeds" on page [●] of this Preliminary Placement Document for information regarding the use of net proceeds from this Issue.
Risk Factors	See "Risk Factors" on page [●] of this Preliminary Placement Document for a discussion of risks that prospective investors should consider before investing in the Equity Shares.
Pay-In Date	Last date specified in the CAN sent to the Bidders for payment of application money for Equity Shares being issued pursuant to the Issue.
Listing	Our Company has made applications to the BSE and NSE and has obtained in-principle approvals each dated [●] in terms of Regulation 28(1) of the Listing

<table>
<tr><td></td><td colspan="2">Regulations, respectively for listing of the Equity Shares being issued pursuant to this Issue from each of such Stock Exchanges. Our Company will make applications to each of the Stock Exchanges to obtain final listing and trading approvals for the Equity Shares after Allotment of the Equity Shares in the Issue.</td></tr>
<tr><td>Closing</td><td colspan="2">The Allotment of the Equity Shares, expected to be made on or about [●], 2016.</td></tr>
<tr><td>Ranking</td><td colspan="2">The Equity Shares to be issued pursuant to this Issue shall be subject to the provisions of the Memorandum of Association and Articles of Association and shall rank pari passu in all respects with the existing Equity Shares of our Company, including rights in respect of dividends.

The shareholders of our Company (who hold Equity Shares as on the record date) will be entitled to participate in dividends and other corporate benefits, if any, declared by our Company after the Closing Date, in compliance with the Companies Act, the Listing Regulations and other applicable laws and regulations. Shareholders may attend and vote in shareholders' meetings in accordance with the provisions of the Companies Act. See "Dividend Policy" and "Description of the Equity Shares" on pages [●] and [●], respectively of this Preliminary Placement Document.</td></tr>
<tr><td rowspan="3">Security Codes for the Equity Shares</td><td>ISIN</td><td>INE366A01033</td></tr>
<tr><td>BSE Scrip Code</td><td>532610</td></tr>
<tr><td>NSE Scrip Code</td><td>DWARKESH</td></tr>
</table>

SUMMARY FINANCIAL INFORMATION

The following selected information is extracted from and should be read in conjunction with our Audited Financial Statements prepared in accordance with Indian GAAP, each included elsewhere in this Preliminary Placement Document. You should refer to "Management's Discussion and Analysis of Financial Conditions and Results of Operations" on page [●] of this Preliminary Placement Document for further discussion and analysis of the Audited Financial Statements of our Company. The financial information included in this Preliminary Placement Document does not reflect our result of operations, financial position and cash flows for the future and our past operating results are no guarantee of our future operating performance.

(₹ in millions)

	31.03.2016	**31.03.2015**	**30.09.2013**
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	474.15	474.15	474.15
Reserves and surplus	696.00	564.43	731.93
Non-Current Liabilities			
Long-term borrowings	2,370.61	1,887.48	1,567.17
Other long term liabilities	43.78	43.15	47.38
Long term provisions	123.19	106.24	76.28
Current Liabilities			
Short-term borrowings	3,542.04	3,528.17	1,523.69
Trade payables	1,426.32	2,010.40	980.51
Other current liabilities			
Current maturities of long term debts	643.51	827.90	831.11
Others	658.27	523.55	354.81
Short-term provisions	34.46	22.00	17.63
TOTAL	**10,012.33**	**9,987.48**	**6,604.66**
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	3,563.76	3,985.72	4,404.41
Intangible assets	-	-	-
Capital work-in-progress	2.39	0.41	-
Intangible assets under development	0.45	-	-
Non-current investments	2.00	2.40	2.40
Deferred Tax assets (net)	170.72	200.07	101.66
Long term loans and advances	94.28	96.36	105.42
Other non-current assets	6.26	6.09	7.09
Current assets			
Current investments	0.40	-	-
Inventories	5,365.62	4,910.72	1,919.55
Trade receivables	642.56	427.98	20.05
Cash and bank balances	48.22	8.21	21.09
Short-term loans and advances	50.79	31.40	22.97
Other current assets	64.90	318.14	0.03
TOTAL	**10,012.33**	**9,987.48**	**6,604.66**

SUMMARY DATA OF STATEMENT OF PROFIT AND LOSS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016, PERIOD ENDED MARCH 31, 2015 AND SEPTEMBER 30, 2013

(₹ in millions)

	Year ended 31.03.2016	**Eighteen months ended 31.03.2015**	**Year ended 30.09.2013**
REVENUE:			
Revenue from operations (Gross)	8,315.10	11,764.30	9,628.24
Less: Excise duty	371.69	403.56	352.09
Revenue from operations (Net)	7,943.41	11,360.74	9,276.15
Other income	86.21	26.55	131.04
Total Revenue	**8,029.63**	**11,387.29**	**9,407.19**
EXPENSES:			
Cost of materials consumed	6,171.72	11,997.77	7,424.75
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(285.63)	(2,822.85)	451.06
Employee benefit expenses	496.77	714.37	402.96
Finance cost	515.90	752.10	705.61
Depreciation and amortization expenses	565.74	472.46	331.85
Less: Appropriation from General Reserve	(258.10)	-	-
Other expenses	478.47	539.35	410.14
Total Expenses	**7,684.87**	**11,653.19**	**9,726.37**
Profit/(Loss) before exceptional item and tax	**344.76**	**(265.90)**	**(319.18)**
Exceptional Item			
Remission of cane commission liability relating to earlier year (net of tax)	49.18	-	-
Profit/(Loss) before tax	**393.94**	**(265.90)**	**(319.18)**
Tax expense:			
Current tax			
Current period	14.50	-	1.00
Less: MAT credit entitlement	(13.54)	-	-
Deferred tax	3.32	(98.40)	(126.57)
Net Profit/(Loss) for the period after tax	**389.66**	**(167.50)**	**(193.60)**
Earning per equity share (Nominal value ₹ 10 per share)			
Basic	**22.02**	**(13.19)**	**(13.53)**
Diluted	**22.02**	**(13.19)**	**(13.53)**

SUMMARY DATA OF CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016, PERIOD ENDED MARCH 31, 2015 AND SEPTEMBER 30, 2013

(₹ in millions)

		Year ended 31.03.2016	Eighteen months ended 31.03.2015	Year ended 30.09.2013
A.	**CASH FLOW FROM OPERATING ACTIVITIES**			
	Net profit before tax	393.94	(265.90)	(319.18)
	Adjustments for :			
	Depreciation/Obsolescence	307.65	472.46	331.85
	Loss on sale of fixed assets	0.82	(0.17)	0.40
	Bad debts written off	-	-	80.36
	Other Opearting Revenue	-	-	(35.12)
	Finance cost	515.90	752.10	705.61
	Interest income	(0.21)	(2.78)	(0.94)
	Dividend income	(0.20)	(0.20)	(0.20)
	Tax impact on remission of cane commission liability	26.03	-	-
	Provision for wealth tax	-	0.51	0.26
	Operating profit before working capital changes	**1,243.93**	**956.01**	**763.04**
	Adjustments for changes in Working Capital :			
	(Increase)/Decrease in Inventories	(454.89)	(2,991.17)	473.97
	(Increase)/Decrease in Trade Receivables	(214.58)	(407.93)	192.97
	(Increase)/Decrease in Other Receivables	219.39	(323.64)	19.24
	Increase/(Decrease) in Trade Payables	(584.09)	1,029.44	888.21
	Increase/(Decrease) in Other Payables	157.83	231.06	(303.05)
	Cash generated from operations	**367.58**	**(1,506.23)**	**2,034.38**
	Direct taxes paid	(0.20)	(0.54)	(1.07)
	Net cash from operating activities	**367.38**	**(1,506.77)**	**2,033.31**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Purchase of fixed assets (including capital advances)	(132.36)	(49.30)	(37.50)
	Interest received	0.21	2.78	0.94
	Dividend income	0.20	0.20	0.20
	Sale of fixed assets	1.70	2.46	0.50
	Net cash from investing activities	**(130.25)**	**(43.86)**	**(35.86)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Share application money pending allotment	-	-	(100.00)
	Increased in share capital	-	-	150.00
	Proceeds from long term borrowings	1,127.10	1,567.30	-
	Repayment of long term borrowings	(828.36)	(1,250.20)	(918.64)
	Increase/(Decrease) in short term borrowings including cash credit	13.87	2,004.49	(409.68)
	Finance cost paid	(509.72)	(783.83)	(711.38)

		Year ended 31.03.2016	Eighteen months ended 31.03.2015	Year ended 30.09.2013
	Net cash from financing activities	(197.11)	1,537.75	(1,989.70)
	Net increase in cash and bank balances (A+B+C)	40.02	(12.88)	7.75
	Opening balance of cash and bank balances	8.21	21.09	13.33
	Closing balance of cash and bank balances	48.22	8.21	21.09
	Closing Cash and bank balances Comprise :			
	Cash & Cash Equivalents			
	Current accounts	40.43	1.34	4.09
	Cash on hand	4.43	4.81	0.84
	Other bank balances			
	Earmarked balance for unpaid dividend	0.46	0.46	0.91
	Earmarked balance in current account	2.91	1.59	5.22
	(as per Uttar Pradesh State Molasses Control Rules, 1974)			
	Fixed deposit account (having maturity more than 3 months to 12 months)	-	-	10.03
Total		**48.22**	**8.21**	**21.09**

RISK FACTORS

This offering and an investment in Equity Shares involve a high degree of risk. You should carefully consider the risks described below as well other information in this Preliminary Placement Document and the Placement Document expected to be prepared in connection with the Issue before making an investment decision. If any one or a combination of the risks described below actually occurs, our business, prospects, financial condition, results of operations and cash flows could be seriously affected, the trading price of our shares could decline and you may lose all or part of your investment. Unless specified in the risk factors below, we are not in a position to quantify the financial implications of any of the risks mentioned below. We have described the risks and uncertainties that our management believes are material but the risks set out in this Preliminary Placement Document may not be exhaustive or complete, and additional risks and uncertainties not presently known to us, or which we currently deem to be immaterial, may arise or may become material, as the case may be, in the future. This section should be read together with "Industry Overview", "Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages [●], [●] and [●] of this Preliminary Placement Document, respectively, as well as the financial statements, including the notes thereto, and other financial information included elsewhere in this Preliminary Placement Document. This Preliminary Placement Document also contains forward-looking statements that involve risks and uncertainties. Our results could differ materially from such forward-looking statements as a result of certain factors including the considerations described below and elsewhere in this Preliminary Placement Document. Additional risks not described below or not currently known to us or that we currently deem immaterial may also adversely affect the market price of our Equity Shares. In making an investment decision, prospective investors must rely on their own examination of our Company and the terms of the Issue including the merits and the risks involved.

Internal Risks and Risks Associated with our Business

Our raw material used for the production of sugar is sugarcane. Any fall in quality or quantity of available sugarcane may adversely affect our results of operations.

Our business depends on the availability of sugarcane and any shortage of sugarcane may adversely affect our financial condition and results of operations. For FY 2016 and FY 2015, sugarcane comprised 97.67% and 97.51% of our total cost of materials, respectively. A variety of factors beyond our control may contribute to a shortage of sugarcane in any given harvest period. Some of the main factors that could contribute to a shortage of sugarcane are set forth below.

Farmers are not required to grow sugarcane and may cultivate other crops.

We do not own any land for the cultivation of sugarcane and we purchase sugarcane directly from sugarcane growers' societies involving around 87,000 sugarcane farmers within our reserved or allocated areas. Under Indian law, we are bound to purchase all sugarcane grown within our reserved area, irrespective of the prices of sugar and sugarcane. A reserved area will differ for each sugar mill but is generally subject to a minimum distance of 15 kilometers between any two sugar mills pursuant to Indian law. Please see "Supervision and Regulation" on page [●] of this Preliminary Placement Document. However, the farmers within our reserved areas have no legal or contractual obligation to cultivate sugarcane and may instead grow other crops. Several factors may prompt farmers to grow crops other than sugarcane in our reserved area, including their ability to cultivate more profitable crops and concerns in relation to late payments from sugarcane companies to farmers in general. This is further elevated in cases where the payment cycles to farmers are disrupted due to low margins.

If more farmers within our reserved areas cultivate other crops, or otherwise limit their cultivation of sugarcane, we may have a shortage of raw material. Any reduction in the supply of sugarcane may adversely affect our financial condition and results of operations.

Sugarcane grown within our reserved areas may be sold to manufacturers of jaggery and khandsari instead of us.

Some of the total sugarcane grown in our reserved areas is diverted to manufacturers of sugarcane-based sweeteners known as jaggery and khandsari, which are forms of crude sugar. In- the off-season, we work with the farmers to determine the schedule for when they will clear their fields and supply us with sugarcane. However, if the farmers are able to realize a higher price or better payment terms for sales of their sugarcane to jaggery and khandsari manufacturers or want to harvest their crop earlier to realize sales of sugarcane sooner than we have scheduled and grow other crops during any part of the SS, the farmers may have an incentive to sell the sugarcane to parties other than us. Diversion of sugarcane within our reserved areas to the production of jaggery and khandsari reduces the sugarcane available to us and may adversely affect our financial condition and results of operations.

Adverse weather conditions, crop disease and certain sugarcane crop varieties grown by farmers may adversely affect *sugarcane crop yields and sugar recovery rates for any given harvest.*

Our sugar production depends on the volume and sucrose content of the sugarcane that is supplied to us. Crop yields and sucrose content depend primarily on the variety of sugarcane grown and is impacted by any crop disease and weather conditions such as rainfall and temperature, which vary. Adverse weather conditions have caused crop failures and reduced harvests and resulted in volatility in the sugar, cogeneration and industrial alcohol industries and consequently in our operating results. Flood, drought or frost can adversely affect the quantity or quality of sugarcane that we use as raw material in our business. For instance, in SS 2016, the yield of our sugarcane reduced due to low levels of rainfall in the state. There can be no assurance that future weather patterns, potential crop disease or the cultivation of certain sugarcane crop varieties will not reduce the amount of sugarcane or sugar that we can recover in any given harvest. Any reduction in the amount of sugar recovered could have a material adverse effect on our results of operations.

Our sugar recovery rates depend on how efficiently we manage farm to plant logistics for sugarcane delivery.

High sucrose levels in sugarcane results in better sugar recovery rates. Sucrose levels are the highest immediately after harvesting, and decrease with the passage of time. Specifically, a delay of more than 24 hours in crushing the sugarcane after harvesting results in a reduction in the sucrose level of such sugarcane, decreasing our sugar recovery rate. Accordingly, our sugar recovery rates depend upon how efficiently we manage the cane delivery process. Any delay in crushing the sugarcane delivered to us, or any adverse change in the expected volume or delivery schedule of sugarcane being delivered to us, results in reduction of sucrose content of the sugarcane supplied to us and as such, adversely affects our results of operations.

Our cogeneration business is substantially bagasse-based and our ethanol production business is substantially molasses-based, each of which is derived from sugarcane. Any constraint on the availability of sugarcane may adversely affect our power generation and ethanol production business.

The by-products of sugar production are bagasse and molasses. Our cogeneration business is primarily bagasse based and our ethanol production business is primarily molasses based. Since our access to external supply of raw material is dependent on prevailing sugar cycles, any constraint in the availability of sugarcane may affect the production and availability of bagasse and molasses. This may affect the current or future business of our cogeneration plants and/or ethanol production units / distilleries, and as such adversely affect our financial condition and results of operations.

There are outstanding litigation proceedings against our Company, Promoters and Directors, an adverse outcome in which, could have a material adverse impact on our reputation, business, financial condition, results of operations and cash flows.

Our Company, Promoters and Directors are involved in certain legal proceedings. A summary of all litigations and disputes against our Company, Promoters and Directors involving potential financial implication on the net worth of our Company, is in the following tables:

Litigation against our Company

(₹ *in million*)

Nature of Litigation	Number of Outstanding Litigation	Amount Involved
Civil Proceedings		
a) District Court	7	39.49
b) High Court - Lucknow and Allahabad/Debt Recovery Tribunal/Special Secretary /Uttar Pradesh Electricity Regulatory Commission	16	34.86
c) Supreme Court/ High Court-Delhi	4	Nil
Criminal Proceedings		
a) District Court	11	Nil
b) High Court	7	Nil
Tax Proceedings	93	287.14
Arbitration Proceedings		
Total	**138**	**361.49**

Litigation by our Company

(₹ *in million*)

Nature of Litigation	Number of Outstanding Litigation	Amount Involved
Civil Proceedings		
a) District Court	8	Nil
b) High Court	21	1.84
c) Supreme Court/ High Court-Delhi/ National Consumer Dispute Redressal Commission	26	Nil
Criminal Proceedings		
a) District Court	29	Nil
b) High Court	2	Nil
Tax Proceedings	9	-
Arbitration Proceedings		
Total	95	1.84

Litigation against our Promoters

(*₹ in million*)

Nature of Litigation	Number of Outstanding Litigation	Amount Involved
Civil Proceedings		
a) District Court	-	-
b) High Court	-	-
Criminal Proceedings		
a) District Court	4	Nil
b) High Court	-	-
Tax Proceedings	-	-
Arbitration Proceedings	-	-
Total	**4**	**Nil**

Please see "Legal Proceedings" on page [●] of this Preliminary Placement Document for further details of the aforementioned legal proceedings.

These legal proceedings are pending at different levels of adjudication before various courts and tribunals. The amounts claimed in these proceedings have been disclosed to the extent ascertainable and include amounts claimed jointly and severally from us and other parties. Such proceedings could divert management time and attention, and consume financial resources in their defence or prosecution. Should any new developments arise, such as any change in applicable Indian law or any rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements that could increase expenses and liabilities. An adverse outcome in any such proceedings may affect our business, results of operations and financial condition.

Inability to set/control the cost of sugarcane or the selling price of sugar

Our profitability depends significantly on the cost of sugarcane, our raw material, and the selling price of sugar. We are neither able to set the cost of sugarcane nor the selling price for our sugar. Some of the main reasons that contribute to fluctuations in the margin between our raw material cost and the selling price of our sugar are set forth below.

The price we pay for sugarcane is determined by the Government of India and/or the State Government of Uttar Pradesh where our mills are located and we may be adversely affected by rising sugarcane prices, particularly in the event of a decrease in the price of sugar.

We purchase all of the sugarcane that we use in our production of sugar from the independent sugarcane growers and through their respective sugarcane growers' societies located in our reserved areas. The Government of India and/or the State Government of Uttar Pradesh, where all our mills are located, annually declares the sugarcane procurement price which is known as the State Advised Price ("**SAP**"). The SAP is a minimum price we must pay to sugarcane growers for sugarcane. The determination of the SAP is not related to the prevailing market price of sugar and is only loosely related to the quality of sugarcane. For example, political motives may result in the declaration of higher SAPs. Rising SAPs, particularly if sugar prices remain stable or decrease during the same period, may adversely affect our results of operations and financial condition.

We operate in the sugar industry where the market price for our products is cyclical, while the price at which we procure our raw materials is regulated. These pricing conditions cause our margins to fluctuate and may affect our financial condition, cash flows and results of operation.

The sugar industry has historically been cyclical and sensitive to changes in supply and demand. The market in India has experienced periods of limited supply, causing sugar prices and industry profit margins to increase, followed by periods of excess production that result in oversupply, causing declines in sugar prices and industry profit margins. For additional details, please see "Industry Overview" on page [●] of this Preliminary Placement Document. Fluctuations in demand and supply and as a result, the price of our products, occur for various reasons, including:

- changes in the availability and price of our primary raw material, sugarcane;
- variances in the production capacities of our competitors; and
- the availability of substitutes for the sugar products that we produce.

Further, we operate in a seasonal industry in which the crushing season for sugarcane, typically lasts for around six months in a year. This requires us to generate large amounts of working capital during such crushing seasons in order to procure our raw material. Accordingly, the cyclical nature of the sugar industry may cause our margins to fluctuate and adversely affect our cash flows, hampering our ability to finance our working capital requirements in a timely manner or at all.

Sugar production in India is currently at low levels as compared to the consumer demand which continues to rise because of population growth, rising income levels, and a shift away from traditional sweeteners such as gur and khandsari to sugar. Stronger demand may result in higher prices for sugar. Profitable sugar manufacturers may make prompt payments to farmers who may in turn switch to cultivating sugarcane rather than other crops which have become relatively less profitable. An increase in sugarcane cultivation may lead to an increase in sugar production and a subsequent reduction in sugar prices, which may materially and adversely affect our results of operation and our financial condition.

The prices we are able to obtain for the sugar that we produce depend largely on prevailing market prices. These market conditions, both domestically and internationally, are beyond our control.

The wholesale price of sugar has a significant impact on our profits. Like other agricultural commodities, sugar is subject to price fluctuations resulting from weather, natural disasters, domestic and foreign trade policies, shifts in supply and demand and other factors beyond our control. In addition, a material amount of total worldwide sugar production is traded on commodity exchanges and is thus subject to speculation, which could affect the price of sugar worldwide. Any prolonged decrease in sugar prices could have a material adverse effect on our financials and our results of operations.

In addition to being regulated, bio-fuel prices are subject to market forces.

The prices we receive for our bio-fuel are subject to market forces which are beyond our control. In particular, our revenues and profits are likely to be significantly affected by movements in the global crude oil price, as this is expected to affect the prices we can achieve for bio-fuel sales. If the market prices for bio-fuel fall to uneconomical levels, our financial performance will be materially adversely affected.

Based on actual demand and experience to date, we believe there is market capacity to sell all our planned production of bio-fuel. However, if we fail to secure contracts for the uncontracted balance of our forecast production or we do not satisfy conditions in our off take agreements, this may adversely affect our financial condition and performance.

If we are, for whatever reason, unable to enter into agreements for the sale of a substantial proportion of the biofuel that we intend to produce or have to source alternative arrangements for the sale of our bio-fuel, this will adversely impact our financial condition and results of operation. No assurances can be given that such agreements or alternative arrangements will be entered into on favourable terms or at all.

As bagasse is the basic raw material for our power generation business and molasses is the basic raw material for our ethanol production business, an increase in the price of these raw materials may have an adverse impact on our business and results of operations.

Bagasse is the main raw material used for our power generation business. Bagasse is also used in other industries, such as paper and paper board. The availability of bagasse for power generation is subject to changes in consumption patterns and other market forces affecting those other industries. The availability of molasses for our ethanol production is subject to changes in sugarcane production and other forces. For further information please see "Our cogeneration business is substantially bagasse-based and our ethanol production business is substantially molasses-based, each of which is derived from sugarcane. Any constraint on the availability of sugarcane may adversely affect our power generation and ethanol business." on page [●] of this Preliminary Placement Document. Additionally, other industries may offer higher prices for these raw materials which may divert the supply of externally sourced raw material, which may in turn adversely affect the availability or pricing of these raw materials and could adversely affect our business, and as such our financial condition and results of operations.

We are subject to significant regulatory risks.

We are subject to environmental regulations and may be exposed to liability as a result of our handling of hazardous materials and potential costs for environmental compliance.

We are subject to Indian laws and regulations concerning the discharge of effluent water and solid particulate matter during our manufacturing processes. We are required to obtain certain clearances and authorizations from government authorities for the collection, treatment, storage and disposal of hazardous waste. For details of applicable regulations, please see "Supervision and Regulations" on page [●] of this Preliminary Placement Document. The Government may take steps towards the adoption of more stringent environmental regulations and we cannot assure you that we will be at all times in full compliance with these regulatory requirements. These regulations can often require us to purchase and install expensive pollution control equipment or make operational changes to limit any adverse impact or potential adverse impact on the environment and any violation of these regulations may result in substantial fines, criminal sanctions, revocations of operating permits and/or shutdown of our facilities. Due to the possibility of unanticipated regulatory or other developments, the amount and timing of future environmental expenditures may vary substantially from those currently anticipated. If there is any unanticipated change in the environmental regulations, we may need to incur substantial capital expenditures to comply with such new regulations. We cannot assure you that our costs of complying with current and future environmental laws and our liabilities arising from the release of hazardous substances will not adversely affect our business, results of operations or financial condition.

In the past, there have been some inadvertent computational errors resulting in inaccurate reporting under applicable listing regulations

In the past, we have faced instances of certain inadvertent miscalculations in reporting of shareholding pattern required to be filed with the Stock Exchanges under applicable regulations. This has resulted primarily on account of non-clubbing of shares held in different demat accounts by certain public shareholders. Any such misreporting may result in regulatory action against us

We operate in a highly regulated environment, with government policies and regulations affecting the agricultural sector and related industries. Any adverse change in policies and regulations may affect our business and results of operations.

Several aspects of our operations, including the sourcing and pricing of raw material and the sale of our products are regulated by the central and state governments. Agricultural production and trade flows are significantly affected by government policies and regulations. Government policies affecting the agricultural industry, such as environmental regulations, taxes, tariffs, duties, subsidies and import and export restrictions on agricultural commodities and commodity products, can influence industry profitability, the planting of certain crops as opposed to other crops, the location and size of crop production, whether unprocessed or processed commodity products are traded, and the volume and types of imports and exports. Further, the price at which we procure sugarcane is set by the Uttar Pradesh government under the SAP mechanism. Future government policies in India and elsewhere may adversely affect the supply and demand for and prices of our products and raw materials, and restrict our ability to do business in our existing and target markets and could adversely affect our results of operations. For details of central government policies applicable to us, please see "Supervision and Regulations" on page [●] of this Preliminary Placement Document.

Our ethanol business is highly dependent on Government policy.

Ethanol demand and price largely depend on Government policy towards cleaner fuels. The Government has targeted that Indian oil companies in 21 states and certain union territories blend up to 10% ethanol in gasoline. However, the ethanol blending limit is currently set at 5% by the Government of India (Cabinet Committee of Economic Affairs), and after over three years of making 5% of ethanol blending with petrol mandatory, the country is only expected to achieve this target for the first time during the SS 2016. Further, Government policy may change. If Government regulations mandate oil companies to blend less ethanol in gasoline, the demand for ethanol may decrease which may adversely affect our ethanol operations and may have an adverse impact on our results of operations and our profitability.

We require certain approvals and licenses in the ordinary course of business and the failure to obtain or retain them in a timely manner may adversely affect our operations.

We require certain approvals, licenses, registrations and permissions for operating our business, some of which may have expired and for which we may have either made or are in the process of making an application for obtaining the approval or its renewal. If we fail to obtain or retain any of these approvals or licenses, or renewals thereof, in a timely manner, our business may be adversely affected.

Delays in offtake by OMCs are likely to result in additional carrying costs

Although, we have currently entered into arrangements with OMCs that are valid till November 30, 2016, for ₹5.98 million litres of ethanol, any delays in offtake by OMCs can have an adverse effect on our overall business, financial condition and results of operations.

Our inability to supply ethanol to OMCs will lead to defaults under our existing contracts

Failure to maintain the commitments, specifically with regard to the quantity of ethanol to be supplied to OMCs as per our arrangements with OMCs under supply agreements shall result in significant penalties being levied on us under such agreements. Further, our inability to fulfil our contractual obligations may restrict our ability to procure such contracts with OMCs in the future. Accordingly, any adverse effect on our ethanol operation, which results in a default under such contracts, may affect our financial condition, cash flows and results of operations.

We sell surplus power through our co-generation facilities, which exposes us to certain material risks, some of which are distinct from those relating to our sugar mill operations.

We operate the power generation facilities that run our existing sugar mills and we have been selling surplus power from our co-generation facilities since 2002. However, we may relatively lack experience with respect to our power business which could have a material adverse effect on the financial performance of our co-generation facilities. In addition, our co-generation process is based on bagasse as fuel. The quantity of bagasse available to us is dependent on the amount of sugarcane that is crushed each year. Any constraint in the availability of sugarcane, or our ability to procure bagasse from external sources will result in lower quantities of bagasse available for power generation, which could have an adverse effect on our co-generation operations. Further, the generation of electricity involves many significant hazards that could result in fires, explosions, spills, discharge, leaks, release of hazardous materials, and other unexpected or dangerous conditions, accidents and environmental risks. Co-generation facilities are also subject to mechanical failure and equipment shutdown. Any significant decrease in the amount of sugarcane that we crush, any restriction on our ability to procure bagasse externally or the occurrence of any major hazards or accidents mentioned above may adversely affect our income from the business.

Additionally, we sell all of the excess power generated by us to the Uttar Pradesh state grid, for which we enter into power purchase agreements. The price of the power is regulated by the state government and a decrease in the regulatory price will lead to a loss of revenue and may affect our financial condition and results of operation.

We have not paid dividend to our shareholders during FY 2013, FY 2015, and FY 2016. Our ability to pay dividends in the future will be affected by our future earnings, financial condition or cash flows.

Our ability to pay dividends in future will depend on the earnings, financial condition and capital requirements of our Company, and the dividends they distribute to us. Our business is capital intensive as we are required to develop our systems from time to time to improve margins, which may result in additional capital expenditure. Further, we may not be able to distribute dividends in certain circumstances such as default in payment of interest and/or principal, amongst others, based on certain of our high cost financing arrangements. We may be unable to pay dividends in the near or medium-term, and our future dividend policy will depend on our capital requirements and financing arrangements in respect of our projects, financial condition and results of operations.

We have incurred losses in the past, and in particular for FY 2013 and FY 2015 and may incur losses in the future.

We have incurred losses in the past. During FY 2013 and FY 2015 we incurred losses for the period after tax of ₹ 193.60 million and ₹ 167.50 million, respectively. In particular, our Sugar Segment, which is the primary manufacturing business of our Company, has incurred significant losses in the past and there is no assurance that it will not incur similar losses in the future. In the event of such loss in the future, our results of operations and financial conditions will be materially and adversely affected.

We face significant competition in our business from Indian sugar manufacturers, which may adversely affect our profitability.

The sugar industry is highly competitive. Domestically, we compete with numerous small to medium size producers. Despite increased consolidation, the Indian sugar industry remains highly fragmented. Our major competitors in India are sugar mills based in the north Indian state of Uttar Pradesh and nearby states. Further, we also face competition from the sugar mills based in the Indian state of Maharashtra. Further, excess sugar stocks may be dumped by competitors from other states into the northern India region markets, leading to excess supply and price drop.

We are substantially dependent on our revenue from sugar.

We are substantially dependent on our revenues from sale of sugar and any decline in our revenues from sugar will adversely impact our profit margins. For example, revenue from operations (incl. of intersegment sales) from our Sugar Segment during FY 2015 and FY 2016 amounted to ₹ 9,995.04 million and ₹ 7,148.05 million, respectively amounting to 82.41% and 84.86% of Total Segmental Revenue for the respective periods. Although, part of our strategy is also to actively grow our other complimentary lines of business, our sugar business will continue to constitute a significant portion of our revenues. Any decline in our sugar revenues will adversely affect the results of our operations.

We are dependent on a single customer group, the Uttar Pradesh State grid, to whom we sell all of the surplus power we produce.

We have entered into power purchase agreements ("PPAs") with the Uttar Pradesh State grid through its distribution companies in relation to the excess power produced by some of our co-generation plants. The Uttar Pradesh State grid is in effect the sole customer for the majority of our excess power, and there can be no assurance that the Uttar Pradesh State grid will be able to continue meeting its payment obligations under the PPAs in the future. If the Uttar Pradesh State grid fails to pay or experiences any difficulty paying us for the power we supply, we will not have any customers for a significant portion of our excess power, which could have an adverse effect on our financial condition and results of operations. In addition, the power rates payable to us set out in the PPAs are intended to cover our production cost incurred in the generation of electricity; however, the power rates in our PPAs do not take into account certain production costs we may incur or certain increases in our manufacturing expenses. If we incur any significant increase in production costs or manufacturing expenses, and there is no corresponding adjustment in the power rates payable to us under the PPAs, we will achieve a lower rate of return under the PPAs and, our profits may be adversely affected. Further, the terms of the PPAs entered into by us, permit the Uttar Pradesh state government to unilaterally terminate such PPAs, which would have an adverse effect on our financial condition and results of operation.

We depend on the services of our senior management and other key personnel, and if we are unable to retain our senior personnel or recruit suitable replacements, this could have a negative impact on our business, financial condition and results of operations.

We are currently managed by a relatively small number of senior management and key personnel, many of whom have many years of experience with us and in the sugar industry and who would be difficult to replace. Our senior managers have extensive knowledge of our business, industry and operations. Any loss or interruption of the services of our senior management or other key personnel, or our inability to recruit sufficient qualified personnel, could adversely affect our business, financial condition and results of operations. In addition, certain aspects of our production processes depend upon highly skilled employees. We devote considerable resources to recruiting and training such individuals and encouraging such individuals to remain employed by us. While we believe that we have been successful in securing the loyalty of our key employees, it is possible that in the future we may experience personnel changes and may have difficulty in retaining sufficient numbers of skilled employees. For details of the key managerial personnel, please see "Board of Directors and Senior Management" on page [●] of this Preliminary Placement Document.

Our results of operations could be adversely affected by a disruption of operations at our manufacturing facilities.

We own and operate three sugar production facilities located at Dwarikesh Nagar, Dwarikesh Puram and Dwarikesh Dham. All of these facilities are subject to operational risks, including:

- equipment failure;
- failure to comply with applicable regulations and standards;
- obtaining and maintaining necessary licenses;
- raw material and/or energy supply disruptions;
- labour force shortages or work stoppages; and
- natural disasters.

While our facilities are insured against standard risks such as fire, there can be no assurance that the proceeds available from our insurance policies would be sufficient to protect us from possible loss or damage. In addition, we do not currently have business interruption insurance. As a result, a significant disruption in operations at any of these production facilities resulting from the events above or other events may adversely affect our business, financial condition and results of operations.

If we fail to comply with environmental, employee-related or health and safety laws and regulations or any other local laws or regulations in the countries in which we operate, this may adversely affect our business and results of

operations.

As a manufacturing company, we are required to comply with various laws and regulations relating to the environment. Although we believe that we comply in all material respects with all applicable statutes and with the regulations thereunder, we may incur substantial costs to comply with requirements of environmental laws and regulations in the future.

Our sugar manufacturing, power generation and Ethanol projects are subject to, amongst other laws, environmental laws and regulations promulgated by the Ministry of Environment of the Government of India and State Pollution Control Boards. These include laws and regulations that limit the discharge of pollutants into the air and water and establish standards for the treatment, storage and disposal of hazardous waste materials.

Environmental laws and regulations in India are not as extensive as they are in other countries, such as the United States. They have, however, been increasingly stringent and it is possible that they will become significantly more stringent in the future. If any of our facilities are shut down, we will continue to incur costs in complying with regulations, appealing any decision to stop construction and paying labour and other costs which continue even if production has ceased. As a result, our overall operating expenses may increase, adversely affecting our business and results of operations.

We are also subject to health and safety laws and regulations as well as laws and regulations governing our relationship with our employees in areas such as minimum wages, maximum working hours, overtime, working conditions, hiring and terminating employees, contract labour and work permits.

Changes in laws or regulations in the countries in which we operate may result in our incurring significant costs in order to maintain compliance with such laws and regulations.

Our crushing operations are subject to availability of water

We operate three manufacturing facilities across two districts in Uttar Pradesh. Our crushing operations at each of these sugar mills are subject to the availability of ample amounts of water in the respective regions. For instance, low rainfall and droughts in the state of Maharashtra has resulted in the state government of Maharashtra requiring sugar mills in the state to curtail their operations. Although our manufacturing facilities are located in the generally fertile Indo-Gangetic plain, non-availability of water at any of our units would result in us not being able to carry out our crushing operations efficiently or at all and accordingly, adversely affect our revenues, financial condition and results of operation.

We are highly dependent on our cane development initiative to increase supply of our raw material

Under Indian law, we are required to purchase all of our raw material (sugarcane) from within our reserved area. The restriction on our ability to procure sugarcane from beyond our reserved area means that the only way for us to increase the volume of raw material procured by us, is to improve the yield of the sugarcane grown within our reserved areas. As a result we focus on developing the quality of the sugarcane, to ensure better recovery rates; and the quantity of sugarcane, to increase the volume of raw material accessible to us. Our inability to effectively manage our cane development initiative and improve the yield of the sugarcane in our reserved areas will affect the volume of raw material that we procure, our revenues, financial condition and results of operation.

Our indebtedness, including various conditions and restrictions imposed on us by our financing agreements, could adversely affect our ability to react to changes in our business, and we may be limited in our ability to use debt to fund future capital needs.

As of March 31, 2016, our long term debt (including current maturities) amounted to ₹ 3,014.13 million. Our substantial indebtedness could:

- require us to dedicate a substantial portion of our cash flow from operations to payments in respect of our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other general corporate expenditures;

- increase our vulnerability to adverse general economic or industry conditions;

- limit our flexibility in planning for, or reacting to, competition and/or changes in our business or our industry;

- limit our ability to borrow additional funds;

- restrict us from making strategic acquisitions, introducing new products or services or exploiting business opportunities; and

- place us at a competitive disadvantage relative to competitors that have less debt or greater financial resources.

We cannot guarantee that we will be able to generate enough cash flow from operations or that we will be able to obtain enough capital to service our debt or fund our planned capital expenditures. In addition, we may need to refinance some or all of our indebtedness on or before maturity. We cannot guarantee that we will be able to refinance our indebtedness on commercially reasonable terms or at all. In addition, adverse changes in the business conditions affecting us could cause the amount of refinancing proceeds to be insufficient to meet our interest payments or fully repay any existing debt upon maturity and we may be unable to fund the payment of such shortfalls. If we cannot obtain alternative sources of financing or our costs of borrowings become significantly more expensive, then our financial condition and results of operations will be adversely affected.

Moreover, the agreements governing certain of our debt obligations include terms that, in addition to certain financial covenants, restrict our ability to make capital expenditures and investments, declare dividends, merge with other entities, incur further indebtedness and incur liens on, or dispose of, our assets, undertake new projects, change our management and Board of Directors, enter into any long term obligation / contract which significant financial effect on our Company, and modify our capital structure. Further, we are required to obtain the consent of our lender's in relation to this Issue and we have made applications to the respective lenders for their approval. Any failure on our part to comply with these terms in our loan agreements would generally result in events of default under these loan agreements. In such a case, the lenders under each of these respective loan agreements may, at their discretion, accelerate payment and declare the entire outstanding amounts under these loans due and payable, and in certain instances, enforce their security which has been constituted over our various assets and take possession of those assets, which could adversely affect our liquidity and materially and adversely affect our business and operations. In addition, to the extent that we cannot make payments on accelerated amounts, such non-payment could result in the cross-default and/or cross-acceleration of some or all of our other outstanding indebtedness, and payment of penalty interest, which could likewise adversely affect our liquidity and materially and adversely affect our business and operations.

Accidents at our facilities could lead to property damage, production loss or accident claims.

Any accident in any of our facilities could result in claims being brought against us for damages. As a result, we could suffer reduced production, receive adverse publicity and experience diversion of management attention and resources to defend any such claims. Such event, if material, could have an adverse effect on our business, financial condition and results of operations.

We may face potential adverse effects on our results of operations from competition by alternative sweeteners.

We believe that the use of alternative sweeteners, especially artificial sweeteners such as saccharine and high fructose corn syrup, has reduced the demand for sugar in the rest of the world. Soft drink bottlers and confectioners in many countries have switched from sugar to, or increased consumption of, alternative sweeteners. In addition, the use of alternative sweeteners by sugar consumers, including soft drink bottlers and confectioners, may also reduce the demand for sugar. A substantial decrease in sugar consumption, or the increased use of alternative or artificial sweeteners in India, could have a material adverse effect on our results of operations and financial condition.

We have contingent liabilities as at March 31, 2016 and our financial condition may be adversely affected if these contingent liabilities materialize.

We have substantial contingent liabilities, which could adversely affect our business and results of operations. Our contingent liabilities aggregated to ₹ 91.46 million as at March 31, 2016. The contingent liabilities consist primarily of liabilities on account of disputed tax/duty demand including interest thereon and guarantees issued by bankers on behalf of the Company. In the event that any of our contingent liabilities materialize, our results of operation and financial condition may be adversely affected. For further information, please see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Contingent Liabilities" and "Financial Statements" on pages [●] and [●] of this Preliminary Placement Document.

We will continue to be controlled by our Promoters and certain Promoter Group entities after the completion of the Issue and our Promoters may take or block actions with respect to our business, which may conflict with our interests or the interests of our minority shareholders.

The pre-Issue shareholding of our Promoters and Promoter Group, as on June 30, 2016, was 48.32%. Consequently, our Promoters will continue to exercise significant control over us, including being able to control the composition of our

Board of Directors and determine matters requiring shareholder approval or approval of our Board of Directors. Our Promoters may take or block actions with respect to our business, which may conflict with our interests or the interests of our minority shareholders. By exercising their control, our Promoters could delay, defer or cause a change of our control or a change in our capital structure, delay, defer or cause a merger, consolidation, takeover or other business combination involving us, discourage or encourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us.

Our operations and growth strategy requires significant capital expenditure and we may not be able to raise the required amount of capital in a timely manner and on favourable terms.

Our Company's businesses and operations involve significant capital expenditure / working capital for payment to farmers for procurement of raw materials, manufacturing, plant, building, and factories which will require our Company to commit significant amounts of capital for the relevant periods, which in turn requires funding through equity investment or borrowing. Operational and execution delays can decrease our Company's return on capital employed and increase the amount of, and length of time for which, funding is required. We cannot assure you that the cash generated from our operations will be sufficient to cover our capital expenditure or that our Company will be able to source external funding in a timely manner and on commercially acceptable terms.

If our Company is unable to generate or obtain sufficient funds from its operations to make capital expenditures, investments or acquisitions, or if restrictions in its financing agreements and other arrangements do not permit it to use available funds for such purposes, it may need to suspend or delay its growth strategy or reduce the scale of its operations, either of which may adversely affect our Company's business, results of operations and financial condition.

We have entered into a number of related party transactions and may continue to enter into related party transactions, which may involve conflicts of interest.

We have entered into a number of related party transactions, within the meaning of AS-18. Such transactions may give rise to current or potential conflicts of interest with respect to dealings between us and such related parties. Additionally, there can be no assurance that any dispute that may arise between us and related parties will be resolved in our favour. For further details, please refer to the statement of related party transactions in "Financial Statements" on page [●] of this Preliminary Placement Document.

We may not have adequate insurance coverage.

As at June 30, 2016, all of our manufacturing facilities and plant, machinery and stock were insured under (a) fire insurance policies; (b) marine insurance policies; and (c) breakdown insurance policies. There can be no assurance that our insurance coverage will cover actual losses incurred by us. To the extent that actual losses incurred by us exceed the amount insured, we could have to bear substantial losses, which may have a material adverse effect on its financial position and results of operations. In line with industry practice, we operate with certain business risks uninsured, including business interruptions and loss of profit or revenue. To the extent that uninsured risks materialise, our cash flows and results of operations may be materially and adversely affected. For further details on insurance arrangements, please see "Business– Insurance" on page [●] of this Preliminary Placement Document.

Our results of operations could be adversely affected by strikes, work stoppages or increased wage demands by our employees or any other kind of disputes with our employees.

We employ a significant number of employees. As on June 30, 2016, we had 638 permanent employees on our rolls. In addition, as at June 30, 2016, we had 643 seasonal workers, who are employees of the Company and work only during the sugarcane crushing season. Further, there are two recognized trade unions at our Dwarikesh Nagar facility. Historically, we have not experienced any significant strikes or other labour disputes. However, there can be no assurance that we will not experience disruptions to our operations due to disputes or other problems with our work force, which may adversely affect our business and results of operations.

We are also dependent on the farmers that we are associated with, within our reserved area and if they experience disruptions related to their work force, including strikes and work stoppages, it may have an adverse effect on our business and results of operations.

Our Company is proposing a transition in accounting standards and is planning to prepare its financial statements under Ind-AS. The transition to Ind-AS in India may adversely affect us.

The Ministry of Corporate Affairs ("MCA") notified the "Companies (Indian Accounting Standards) Rules, 2015 on February 16, 2015 (the "IAS Rules"). The IAS Rules provide that the financial statements of the companies to which they apply (as more specifically described below) shall be prepared and audited in accordance with Indian Accounting Standards ("Ind-AS"). While, the IAS Rules prescribe that any company having a net worth of more than ₹ 5,000 million, and any holding company, subsidiary, joint venture or an associate company of such company, would have to mandatorily adopt Ind-AS for the accounting period beginning from April 1, 2016 with comparatives for the period ending March 31, 2016, the IAS Rules, also state that any company may voluntarily implement Ind-AS for the accounting period beginning from April 1, 2015. Our Company will adopt Ind-AS for the accounting period beginning from April 1, 2017. However, we have not determined with any degree of certainty the impact such adoption will have on our financial reporting. There can be no assurance that our financial condition, results of operations, cash flows or changes in shareholders' equity will not appear materially worse under Ind-AS than under Indian GAAP. Further, we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems. Moreover, there is increasing competition for the small number of Ind-AS experienced accounting personnel available as more Indian companies begin to prepare Ind-AS financial statements. Additionally, there is no significant body of established practice on which to draw in forming judgments regarding the new system's implementation and application. There can be no assurance that adoption of Ind-AS will not adversely affect our reported results of operations or financial condition and any failure to successfully adopt Ind-AS could adversely affect our business, financial condition and results of operations.

Statistical and financial data in this Preliminary Placement Document may be incomplete or unreliable.

We have not independently verified data obtained from industry publications and other sources referred to in this Preliminary Placement Document and therefore, while we believe them to be true, we cannot assure you that they are complete or reliable. Such data may also be produced on different bases from those used in other industry publications. Therefore, discussions of matters relating to India, its economy and the sectors in which we currently operate in this Preliminary Placement Document are subject to the caveat that the statistical and other data upon which such discussions are based may be incomplete or unreliable. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. In all cases, investors should give consideration as to how much weight or importance they should attach to, or place on, such facts or statistics. In addition, internal company reports may be based on a number of variables and have not been verified by independent sources and may be incomplete or unreliable. Also, please see “Industry Overview” on page [●] of this Preliminary Placement Document.

We, on an ongoing basis, explore new manufacturing techniques aimed at reducing costs, and/or improving margins and/or quality / timelines for manufacturing our products, that are untested.

We, on an ongoing basis, explore new manufacturing techniques and/or methods that are aimed at lowering our costs, and/or improving our margins and/or quality / timelines for manufacturing all of our products. A failure to implement such new manufacturing techniques and/or methods in time or at all may result in a material adverse effect of our business, financial condition and results of operations.

Any failure in our IT systems could adversely impact our business.

Any delay in implementation or disruption of the functioning of our IT systems could disrupt our ability to track, record and analyze our work in progress / inventory and cause loss of data and disruption to our operations, including an inability to assess the progress of our inventory. This could have a material adverse effect on our business.

Changes in technology may render existing technologies obsolete and our inability to identify evolving industry trends and customer preferences and make capital investments in new technology may adversely affect our business, financial condition, results of operations or prospects.

Changes in technology may render some of our techniques of manufacturing and manufacturing equipment obsolete or less attractive. Our ability to anticipate changes in technology and regulatory standards and to successfully introduce new and enhanced products in a timely manner is a significant factor in our ability to remain competitive. This is particularly important in order to compete effectively in the sugar, ethanol and power business.

We cannot assure you that we will be able to secure the necessary technological knowledge or capability, through technical assistance agreements or otherwise, which will allow us to develop our products in a manner that meets the demands of our customers, or that we will be able to expand capacity and install and commission new equipment required to manufacture our existing or new products. If we are unable to obtain access to technology in a timely manner or at all, we may be unable to effectively implement our strategies, and our business, results of operations and prospects may be adversely affected.

All our manufacturing units are located within the state of Uttar Pradesh and, consequently, any significant decrease in growth in Uttar Pradesh due to force majeure event(s) or otherwise in the region may affect our manufacturing activities, business, financial condition, and results of operations or prospects.

We primarily operate in the state of Uttar Pradesh where all of our manufacturing units, reserved areas, and farmers with which we are affiliated are located. While the state of Uttar Pradesh is expected to experience growth at a significant rate in the near future for sugar manufacturers, growth at a rate lower than expectations in such geographies may result in decline in demand for our sugar and our other products, which may in-turn result in a material adverse effect on our business and margins. Further, as all of manufacturing facilities are located within the same geographical region, any calamities and force majure event(s) in such region would directly adversely affect our manufacturing activities, business, financial condition, and results of operations or prospects.

New Government measures may not result in improving our long term profit margins

The state and central government have announced a variety of measures like, compulsory 5% ethanol blending from October 2008 and targeted 10% ethanol blending, priced at ₹ 48.5 /litre nationwide for SS 2016; and soft loans. While we have benefited from such government incentives and policies in the past, there can be no certainty that the government will continue to incentivise the sugar industry in the manner that they used to or at all. Further, in May 2016 the central government withdrew its scheme prospectively to provide production subsidies to sugar mills who export certain quota of sugar and supply of ethanol to local oil marketing companies, and in June 2016 the central government imposed a 20% customs duty on sugar exports. A change in the government's current support to the sugar industry will affect our profit margins, financial condition and results of operations.

While the sugarcane prices in Uttar Pradesh have not increased during the last 4 sugar seasons, i.e., SS 2013, SS 2014, SS 2015 and SS 2016; there can be no assurances that prices will not rise in the future.

The prices at which we procure sugarcane is regulated by the GoI or the State Government of Uttar Pradesh, and due to its impact on the livelihood of the farmers comprising a significant majority of the population in the state, price fixing decisions are fraught with political ramifications. While the sugarcane prices have remained stable during the last 4 sugar seasons, there can be no assurance that sugarcane prices shall not rise over the next sugar cycle or in future due to politically motivated sociological reasons or otherwise. In the event sugarcane prices go up in the next sugar cycle or in the future, it may impact our margins, which in-turn may adversely affect our business, prospects, financial condition and results of operation.

Any downgrading of our debt rating by a credit rating agency could have a negative impact on our business.

Any adverse revision to our Company's credit rating or the rating of India's domestic or international debt by international rating agencies may adversely impact our ability to raise additional financing and the interest rates and other commercial terms at which such funding is available. In July 2016, ICRA has upgraded the long term rating to [ICRA] BBB- (pronounced ICRA triple B minus) with positive outlook for long term loans, fund based/ non fund based facilities aggregating to ₹ 5,999.90 million. Any downgrading of our debt rating could have an adverse effect on our business and future financial performance, our ability to obtain financing for capital expenditures and the trading price of the Equity Shares.

Brazil's change in strategy (from ethanol to sugar) may anytime flood the global sugar market and put pressure on prices

A majority of cane crushed in Brazil is diverted towards ethanol for blending with gasoline based on the blending policies adopted by the government of Brazil. For more details, please see "Industry Overview - Brazil's Ethanol Policy and Diversion from Sugar to Ethanol" on page [●] of this Preliminary Placement Document. In the event Brazil decides to change its blending policy or the private industry at Brazil otherwise decides to divert sugarcane juice from ethanol to sugar, the global supply of sugar may increase significantly, thereby resulting in a significant decrease in sugar prices. This would in-turn result in a material adverse effect on our business prospects, financial condition and results of operations.

Payment to farmer is staggered currently; however any change in this might put further cash flow pressure on the Company

We function in a regulated sector wherein the time within which we have to pay our sugarcane farmers are set by GoI or the State Government of Uttar Pradesh. While the Government of Uttar Pradesh has allowed staggered payments to farmers during this SS 2016, there can be no assurance that the state would continue to allow staggered payment cycles in the forthcoming SSs. Under the original enactment, we are required to pay the full cane price to farmers within 14 days from supply. If the payment cycle is reduced for any reason, this will result in diminished cash flows in the hands of our company, which may in turn increase our working capital costs, and affect our operations and results.

We have a high inventory build-up of sugar at the beginning of every Financial Year, which is sold during the course of the Financial Year. Any loss or damage to our inventory due to natural calamities such as earthquake and floods, or for any other reason, may result in a material adverse effect on our business and results

Generally, all of the sugarcane procured and crushed by us in a SS is between the period commencing on October 1 of each year until around the end of April the following year. As a result, we usually record a high level of sugar inventory at around the beginning of the month of April every year, which is then subsequently sold by the Company during the year. With our change in the financial year ending from September 30 to March 31, we face a situation of high inventory as at the end of our financial year. Further, a loss to our sugar inventory on account of any natural calamities such earthquakes and floods, or perils such as fires, theft or pilferage, amongst others, may result in a material adverse effect on our business and results.

Our Company has experienced negative cash flows in operating activities in the past and may experience the same in future.

We have had negative cash flows from operating activities as per our audited financial statements in FY 2015. There can be no assurance that we will not have negative cash flows in the future. Negative cash flows over extended periods, or significant negative cash flows in the short term, could materially impact our ability to operate our business and implement our business strategies and growth plans. As a result, our business, financial condition and results of operations could be materially and adversely affected. For further details, please see section titled “Financial Statements” on page [●] of this Preliminary Placement Document.

Risks Associated with doing Business with an Indian Company

The Indian economy has had sustained periods of high interest rates and/or inflation.

The majority of our direct costs are incurred in India. India has experienced high levels of inflation since 1980, with the wholesale price index based inflation rate peaking at an annual rate of 13.7% in 1991. Notwithstanding recent reductions in the inflation rate, based on the wholesale price index, which was 9.6% in the financial year 2011, 8.9% in the financial year 2012, 7.4% in the financial year 2013 and 6.0% in the financial year 2014 *(Source: Reserve Bank of India)*, we tend to experience inflation-driven increases in certain of our costs, such as salaries and related allowances, that are linked to general price levels in India. However, we may not be able to increase the prices that we charge for our products sufficiently to preserve operating margins. Accordingly, high rates of inflation in India could increase our costs and decrease our operating margins, which could have an adverse effect on our business and results of operations.

We may be affected by competition law in India and any adverse application or interpretation of the Competition Act could adversely affect our business.

The Competition Act, 2002, as amended (the “**Competition Act**”) regulates practices having “appreciable adverse effects on competition” (“**AAEC**”) in the relevant market in India. Under the Competition Act, any formal or informal arrangement, understanding or action in concert, which causes or is likely to cause an AAEC is considered void and results in imposition of substantial penalties. Further, any agreement among competitors which directly or indirectly involves determination of purchase or sale prices, limits or controls production, shares the market by way of geographical area or number of subscribers in the relevant market, or directly or indirectly results in bid-rigging or collusive bidding is presumed to have an AAEC in the relevant market in India and is considered void. The Competition Act also prohibits abuse of a dominant position by any enterprise.

On March 4, 2011, the Government issued and brought into force the combination regulation (merger control) provisions under the Competition Act with effect from June 1, 2011. These provisions require acquisitions of shares, voting rights, assets or control or mergers or amalgamations that cross the prescribed asset and turnover based thresholds to be mandatorily notified to and pre-approved by the CCI. Additionally, on May 11, 2011, the CCI issued Competition Commission of India (Procedure for Transaction of Business Relating to Combinations) Regulations, 2011 (as amended) which sets out the mechanism for implementation of the merger control regime in India.

The Competition Act aims to, among others, prohibit all agreements and transactions which may have an AAEC in India. Further, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an AAEC in India. However, the impact of the provisions of the Competition Act on the agreements entered into by us cannot be predicted with certainty at this stage. We are not currently party to any outstanding proceedings, but we have received notice in the past, in relation to non-compliance with the Competition Act or the agreements entered into by us. For details, please see "Legal Proceedings" on page [●] of this Preliminary Placement Document. However, if we are affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, or any enforcement proceedings initiated by the CCI, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI, or if any prohibition or substantial penalties are levied under the Competition Act, it would adversely affect our business, results of operations and prospects.

Significant differences exist between Indian GAAP and other accounting principles, such as U.S. GAAP and IFRS, which investors may be more familiar with and may consider material to their assessment of our financial condition.

Our financial statements are prepared and presented in conformity with Indian GAAP. No attempt has been made to reconcile any of the information given in this Preliminary Placement Document to any other principles or to base it on any other standards. Indian GAAP differs in certain significant respects from IFRS, U.S. GAAP and other accounting framework with which prospective investors may be familiar in other countries. If our financial statements were to be prepared in accordance with such other accounting principles, our results of operations, cash flows and financial position may be substantially different. Accordingly, the degree to which the financial information included in this Preliminary Placement Document will provide meaningful information is dependent on your familiarity with Indian GAAP.

Investors may not be able to enforce a judgment of a foreign court against our Company

Our Company is a limited liability company incorporated under the laws of India. All our Directors are residents of India and the assets of our Company are substantially located in India. As a result, it may not be possible for investors to effect against them judgments obtained in courts outside India. Moreover, it is unlikely that a court in India would award damages on the same basis as a foreign court if an action were brought in India or that an Indian court would enforce foreign judgments if it viewed the amount of damages as excessive or inconsistent with Indian public policy. For details see "Enforcement of Civil Liabilities" on page [●] of this Preliminary Placement Document.

India's infrastructure may be less developed than that of many developed nations.

India's infrastructure may be less developed than that of many developed nations, and problems with its port, rail and road networks, electricity grid, communication systems or other public facilities could disrupt our normal business activity. Any material deterioration of India's infrastructure, including technology and telecommunications, adds costs to doing business in India. These problems could interrupt our business operations and reduce demand for our services, which could have an adverse effect on our business and results of operations.

Terrorist attacks, communal disturbances and regional conflicts in South Asia may have a material adverse effect on our business and on the market for securities in India.

Terrorist attacks, whether in India or another country may adversely affect Indian and worldwide financial markets. These acts may also result in a loss of business confidence and have other consequences that could adversely affect our business, results of operations and financial condition. Some parts of India have experienced communal disturbances and riots during recent years. If such events recur, our business and financial condition may be adversely affected.

South Asia has, from time to time, experienced instances of civil unrest. Military activity or terrorist attacks in the future could adversely affect the Indian economy, and the financial condition and results of operations of Indian companies, including us, which would have an adverse effect on the trading price of our Equity Shares.

A downgrade in India's credit rating may have an adverse effect on our business, results of operations or Equity Shares.

Downgrades to India's sovereign credit rating by any rating agency, as well as negative changes to the perceived creditworthiness of Indian Government-related obligations, could have an adverse impact on financial markets and economic conditions in India and worldwide. Any volatility in the capital markets in India or in other developed or emerging countries, whether resulting from a downgrade of the sovereign credit rating of Indian debt obligations or otherwise, may have an adverse effect on our business and the trading price of our Equity Shares.

A slowdown in economic growth in India and other countries in which we operate could cause our business to suffer.

Our results of operations and financial condition are dependent on, and have been adversely affected by, conditions in financial markets in the global economy, and, particularly in India and the other countries in which we operate. In the recent past, the Indian economy has been affected by global economic uncertainties and liquidity crisis, domestic policy and political environment, volatility in interest rates, currency exchange rates, commodity and electricity prices, adverse conditions affecting agriculture, rising inflation rates and various other factors. The RBI, in its recent monetary policy reviews, has indicated that inflation continues to be a concern and further tightening measures may be required. Risk management initiatives by banks and lenders in such circumstances could affect the availability of funds in the future or the withdrawal of our existing credit facilities. The Indian economy is undergoing many changes and it is difficult to predict the impact of certain fundamental economic changes on our business. Conditions outside India, such as a slowdown or recession in the economic growth of other major countries, especially the United States, have an impact on the growth of the Indian economy. Additionally, an increase in trade deficit, a downgrading in India's sovereign debt rating or a decline in India's foreign exchange reserves could negatively affect interest rates and liquidity, which could adversely affect the Indian economy and our business. Any downturn in the macroeconomic environment in India could adversely affect our business, results of operations, financial condition and the trading price of our Equity Shares.

The uneven global recovery reflects several underlying issues and consequent risks. First, despite indications of a gathering recovery momentum, and tax reliefs, raising questions on the sustainability of such policy approach and the impact of the eventual unwinding and reversal of these stimuli. Should a further downgrade of the sovereign credit ratings of the U.S. government occur, it is foreseeable that the ratings and perceived creditworthiness of instruments issued, insured or guaranteed by institutions, agencies or instrumentalities directly linked to the U.S. government could also be correspondingly affected by any such downgrade. Instruments of this nature are widely used as collateral by financial institutions to meet their day-to-day cash flows in the short-term debt market. Any increase in borrowing rates in the U.S. may result in lesser foreign investments into emerging economies such as India, possibly impacting their economic growth.

In Europe, especially the Eurozone, large budget deficits and rising public debts have triggered sovereign debt finance crisis that resulted in the bailouts of Greece, Ireland, Portugal and Spain and elevated the risk of government debt defaults, forcing governments to undertake aggressive budget cuts and austerity measures, in turn underscoring the risk of global economic and financial market volatility. Further, On June 23, 2016, the UK by way of referendum voted to leave the European Union ("Brexit"). Brexit may materially adversely affect the European and/or global economy, which may materially adversely affect our business, results of operations, financial condition and prospects.

The resulting economic pressure on the economies in which we operate, a general lack of confidence in the financial markets and fears of a further worsening of the economy have affected and may continue to affect the economic conditions in such countries. We cannot assure you that the markets in which we operate will undergo a full, timely and sustainable recovery. The economic turmoil may continue or take place in the future, adversely affecting our business, results of operations and financial condition.

There may be less information available about the companies listed on the Indian securities markets compared with information that would be available if we were listed on securities markets in certain other countries.

There may be differences between the level of regulation and monitoring of the Indian securities markets and the activities of investors, brokers and other participants in India and that in the markets in the United States and certain other countries. The SEBI has issued regulations and guidelines on disclosure requirements, insider trading and other matters. There may, however, be less publicly available information about companies listed on an Indian stock exchange compared with information that would be available if that company was listed on a securities market in certain other countries.

Political instability or a change in economic liberalization and deregulation policies could seriously harm business and economic conditions in India generally and our business in particular.

The Government of India has traditionally exercised and continues to exercise influence over many aspects of the economy. Our business and the market price and liquidity of its Equity Shares may be affected by interest rates, changes in government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India. The governments in the past have sought to implement economic reforms policies and have undertaken initiatives that continue the economic liberalization policies pursued by the previous governments. There can be no assurance that liberalization policies will continue in the future. The rate of economic liberalization could change, and specific laws and policies affecting power or manufacturing sector, foreign investment and other matters affecting investment in our securities could change as well. A new government was elected in May 2014. The newly elected government may announce new policies or withdraw existing benefits, which may be applicable to our sector. Any significant change in such policies could adversely affect business and economic conditions in India, generally, and our results of operations and financial condition, in particular.

Rights of shareholders under Indian law may be more limited than under the laws of other jurisdictions.

Our Articles of Association, regulations of our Board of Directors and Indian law govern our corporate affairs. Legal principles related to these matters and the validity of corporate procedures, director's fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholder's rights under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as shareholder in an Indian company than as shareholder of a corporation in another jurisdiction.

Anti-takeover provisions under Indian law could prevent or deter an entity from acquiring us.

The Takeover Code contains certain provisions that may delay, deter or prevent a future takeover or change in control. These provisions may discourage a third party from attempting to take control over our business, even if change in control would result in the purchase of our Equity Shares at a premium to the market price or would otherwise be beneficial to the investor. For more information, see "The Securities Market of India" on page [●] of this Preliminary Placement Document.

Risks relating to the Issue

We intend to deploy our issue proceeds in our existing business for general corporate purposes, amongst other things, and we may not apply the proceeds in ways that yield a favourable result to us.

Our management will have broad discretion to use the proceeds from this offering, and you will be relying on the judgment of our management regarding the application of these proceeds. Please see "Use of Proceeds" on page [●] of this Preliminary Placement Document. We may not be able to apply the proceeds of this offering in ways that may lead to a favourable return to us in all cases or at all.

We cannot guarantee that the Equity Shares will be listed on the Stock Exchanges in a timely manner or will be listed at all.

In accordance with Indian law and practice, after the Board passes the resolution to allot the Equity Shares but prior to crediting such equity shares into the Depository Participant accounts of the QIBs, we are required to apply to the Stock Exchanges for final listing approval. After receiving the final listing approval from the Stock Exchanges, we will credit the equity shares into the Depository Participant accounts of the respective QIBs and apply for the final trading approval from the Stock Exchanges. There could be a delay in obtaining these approvals from the Stock Exchanges, which in turn could delay the listing or commencement of trading of the Equity Shares on the Stock Exchanges. Any delay in our own ability to obtain these approvals would restrict your ability to dispose of your equity shares.

An investor will not be able to sell any of the Equity Shares, allotted pursuant to the Issue other than on a recognized Indian stock exchange for a period of 12 months from the date of this Issue.

The Equity Shares in the Issue are subject to restrictions on transfers. Pursuant to the SEBI Regulations, for a period of 12 months from the date of the issue of the Equity Shares, QIBs subscribing to such Equity Shares may only sell their Equity Shares on the Stock Exchanges and may not enter into any off market trading in respect of these Equity Shares. We cannot be certain that these restrictions will not have an impact on the price and liquidity of these Equity Shares.

The price of the Equity Shares may be volatile.

The trading price of our equity shares may fluctuate after this Placement due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, the performance of the Indian and global economy and significant developments in India's fiscal regime, volatility in the Indian and global securities market, performance of our competitors, the Indian and International sugar industry and the perception in the market about investments in the sugar industry, changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding contracts, acquisitions, strategic partnerships, joint ventures, or capital commitments. In addition, if the stock markets in general experience a loss of investor confidence, the trading price of our equity shares could decline for reasons unrelated to our business, financial condition or operating results. The trading price of our equity shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Each of these factors, among others, could adversely affect the price of our equity shares.

Any future issuance of equity shares by our Company or sales of our equity shares by any of our Company's significant shareholders may adversely affect the trading price of our equity shares.

Any future issuance of equity shares by us, including pursuant to a new employee stock option scheme, or pursuant to any acquisition that we may undertake, could dilute your shareholding. Any such future issuance of our equity shares or sales of our equity shares by any of our significant shareholders may also adversely affect the trading price of our equity shares, and could impact our ability to raise capital through an offering of our securities. We cannot assure you that we will not issue further equity shares or that the shareholders will not dispose of, pledge, or otherwise encumber their equity shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our equity shares.

Investors may be restricted in their ability to exercise pre-emptive rights under Indian law and may be adversely affected by future dilution of your ownership position.

Pursuant to the Companies Act, 2013 a company incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of equity shares to maintain their existing ownership percentages before the issuance of any new equity shares, unless the pre-emptive rights have been waived by adoption of a special resolution when the votes cast in favor of the resolution by the holders who, being entitled so to do, vote in person or by proxy or by postal ballot, are required to be not less than three times the number of the votes, if any, cast against the resolution by members so entitled and voting. However, if the law of the jurisdiction you are in does not permit you to exercise your pre-emptive rights without us filing a placement document or registration statement with the applicable authority in the jurisdiction you are in, you will be unable to exercise your pre-emptive rights unless we make such a filing. If we elect not to make such a filing, the new securities may be issued to a custodian, who may sell the securities for your benefit. The value such custodian would receive upon the sale of such securities, if any, and the related transaction costs cannot be predicted. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares held by you, your proportional interest in us would be reduced.

Investors may be subject to Indian taxes arising out of capital gains on the sale of our equity shares.

Under current Indian tax laws, capital gains arising from the sale of equity shares within 12 months of acquisition in an Indian company are generally taxable in India. Any gain realized on the sale of listed equity shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if securities transaction tax has been paid on the transaction. Securities transaction tax will be levied on and collected by a domestic stock exchange on which our equity shares are sold. Any gain realized on the sale of equity shares held for more than 12 months to an Indian resident, which are sold other than on a recognized stock exchange and on which no securities transaction tax has been paid, will be subject to long term capital gains tax in India. Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. Capital gains arising from the sale of our equity shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India’s ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of our equity shares. The above statements are based on the current tax laws. However, the Government has proposed the introduction of the Direct Tax Code, 2013 which will revamp the implementation of direct taxes. If the same is brought into effect, the tax impact mentioned above will be altered by the Direct Tax Code, 2013.

The proposed new taxation system in India could adversely affect the Issuer’s business, prospects, financial condition and results of operations and the trading price of the Equity Shares

The Government has proposed major reforms in Indian tax laws, namely imposition of the goods and services tax and provisions relating to the GAAR.The Government of India has proposed a comprehensive national goods and services tax (“**GST**”) regime that will combine taxes and levies by the Central and State Governments into a unified rate structure. Both the Houses of the Parliament have approved the GST Bill and is expected to be implemented with effect from April 1, 2017. While the Government of India and other state governments have announced that all committed incentives will be protected following the implementation of the GST, given the limited availability of information in the public domain concerning the GST, we are unable to provide any assurance as to this or any other aspect of the tax regime following implementation of the GST. These amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable.

As regards GAAR, the provisions were introduced in the Finance Act 2012 and will apply (as per the Finance Act 2015) in respect of an assessment year beginning on April 1, 2018. The GAAR provisions intend to catch arrangements declared as “impermissible avoidance arrangements”, which is any arrangement, the main purpose or one of the main purposes of which is to obtain a tax benefit and which satisfy at least one of the following tests (a) creates rights, or obligations, which are not normally created between persons dealing at arm’s length; (b) results, directly or indirectly, in misuse, or abuse, of the provisions of the Income Tax Act 1961; (c) lacks commercial substance or is deemed to lack commercial substance, in whole or in part; or (d) is entered into, or carried out, by means, or in a manner, which is not normally employed for bona fide purposes. If GAAR provisions are invoked, the tax authorities would have wide powers, including denial of tax benefit or a benefit under a tax treaty.

As the taxation system is intended to undergo significant changes, the effect of such changes on the financial system cannot be determined at present and there can be no assurance that such effects would not adversely affect the Issuer's business, prospects, financial condition and results of operations.

Foreign investors are subject to foreign investment restrictions under Indian law that limits our ability to attract foreign investors, which may adversely impact the market price of our equity shares.

Foreign investment in Indian securities is subject to regulation by Indian regulatory authorities. Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are permitted (subject to certain exceptions) if they comply with, among other things, the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares does not comply with such pricing guidelines or reporting requirements, or falls under any of the exceptions referred to above, then prior approval of the RBI will be required.

Additionally, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate any such foreign currency from India will require a no objection or a tax clearance certificate from the income tax authorities. We cannot assure you that any required approval from the RBI or any other Government agency can be obtained on any particular terms or at all.

SEBI operates an index-based market-wide circuit breaker. Any operation of a circuit breaker may adversely affect a shareholder's ability to sell, or the price at which it can sell, the Equity Shares at a particular point in time.

We are subject to an index-based market-wide circuit breaker generally imposed by SEBI on Indian stock exchanges. This may be triggered by an extremely high degree of volatility in the market activity (among other things). Due to the existence of this circuit breaker, there can be no assurance that shareholders will be able to sell the Equity Shares at their preferred price or at all at any particular point in time.

Applicants to the Issue are not allowed to withdraw their Bids after the Bid/Issue Closing Date.

In terms of the SEBI Regulations, applicants in the Issue are not allowed to withdraw their Bids after the Bid/Issue Closing Date. The Allotment of Equity Shares in this Issue and the credit of such Equity Shares to the applicant's demat account with depository participant could take approximately seven days and up to 10 days from the Bid/Issue Closing Date. However, there is no assurance that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in our business, results of operation or financial condition, or other events affecting the applicant's decision to invest in the Equity Shares, would not arise between the Bid/Issue Closing Date and the date of Allotment of Equity Shares in the Issue. Occurrence of any such events after the Bid/Issue Closing Date could also impact the market price of the Equity Shares. The applicants shall not have the right to withdraw their Bids in the event of any such occurrence without the prior approval of SEBI. We may complete the Allotment of the Equity Shares even if such events may limit the applicants' ability to sell the Equity Shares after the Issue or cause the trading price of the Equity Shares to decline.

Investors will be subject to market risks until the Equity Shares credited to the investor's demat account are listed and permitted to trade.

Investors can start trading the Equity Shares allotted to them only after they have been credited to an investor's demat account, are listed and permitted to trade. Since the Equity Shares are currently traded on the BSE and the NSE, investors will be subject to market risk from the date they pay for the Equity Shares to the date when trading approval is granted for the same. Further, there can be no assurance that the Equity Shares allocated to an investor will be credited to the investor's demat account in a timely manner or that trading in the Equity Shares will commence in a timely manner.

The occurrence of natural or man-made disasters could adversely affect our results of operations and financial condition.

The occurrence of natural disasters, including cyclones, storms, floods, earthquakes, tornadoes, fires, explosions, pandemic disease and man-made disasters, including acts of terrorism and military actions, could adversely affect our results of operations or financial condition, including in the following respects:

- A natural or man-made disaster, could result in damage to our assets or losses in our projects, or the failure of our counterparties to perform, or cause significant volatility in global financial markets.

- Pandemic disease, caused by a virus such as H5N1, the "avian flu" virus, the Ebola virus, or H1N1, the "swine flu" virus, could have a severe adverse effect on our business.

- Political tension, civil unrest, riots, acts of violence, situations of war or terrorist activities may result in disruption of services and may potentially lead to an economic recession and/or impact investor confidence.

Since our Equity Shares are quoted in Indian Rupees in India, foreign investors may be subject to potential losses arising out of exchange rate risk on the Indian Rupee and risks associated with the conversion of Indian Rupee proceeds into foreign currency.

Foreign investors are subject to currency fluctuation risk and convertibility risk since our Equity Shares are quoted in Indian Rupees on the Indian Stock Exchanges on which they are listed. Dividends on our Equity Shares will also be paid in Indian Rupees. Investors that seek to convert the Indian Rupee proceeds of a sale of equity shares into foreign currency and export the foreign currency will need to obtain the approval of the RBI for each such transaction. Holders of Indian Rupees in India may also generally not purchase foreign currency without general or special approval from RBI.

MARKET PRICE INFORMATION

The Equity Shares are listed and traded on the BSE and the NSE. As on the date of this Preliminary Placement Document, 16,314,676 Equity Shares have been issued, subscribed and are fully paid up.

On September 16, 2016, the closing price of the Equity Shares on the BSE and the NSE was ₹ 256.55 and ₹ 256.15 per Equity Share, respectively. The market price and other information for each of the BSE and the NSE have been given separately.

i) The following tables set forth the reported high, low, average market prices and trading volumes of the Equity Shares on the Stock Exchanges on the dates on which such high and low prices were recorded and the total trading volumes for FY 2016, FY 2015 and FY 2013:

NSE											
Financial Year	**High (₹)**	**Date of High**	**Number of Equity Shares traded on the date of high**	**Total volume of Equity Shares traded on the date of high (In ₹ million)**	**Low (₹)**	**Date of low**	**Number of Equity Shares traded on the date of low**	**Total volume of Equity Shares traded on the date of low (In ₹ Million)**	**Average price for the year (In ₹)***	**Total volume of Equity Shares traded in the Financial Year**	
										In number	**(In ₹ million)**
2016	210.20	March 16, 2016	1,071,831	225.58	20.25	June 8, 2015	2,223	0.05	63.31	18,578,017	2322.22
2015	46.65	July 1, 2014	83,132	3.81	19.90	March 31, 2015	11,957	0.24	33.32	4,046,092	142.38
2014	33.25	April 5, 2013	270,890	9.29	14.60	August 21, 2013	18,039	0.27	22.92	3,375,732	81.74

Source: www.nseindia.com
* Average of the daily closing Prices

BSE											
Financial Year	**High (₹)**	**Date of High**	**Number of Equity Shares traded on the date of high**	**Total volume of Equity Shares traded on the date of high (In ₹ million)**	**Low (₹)**	**Date of low**	**Number of Equity Shares traded on the date of low**	**Total volume of Equity Shares traded on the date of low (In ₹ Million)**	**Average price for the year (In ₹)***	**Total volume of Equity Shares traded in the Financial Year**	
										In number	**(In ₹ million)**
2016	209.40	March 16, 2016	250,434	52.82	20.60	June 16, 2015	3,215	0.07	63.54	6,902,821	710.23
2015	46.30	July 1, 2014	41,784	1.91	20.10	March 26, 2015	5,200	0.11	33.32	1,879,824	65.54
2014	33.00	April 5, 2013	150,844	5.15	14.80	August 21, 2013	121	0.00	22.93	1,369,420	33.81

Source: www.bseindia.com
* Average of the daily closing Prices

Notes:

1. High, low and average prices are based on the daily closing prices.
2. In case of two days with the same closing price, the date with the higher volume has been chosen.

ii) The following tables set forth the reported high, low, average market prices and the trading volumes of the Equity Shares on the Stock Exchanges on the dates on which such high and low prices were recorded and the total volume of Equity Shares traded during each of the last six months:

NSE											
Month Year	**High (₹)**	**Date of High**	**Number of Equity Shares traded on the date of high**	**Total volume of Equity Shares traded on the date of high (In ₹ million)**	**Low (₹)**	**Date of low**	**Number of Equity Shares traded on the date of low**	**Total volume of Equity Shares traded on the date of low (In ₹ Million)**	**Average price for the year (In ₹)***	**Total volume of Equity Shares traded in the Financial Year**	
										In number	**(In ₹ million)**
August, 2016	360.80	August 3, 2016	5,051,405	1,749.82	231.95	August 29, 2016	170,388	40.05	272.18	22,495,591	6987.33
July, 2016	274.50	July, 29, 2016	2,473,613	667.35	234.25	July 27, 2016	330,464	78.39	249.17	9,839,826	2,544.36
June, 2016	265.65	June 15, 2016	795,828	216.75	199.85	June 1, 2016	127,493	25.35	235.15	14,436,352	3,561.65
May, 2016	213.75	May 16, 2016	201,131	42.67	185.20	May 23, 2016	89,717	16.80	198.48	4,543,579	912.11
April, 2016	215.65	April 1, 2016	315,880	69.08	185.00	April 13, 2016	132,326	24.70	194.86	3,291,435	653.87
March, 2016	210.20	March 16, 2016	1,071,831	225.58	107.00	March 1, 2016	38,007	4.08	175.32	8,301,230	1,512.92

Source: www.nseindia.com
* Average of the daily closing Prices

BSE											
Month Year	**High (₹)**	**Date of High**	**Number of Equity Shares traded on the date of high**	**Total volume of Equity Shares traded on the date of high (In ₹ million)**	**Low (₹)**	**Date of low**	**Number of Equity Shares traded on the date of low**	**Total volume of Equity Shares traded on the date of low (In ₹ Million)**	**Average price for the year (In ₹)***	**Total volume of Equity Shares traded in the Financial Year**	
										In number	**(In ₹ million)**
August, 2016	359.80	August 3, 2016	1,414,210	487.38	232.65	August 29, 2016	73,190	17.26	271.96	6,494,266	2,016.32
July, 2016	274.45	July, 29, 2016	619,677	167.51	235.00	July 27, 2016	78,706	18.64	249.26	2,890,156	744.95
June, 2016	266.30	June 15, 2016	215,054	58.47	200.35	June 1, 2016	36,512	7.30	235.14	4,073,896	1,006.17
May, 2016	212.80	May 16, 2016	46,198	9.80	185.75	May 23, 2016	32,262	6.05	198.39	1,214,616	243.03
April, 2016	215.40	April 1, 2016	78,364	17.11	184.70	April 13, 2016	19,592	3.66	194.84	751,863	149.90

March, 2016	209.40	March 16, 2016	250,434	52.82	107.30	March 1, 2016	4,673	0.50	175.06	2,148,544	386.98

Source: www.bseindia.com
* Average of the daily closing Price

Notes:
1. High, low and average prices are based on the daily closing prices.
2. In case of two days with the same closing price, the date with the higher volume has been chosen.

iii) The following table sets forth the market price on the Stock Exchanges on May 25, 2016, the first working day following the approval of the Board of Directors for the Issue:

BSE						**NSE**					
Open (In ₹)	**High (In ₹)**	**Low (In ₹)**	**Close (In ₹)**	**Total number of Equity Shares traded**	**Total volume of Equity Shares traded (In ₹ million)**	**Open (In ₹)**	**High (In ₹)**	**Low (In ₹)**	**Close (In ₹)**	**Total number of Equity Shares traded**	**Total volume of Equity Shares traded (In ₹ million)**
198.00	199.40	192.00	193.05	146,568	28.52	199.00	199.00	190.20	192.90	41, 387	8.06

Source: www.bseindia.com and www.nseindia.com

USE OF PROCEEDS

The gross proceeds from this Issue will be approximately ₹ [●] million.

The net proceeds from this Issue, after deducting fees, commissions and expenses of this Issue, will be approximately ₹ [●] million (the "**Net Proceeds**").

Purpose of the Issue

The objects of the Issuer are:

1. Repayment of certain outstanding indebtedness of the Company, scheduled to be repaid by the Company in the six month period ended March 31, 2017 and the Financial Year ended March 31, 2018, as set out in "—Details of Objects of the Issue - Scheduled repayment of certain loans availed by our Company due for repayment during the 6 month period ended March 31, 2017 and the Financial Year ended March 31, 2018" on page [●] of this Preliminary Placement Document.

2. General corporate purposes.

Our main objects clause and objects incidental or ancillary to the main objects clause of our Memorandum of Association enables us to undertake the objects contemplated by us in this Issue.

Proceeds of the Issue

The details of the Issue Proceeds are as follows:

Sr. No.	Description	Estimated amount (₹ in million)
1.	Gross Proceeds of the Issue	[●]
2.	Issue Expenses*	[●]
3.	Net Proceeds of the Issue*	[●]

**To be finalized upon determination of Issue Price*

Means of financing

Our Company proposes to meet the entire requirement of funds for the proposed objects of the Issue from the Net Proceeds. In the event that the Issue size is less than the estimated repayments set out in "—Details of Objects of the Issue - Scheduled repayment of certain loans availed by our Company due for repayment during the 6 month period ended March 31, 2017 and the Financial Year ended March 31, 2018" on page [●] of this Preliminary Placement Document, the Company will repay the shortfalls from its internal accruals.

Utilisation of the Net Proceeds of the Issue

The details of utilization of the Net Proceeds will be in accordance with the table set forth below:

Sr. No.	Particulars	Estimated amount to be utilized (₹ in million)
1.	Repayment of certain loans availed by our Company	787.96
2.	General corporate purposes	[●]

Proposed deployment

Our Company proposes to deploy the entire Net Proceeds towards the objects as described herein during Fiscal Year 2017 and Fiscal Year 2018.

The funds deployment described herein is based on management estimates and current circumstances of our business. Given the dynamic nature of our business, we may have to revise our funding requirements and deployment on account of variety of factors such as our financial condition, business and strategy, including external factors which may not be within the control of our management. This may entail rescheduling and revising the planned funding requirements and deployment and increasing or decreasing the funding requirements from the planned funding requirements at the discretion of our management.

Accordingly, the Net Proceeds of the Issue would be used to meet all or any of the purposes of the funds requirements described herein.

Details of Objects of the Issue

The details in relation to objects of the Issue are set forth herein below.

1. **Scheduled repayment of certain loans availed by our Company due for repayment during the 6 month period ended March 31, 2017 and the Financial Year ended March 31, 2018:**

   Our Company has entered into financing arrangements with various banks/ financial institutions. These arrangements include secured and unsecured loans from banks/ financial institutions and others. Please see "Financial Statements" on page [●].

   Our Company proposes to utilize an estimated amount of ₹ 787.96 million from the Net Proceeds towards repayment of certain loans availed by our Company.

   The following table provides details of certain loans availed by our Company out of which we may repay any or all of the loans from the Net Proceeds, without any obligation to any particular bank/ financial institution:

(₹ in million)

Sr. No.	Lender	Repayments due during financial year ending March 31, 2017 (For the period between October 1, 2016 to March 31, 2017)	Repayments due during financial year ending March 31, 2018
1.	Punjab National Bank – Loan 1*	101.82	203.64
2.	Punjab National Bank – Loan 1**	108.33	216.67
3.	Punjab National Bank – Loan 1***	-	157.50
	Total	**210.15**	**577.81**

* Monthly instalment of ₹ 16.97 million each beginning on February 29, 2016
** Quarterly instalment of ₹ 54.17 million each beginning on December 31, 2016
*** Quarterly instalment of ₹ 52.50 million each beginning on September 30, 2017

2. **General corporate purposes:**

Our Board, will have flexibility in applying the balance amount, if any, towards general corporate purposes, including, strengthening marketing capabilities, meeting our working capital requirements, routine capital expenditure, funding our growth opportunities and meeting of exigencies which our Company may face in course of business or any other purpose as may be approved by the Board.

The quantum of utilization of funds towards each of the above purposes will be determined by the Board of Directors based on the amount actually available under the head "General Corporate Purposes" and the business requirements of the Company, from time to time

3. **Issue Expenses:**

The estimated Issue expenses are as follows:

Sr. No.	Activity expense	Amount*
1.	Fees payable to intermediaries (including the Lead Manager, Legal Counsel, Auditor and Escrow Agent)	[●]
2.	Fees paid/payable to regulatory/statutory agencies	[●]
3.	Other and miscellaneous expenses	[●]

**To be determined on finalization of the Issue Price*

Interim use of funds

In accordance with the policies instituted by our Board and as may be permissible under applicable laws and government policies, our management will have the flexibility in deploying the Issue proceeds. Pending utilisation for the purposes mentioned above, we intend to temporarily invest funds in creditworthy instruments, including money market Mutual Funds and deposits with banks and corporates. Such investments would be in accordance with the investment policies as approved by the Board from time to time and will also be in accordance with all applicable laws and regulations.

Other Confirmations

Neither our Promoters nor our Directors are making any contribution either as part of this Issue or separately in furtherance of the objects of this Issue.

CAPITALISATION STATEMENT

The Board of Directors has, at its meeting on May 24, 2016 (the relevant intimation in compliance with Regulation 29(1) of the SEBI LODR Regulations, 2015 to the Stock Exchanges was made on May 16, 2016), approved this Issue and our Company's shareholders at the Annual General Meeting of the Company, pursuant to a special resolution passed on August 5, 2016 (the relevant intimation in compliance with Section 101(1) of the Companies Act, 2013 to the Stock Exchanges was made on July 8, 2016) approved this Issue. Upon the completion of this Issue, the Board of Directors or a committee thereof shall pass a resolution authorising the Allotment of the Equity Shares pursuant to this Issue.

The following table sets forth our Company's capitalisation as of March 31, 2016 based on our Company's Audited Financial Statements, and our Company's capitalization as adjusted to reflect the receipt of the net proceeds of this Issue and the application thereof.

This capitalisation table should be read together with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Financial Statements" on pages [●] and [●], respectively, of this Preliminary Placement Document and related notes included elsewhere in this Preliminary Placement Document.

(₹ in million)

	As of March 31, 2016	**As adjusted for this Issue***
Shareholders' Funds (Equity)		
Share capital	474.15	[●]
Reserves and surplus	696.00	[●]
Total Shareholders' Funds (A)	**1,170.14**	[●]
Non- Current Liabilities		
Long-term borrowings	2,370.61	2,370.61
Current Liabilities		
Short-term borrowings	3,542.04	3,542.04
Current maturities of long-term debts	643.51	643.51
Total Debt (B)	**6,556.17**	**6,556.17**
Total Capitalization	**7,726.31**	**[●]**

*Share Capital Reserves and Surplus (adjusted) and post-issue capitalization can be determined only on conclusion of this Placement.

CAPITAL STRUCTURE

The Equity Share capital of our Company as at the date of this Preliminary Placement Document is set forth below:

(In ₹ in million except share data)

	Aggregate value
A. AUTHORIZED SHARE CAPITAL	
22,500,000 Equity Shares	225.00
12% 150,000 Preference Shares (Series-I)	15.00
8% 1,500,000 Preference Shares (Series-II)	150.00
8% 1,000,000 Preference Shares (Series-III)	100.00
8% 500,000 Preference Shares (Series-IV)	50.00
Total	**540.00**
B. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL BEFORE THE ISSUE	
Issued, subscribed and paid up share capital:	
16,314,676 Equity Shares	163.15
110,000 Preference Shares (Series-I)	11.00
1,500,000 Preference Shares (Series-II)	150.00
1,000,000 Preference Shares (Series-III)	100.00
500,000 Preference Shares (Series-IV)	50.00
Total	**474.15**
C. PRESENT ISSUE IN TERMS OF THIS PRELIMINARY PLACEMENT DOCUMENT(1) Upto [●] Equity Shares aggregating to ₹ [●] million	[●]
D. PAID-UP CAPITAL AFTER THIS ISSUE	
[●] Equity Shares	[●]
E. SECURITIES PREMIUM ACCOUNT	
Before this Issue(2)	900.04
After this Issue	[●]

Note:

(1) *This Issue has been authorized by the Board of Directors on May 24, 2016 (the relevant intimation in compliance with Regulation 29(1) of the SEBI LODR Regulations, 2015 to the Stock Exchanges was made on May 16, 2016) and by the shareholders of our Company pursuant to a resolution passed at the annual general meeting held on August 5, 2016 (the relevant intimation in compliance with Section 101(1) of the Companies Act, 2013 to the Stock Exchanges was made on July 8, 2016).*

(2) *As of June 30, 2016*

Equity Share Capital History of our Company

The history of the equity share capital of our Company is provided in the following table:

Date of Allotment	Number of Equity Shares	Face Value per Equity Share (in ₹)	Issue price per Equity Share (in ₹)	Nature of Consideration (cash, bonus, other than cash)	Cumulative number of Equity Shares	Cumulative Equity Share Capital (in ₹)
November 30, 1993	700	10	10	Cash	700	7,000
November 17, 1994	3,955,000	10	25	Cash	3,955,700	39,557,000
January 20, 1995	1,372,500	10	25	Cash	5,328,200	53,282,000
March 10, 1995	299,500	10	25	Cash	5,627,700	56,277,000

Date of Allotment	Number of Equity Shares	Face Value per Equity Share (in ₹)	Issue price per Equity Share (in ₹)	Nature of Consideration (cash, bonus, other than cash)	Cumulative number of Equity Shares	Cumulative Equity Share Capital (in ₹)
July 24, 1995	2,589,000	10	25	Cash	8,216,700	82,167,000
July 26, 1995	7,04,000	10	25	Cash	8,920,700	89,207,000
Our Company issued 1,159,691 bonus shares in the ratio of 13 Equity Shares for every 100 Equity Shares held (13:100) and the same was effective from April 9, 2001. Our Company bought back 2,520,000 Equity Shares of ₹ 10 each. The date by which the buy-back was to be completed was August 31, 2001.						
The face value of the equity share of ₹ 10 each of our Company was sub-divided into face value of ₹ 5 each through a shareholders resolution dated May 22, 2004. Effective date of sub-division was May 22, 2004 resulting increase in total number of issued shares from 7,560,391 Equity shares to 15,120,782 Equity Shares.						
The face value of the equity share of ₹ 5 each of our Company was consolidated into face value of ₹ 10 each through a shareholders resolution dated August 20, 2004. Effective date of consolidation was August 20, 2004 resulting in decrease in total number of issued shares from 15,120,782 Equity shares to 7,560,391 Equity Shares.						
December 24, 2004	5,004,285	10	65	Cash	125,646,76	125,646,760
December 22, 2005	3,000,000	10	182	Cash	155,646,76	155,646,760
February 1, 2008	750,000	10	100.20	Cash	163,146,76	163,146,760

There were no allotment of Equity Shares in last one year preceding the date of this Preliminary Placement Document.

DIVIDEND POLICY

The declaration and payment of dividend will be recommended by the Board of Directors and approved by the shareholders at their discretion and will depend on our Company's revenues, cash flows, financial condition (including capital position) and other factors. The Board may also from time to time pay interim dividends. The declaration and payment of equity dividend would be governed by the applicable provisions of the Companies Act and Articles of Association of our Company.

The following table details the dividend declared by our Company on the Equity Shares for the FY 2016, FY 2015 and FY 2013:

Particulars	Period ended September 30, 2013 (12 Months)	Period ended March 31, 2015 (18 Months)	Financial year ended March 31, 2016
Face Value of Equity Shares (INR per share)	10	10	10
Rate of dividend (%)	NIL	NIL	NIL
Dividend per Equity Share (INR)	NIL	NIL	NIL
Total dividend declared (INR in million)	NIL	NIL	NIL
Tax on total dividend paid (INR in million)	Not Applicable	Not Applicable	Not Applicable

Our Company has not declared any dividend on Preference Shares (Series-I), Preference Shares (Series-II), Preference Shares (Series-III) and Preference Shares (Series-IV) in FY 2013, FY 2015 and FY 2016.

For a summary of certain Indian tax consequences of dividend distributions to shareholders, see "Statement of Tax Benefits" on page [●] of this Preliminary Placement Document.

Further, the amounts paid as dividends in the past are not necessarily indicative of our dividend policy or dividend amounts, if any, in the future.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our Audited Financial Statements as of and for FY 2016, FY 2015 and FY 2013 including the schedules and notes thereto and report thereon and our Limited Review Financial Statements as of and for the 3 months period ended June 30, 2016 including the schedules and notes thereto and report thereon included elsewhere in this Preliminary Placement Document.

Our Financial Statements are prepared in accordance with Indian GAAP, which differs in certain material respects with IFRS and U.S. GAAP. This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in "Risk Factors" on page [●] of this Preliminary Placement Document.

Our current financial year ends on March 31 of each year. Previously, and in particular, until the period ended September 30, 2013, our financial year ended on September 30 of each year. In accordance with the provisions of the Companies Act, 2013, we were required to align our financial year to end on March 31 of each year, within a period of two years from the commencement of the Companies Act, 2013; and, as a result, our financial statements included in this Preliminary Placement Document are as of and for the 12 month financial year ended March 31, 2016, the 18 month financial year ended March 31, 2015 and the 12 month financial year ended September 30, 2013.

Under the Companies Act, 2013, a company that has subsidiaries (including associate companies and joint ventures) is required to prepare consolidated financial statements. While the Companies Act, 2013 became effective in so far as preparation of accounts are concerned for periods post April 1, 2014 and April 1, 2015. The erstwhile accounting standard on consolidation of associates still required mandatory consolidation of an associate (using the equity method) only if an enterprise was otherwise required to prepare consolidated financial statements. In other words, mandatory consolidation of an associate was only required if the enterprise also had a subsidiary as the erstwhile accounting standard on consolidation of subsidiaries generally required all companies with subsidiaries to prepare consolidated annual accounts. Since the Company did not possess any subsidiary during the financial years ended on March 31, 2016; we did not prepare consolidated financial statements as at and for the years ended March 31, 2016 even though we had associate companies, namely, Dwarikesh Informatics Limited and Faridpur Sugars Limited. However, the Ministry of Corporate Affairs has by its notifications in March and April, 2016, clarified that companies with no subsidiary and only associate(s) are also required to mandatorily prepare consolidated financial statements for periods commencing from April 1, 2016, and the accounting standards have been since amended to provide for this change in law. It should be noted in this context that Dwarikesh Informatics Limited and Faridpur Sugars Limited are no longer associate(s) of our Company effective June 14, 2016 and June 6, 2016 respectively, and thus no consolidated financials are required to be prepared by the Company.

Overview

We are an integrated Indian sugar manufacturing company with sugar, cogeneration facilities and industrial alcohol manufacturing. We process sugarcane, the raw material used in the production of sugar. From the by-products, we produce industrial alcohol and generate power at our sugar mills. We have a combined sugarcane crushing capacity of 21,500 TCD. We also have cogeneration facilities, which have an aggregate installed capacity of 86 MW. Of this installed capacity, 56 MW of power is in excess of our captive consumption of power required to operate our business. We sell this surplus power to the grid under long term power purchase agreements. In addition, we have a distillery at our Dwarikesh Nagar unit with a capacity to produce 30,000 litres of industrial alcohol per day.

In FY 2016 and FY 2015, we had revenue from operations (net) of ₹ 7,943.41 million and ₹ 11,360.74 million, respectively, EBITDA of ₹ 1,168.30 million and ₹ 958.66 million, respectively. In FY 2016, we had a net profit of ₹ 389.66 million and a net loss of ₹ 167.50 million in FY 2015. In FY 2016 and in FY 2015, 84.86% and 82.41%, respectively, of our Total Segmental Revenue was attributable to our Sugar Segment; 12.57% and 16.53%, respectively, to our Cogeneration Segment; and 2.56% and 1.06%, respectively, to our Distillery Segment.

We own and operate a total of three manufacturing facilities, all of which are located in the north Indian state of Uttar Pradesh. At these facilities, we operate our sugar mills and cogeneration plants and at the Dwarikesh Nagar unit, we have a distillery unit as well. Historically, our sugar recovery rates have been amongst the highest compared to other listed peers in the sugar segment in Uttar Pradesh. Our focus is to maintain high sugar recovery primarily through efforts towards cane development leading to improvement in the quality/ variety of sugarcane, better cut to crush time and efficient operation of plants. Additionally, we also endeavour to increase yield at the farm level.

We have integrated our sugarcane processing operations downstream across all of our manufacturing units. We use bagasse (fibrous residue of crushed sugarcane) to produce power and molasses to produce industrial alcohol (primarily ethanol). All of our manufacturing facilities are equipped with cogeneration plants from which we produce power for captive consumption and sale.

Our business is primarily divided into three verticals, namely the sugar manufacturing segment (the "**Sugar Segment**"); the renewable energy segment (the "**Cogeneration Segment**"); and the distillery segment for the manufacture of industrial alcohol (the "**Distillery Segment**").

Sugar Segment

All of our cane crushing units are strategically located in the sugarcane rich belt of Uttar Pradesh, and generally draw their cane from within their reserved areas which may extend to a distance of around 15 kilometres of each such unit. Our Company sources its raw materials from around 87,000 farmers. The products manufactured by our Sugar Segment comprises white (or sulphated) sugar. During the SS 2016, we produced 2.47 million quintals of sugar across our mills. Our 'average sugar recovery' increased from 10.78% in SS 2015 to 11.73% in SS 2016. The Sugar Segment contributed to 84.86% and 82.41% of our Total Segmental Revenue during FY 2016 and FY 2015, respectively. For further information please see "Management's Discussion and Analysis of Financial Conditions and Results of Operations" on page [●] of the Preliminary Placement Document.

Power Segment

Our Company has recognised that a power intensive business like sugar manufacturing needs to maximise generation of power from downstream utilisation of its by-products. Our Company has installed 86 MW of cogeneration capacity in aggregate at all three of our manufacturing facilities. The Cogeneration Segment contributed to 12.57% and 16.53% of our Total Segmental Revenue in FY 2016 and FY 2015, respectively.

Distillery Segment

We have distilleries at Dwarikesh Nagar unit. Total revenue from Distillery Segment contributed to 2.56% and 1.06% of our Total Segmental Revenue in FY 2016 and FY 2015, respectively.

Significant Factors Affecting Our Results of Operations

Our Company's results of operations have been, and will be, affected by many factors, some of which are beyond our control. This section sets out certain key factors that senior management believe have affected our results of operations during the period under review or could affect our results of operations in the future. Differences in the timing of the impact of certain of these factors may make it difficult to compare our financial information for the period under review. For a discussion of certain additional factors that may adversely affect our results of operations and financial condition, please see "Risk Factors" on page [●] of this Preliminary Placement Document.

A number of factors affect our financial condition and results of operations, including the following:

Sales Volume of Sugar, Industrial Alcohol and Power

Sugarcane is the principal raw material used in the production of sugar. All of our cane crushing units draw their cane from farmers residing up to a distance of around 15 kilometres of each such unit. Our production volume of sugar is directly dependent on the amount of cane we procure from these farmers. Achieving high sales volumes in sugar, industrial alcohol and power is critical to maintaining and increasing our revenues. Most of our sales are in North India. Our efforts have resulted in an increased presence in these markets.

Our cogeneration business is substantially bagasse-based and our industrial alcohol business is molasses-based, each of which is derived from sugarcane. Our cogeneration facilities have an aggregate installed capacity of approximately 86 MW. Of this installed capacity, approximately 56 MW of power is in excess of the amount generally required to operate our business. We sell this surplus power to the Uttar Pradesh state grid. Further, we have a distillery at our Dwarikesh Nagar unit with a capacity to produce 30,000 litres of industrial alcohol per day.

Our ability to procure cane from the farmers within our reserved areas; our ability to process the cane to achieve high sugar recovery rates; our ability to efficiently use the by-products of the cane to manufacture chemicals and power; and our ability to increase sales volumes of sugar, industrial alcohol and power are all significant factors affecting our results of operations.

Selling Price of Sugar, Power and Industrial Alcohol

The sugar industry in India is very fragmented. As a result, our pricing power is limited. Our sugar is sold at market prices determined by demand and supply in the markets where we sell sugar. Demand for sugar has been generally increasing as a result of the increase in population and a shift in preference from traditional sweeteners such as *gur* and *khandsari* to sugar. We sold 2.59 million quintals of sugar in FY 2016, as against sales of 3.21 million quintals of sugar in FY 2015. Our average realized price of sugar decreased by 11.29% from ₹ 2,935.60/quintal in FY 2015 to ₹ 2,604.28/quintal in FY 2016. The table below sets out our average sugar selling prices for the periods indicated.

Period	**Our average selling price (excluding taxes and duties)**
	₹ per quintal
3 month ended June 30, 2016	3,379.95
FY 2016	2,604.28
FY 2015	2,935.60
FY 2013	3,151.14

Further, the sugar industry has historically been cyclical and sensitive to changes in supply and demand. The market in India has experienced periods of limited supply, causing sugar prices and industry profit margins to increase, followed by periods of excess production that result in oversupply, causing declines in sugar prices and industry profit margins. Fluctuations in demand and supply and as a result, the price of our products, occur for various reasons, including but not limited to (a) changes in the availability and price of our primary raw material, sugarcane; (b) variances in the production capacities of our competitors; and (c) the availability of substitutes for the sugar products that we produce.

Our cogeneration facilities have an aggregate installed capacity of approximately 86 MW. Of this installed capacity, 56 MW of power is in excess of our captive consumption of power required to operate our business. We sell this surplus power to the grid under long term power purchase agreements. We sold 137.69 million units of power in FY 2016, as against sales of 282.54 million units of power in FY 2015. Our average realized price of power increased by 8.69% from ₹ 4.49/unit in FY 2015 to ₹ 4.88/unit in FY 2016. The table below sets out our average selling prices of power for the periods indicated.

Period	**Our average selling price (excluding taxes and duties)**
	₹ per unit
3 month ended June 30, 2016	4.78
FY 2016	4.88
FY 2015	4.49
FY 2013	4.27

Demand for industrial alcohol products, especially ethanol, is generated by oil companies for use as an additive to gasoline. The price for ethanol as fixed by the Indian government (Cabinet Committee of Economic Affairs) has grown in the recent past as a result of favourable government policy. This is also a significant departure from the earlier regime of unregulated pricing, which was subject to market forces. Fluctuations in price are largely the result of change in government policy. The table below sets out our average industrial alcohol selling prices for the periods indicated.

Period	**Our average selling price (excluding taxes and duties)**
	₹ per litre
3 month ended June 30, 2016	45.10
FY 2016	39.99
FY 2015	34.48
FY 2013	29.79

Industrial alcohol production depends on molasses and sugar production, which in turn depends on availability of sugarcane.

Further, we have entered into agreements with the Uttar Pradesh state grid for sale of the excess power produced at our co-generation facilities. The price for purchase of power is fixed by the Uttar Pradesh Electricity Regulatory Commission from time to time.

Production Cost

Our cost of production principally comprises raw material costs and salaries and related costs. The availability of sugarcane, our key raw material, is affected by weather conditions, government sugar cane pricing policy and the amount of sugarcane planted by farmers, including substitution by farmers of other agricultural commodities for sugarcane. The SAP, which is the minimum price per quintal of sugarcane payable to farmers as determined by GoI or the State Government of Uttar Pradesh at the start of every SS, is the principal determinant of our production cost for sugar and industrial alcohol in a given SS. Further, our unit production cost is also directly linked to our sugar recovery rates. Our ability to maintain high recovery rates from the sugarcane we procure factors into reducing our unit production cost, whereas, a drop in our recovery rates would significantly increase our unit cost of production.

Competitive Environment

We operate in an intensely competitive environment. While we primarily face competition from the sugar mills located in the state of Uttar Pradesh, we also face competition from sugar mills located in other states such as Karnataka and Maharashtra. Our competition in the industrial sugar segment is primarily with other sugar mills who manufacture white sugar. Such competitive environment in the businesses we operate may affect our results of operations.

Regulations and policies in India affecting the sectors in which we operate

We operate in a highly regulated environment. Several aspects of our operations, including the sourcing and pricing of raw material and the sale of our products are regulated by the central and state governments. Agricultural production and trade flows are significantly affected by government policies and regulations. Government policies affecting the agricultural industry, such as environmental regulations, taxes, tariffs, duties, subsidies and import and export restrictions on agricultural commodities and commodity products, can influence industry profitability, the planting of certain crops as opposed to other crops, the location and size of crop production, whether unprocessed or processed commodity products are traded, and the volume and types of imports and exports. Further, the price at which we procure sugarcane is set by GoI or the State Government of Uttar Pradesh under the SAP mechanism. Future government policies in India and elsewhere may affect the supply and demand for and prices of our products and raw materials, and consequently, our ability to do business in our existing and target markets.

Significant Accounting Policies

1. ACCOUNTING CONVENTION

The Financial statements of the Company are prepared under the historical cost convention using accrual method of accounting and comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Company (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 unless stated otherwise hereinafter. Accounting Policies not specifically referred to, are consistent with Generally Accepted Accounting Principles in India.

2. USE OF ESTIMATES

The preparation of financial statements requires the use of estimates and assumptions to be made that affect the reported amount of assets, liabilities and disclosure of contingent liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

3. FIXED ASSETS

Fixed assets are capitalised at cost of acquisition including directly attributable costs such as freight, insurance and specific installation charges for bringing the assets to their working condition for intended use.

Emergency machinery spares of irregular use and critical insurance machinery spares are capitalised as part of relevant plant & machinery.

Pre-operative expenditure incurred up to the date of commencement of commercial production is capitalized as part of fixed assets.

4. INVESTMENTS

Current investments are stated at lower of cost and fair value. Long-term investments are stated at cost after providing for diminution in value where in the opinion of the management such diminution is not temporary in nature.

5. DEPRECIATION/AMORTISATION

A. Depreciation on Tangible Assets

Depreciation on tangible assets is provided on straight line method over the useful life of assets estimated by the Management. Depreciation for assets purchased/ sold during the period is charged proportionately. The management estimates the useful life for fixed assets as follows:

Factory Buildings (1)	28.50 years
Non Factory Building (1)	58.25 years
Plant and Machinery other than Sugar Rollers(1)	18 to 20 years
Plant and Machinery – Rollers (1)	1 year
Office equipment (1)	13.50 years
Furniture and Fixture (1)	15 years
Vehicles (1)	10 years

(1) 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.

B. Amortisation of 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. Computers software are depreciated fully in the year of addition.

6. INVENTORY VALUATION

Inventories are valued at lower of cost or net realisable value except in case of scrap which is taken at net realizable value. Cost for various items of inventory is determined as under:

a.	Raw materials (including those in transit)	:	Purchase cost including incidental expenses on FIFO basis.
b.	Chemicals, Packing material, other Stores and spares (including those in transit)	:	Purchase cost including incidental expenses on weighted average basis.
c.	Work-in-process	:	At raw material cost including proportionate production overheads.
d.	Finished goods i) Sugar	:	At raw material cost including proportionate production overheads.
	ii) Molasses	:	At average net realisable price.
	iii) Industrial Alcohol	:	At value of molasses as determined above plus proportionate production overheads in distillery.
	iv) Traded goods	:	Purchase cost including incidental expenses on FIFO basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost necessary to make the sale.

7. 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.

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.

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.

Power generated at co-gen plants is primarily consumed by the manufacturing units and excess power is sold to State Electricity Board (SEB) at rate stipulated by SEB's.

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.

8. CONTINGENCIES AND EVENTS OCCURING AFTER THE BALANCE SHEET DATE

Events occurring after the date of the Balance sheet, which provide further evidence of conditions that existed at the Balance Sheet date or that arose subsequently, are considered up to the date of approval of accounts by the Board of Directors, where material.

9. GOVERNMENT GRANTS

Grants relating to specific fixed assets are deducted from the original cost of specified assets.

10. EMPLOYEES BENEFITS

a) Provident Fund

Company's contribution to provident fund, being in the nature of defined contribution plan, are being charged to Statement of Profit & Loss in the period during which services are rendered by employees.

b) Gratuity & Leave Encashment

Provision for gratuity and leave encashment in the nature of defined benefit obligation is considered on the basis of Accounting Standard AS-15 on actuarial valuation using projected unit credit method. The discount rate and other financial assumptions are based on the parameters defined in the accounting standard.

c) Other Short term benefits

Expenses in respect of other short term benefits are recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee.

11. EXCISE DUTY

Excise duty in respect of finished goods (including molasses) is accounted for at the end of period and is included in the value of closing stock as per 'Guidance Note on Accounting Treatment of Excise Duty' issued by the Institute of Chartered Accountants of India.

12. INTANGIBLE ASSETS

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.

13. BORROWING COSTS

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalized as part of cost of such assets. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognized as an expense in the period in which they are incurred.

14. FOREIGN CURRENCY TRANSACTIONS

Transactions denominated in foreign currency are accounted for at the exchange rate prevailing on the date of transaction. Exchange differences arising on account of forward contracts are dealt with in the Statement of Profit & Loss over the period of the contracts. Monetary assets and liabilities relating to foreign currency transactions are converted at the year-end rate or at forward contract rate, as applicable. Gains or losses arising on cross currency forex swap transactions are accounted for over the period of contract.

15. TAXES ON INCOME

Tax on income for the current period is determined on the basis of taxable income & tax credits computed in accordance with the provisions of the Income Tax Act 1961, and based on expected outcome of assessments/ appeals.

Deferred Tax is recognized on timing differences between the accounting income and the taxable income for the year and reversal/adjustment of earlier year deferred tax assets / liabilities which are quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets on account of unabsorbed losses and depreciation are recognized and carried forward to the extent that there is a virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are reassessed at each Balance Sheet date.

MAT credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

16. IMPAIRMENT OF ASSETS

Where the recoverable amount of the fixed asset is lower than its carrying amount, a provision is made for the impairment loss. Post impairment, depreciation is provided for on the revised carrying value of the asset over its remaining useful life. The impairment loss recognized in prior accounting period is reversed if there is a favorable change in the estimate of recoverable amount.

17. PROVISIONS, CONTINGENT LIABILITIES & CONTINGENT ASSETS

Contingent liabilities, if material, are disclosed by way of notes, contingent assets are not recognized or disclosed in the financial statements. A provision is recognized when an enterprise has a present obligation as a result of past event(s) and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation(s), in respect of which a reliable estimate can be made for the amount of obligation.

18. EARNING PER SHARE (EPS)

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.

19. LEASES

Where the Company is the lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

Where the Company is the lessor

Assets subject to operating leases are included in fixed assets. Lease income is recognised in the Statement of Profit and Loss on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Statement of Profit and Loss.

20. SEGMENT ACCOUNTING & REPORTING

Identification of segments

The company’s operating business are organized and managed separately according to the nature of products manufactured and services provided, with each segment representing a strategic business unit that offers different products.

Allocation of common costs

Common allocable costs are allocated to each segment on reasonable basis.

Unallocated Items

Unallocable assets & liabilities represent the assets & liabilities not allocable to any segment as identified as per the Accounting Standard.

Segment Policies

The company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

21. CASH & CASH EQUIVALENTS

Cash & Cash Equivalents includes cash in hand, demand deposit with banks, other short-term highly liquid investment with original maturities of three months or less.

Changes in accounting policies

For details in relation to changes in accounting policies, please see "Financial Statements" on page [●] of this Preliminary Placement Document.

Results of Operation

The following table sets forth, for the periods indicated, certain items from our Audited Financial Statements, in each case also stated as a percentage of total income.

Particulars	FY 2016		FY 2015		FY 2013	
	₹Million	% of Total revenue	₹Million	% of Total Revenue	₹Million	% of Total Revenue
Revenue						
I. Revenue from operations (Gross)	8,315.10	103.56	11,764.30	103.31	9,628.24	102.35
Less : Excise duty	371.69	4.63	403.56	3.54	352.09	3.74
Revenue from operations (Net)	7,943.41	98.93	11,360.74	99.77	9,276.15	98.61
II. Other income	86.21	1.07	26.55	0.23	131.04	1.39
Total revenue (I + II)	8,029.63	100.00	11,387.29	100.00	9,407.19	100.00
Expenses						
Cost of materials consumed	6,171.72	76.86	11,997.77	105.36	7,424.75	78.93
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(285.63)	(3.56)	(2,822.85)	(24.79)	451.06	4.79
Employee benefits expense	496.77	6.19	714.37	6.27	402.96	4.28
Finance costs	515.90	6.42	752.10	6.60	705.61	7.50
Depreciation and amortization expense	565.74	7.05	472.46	4.15	331.85	3.53
Less: Appropriation from General Reserve	258.10	3.21				
	307.65	3.83	472.46	4.15	331.85	3.53
Other Expenses	478.47	5.96	539.35	4.74	410.14	4.36
Total Expenses	7,684.87	95.71	11,653.19	102.34	9,726.37	103.39
Profit/ (Loss) before exceptional item and tax	344.76	4.29	(265.90)	(2.34)	(319.18)	(3.39)
Exceptional items -						
- Remission of cane commission liability relating to earlier year (net of taxes)	49.18	0.61				
Profit/(loss) before tax	393.94	4.91	(265.90)	(2.34)	(319.18)	(3.39)
Tax expense:						
(1) Current tax						
Current Period	14.50	0.18			1.00	0.01
Less: MAT credit entitlement	13.54	0.17				
(2) Deferred tax assets/(liability) (Net)	3.32	0.04	(98.40)	(0.86)	(126.57)	(1.35)
Net Profit / (loss) for the period after tax	389.66	4.85	(167.50)	(1.47)	(193.60)	(2.06)
Earning per equity share (Nominal value ₹ 10 per share)						
Basic (₹ per share)	22.02		(13.19)		(13.53)	
Diluted (₹ per share)	22.02		(13.19)		(13.53)	

Principal Components of our Statement of Profit and Loss Account:

Revenues

<u>Revenues from operations</u>

We derive a substantial portion of our total revenues from operations, which primarily consists of revenues from sale of finished goods; and also consists of some other operating revenues.

<u>Other Income</u>

In addition to our revenue from operations, we derive other income in the form of (i) interest; (ii) dividend income from non-current investment; and (iii) other non-operating income which primarily includes amount received towards sale of renewable energy certificates ("REC").

Expenses

Our expenses primarily comprises the following:

(i) Cost of materials consumed;

(ii) Increase / (Decrease) in inventories of finished goods, work-in-progress and stock-in-trade;

(iii) Employee benefit expenses which includes salaries and wages, bonus, leave encashment, gratuity, contribution to provident and other funds and staff welfare expenses;

(iv) Other expenses which includes power and fuel expenses, other manufacturing expenses, repairs and maintenance expenses, consumption of stores and spare parts, sugar sales promotion expenses, freight and forwarding expenses, export facilitation charges and other miscellaneous expenses;

(v) Finance costs which includes interest expenses, other borrowing costs and hedging charges (gain/ loss on foreign exchange transactions); and

(vi) Depreciation and amortization expenses.

Tax Expenses

Tax expenses comprise current tax (net of minimum alternate tax credit) and deferred taxes. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date.

FY 2016 compared to FY 2015

Total Revenue

Total revenue decreased by 29.49% from ₹ 11,387.29 million in FY 2015 to ₹ 8,029.63 million in FY 2016 primarily due to a decrease in revenue from operations.

Revenue from operations (net)

Revenue from operations (net of excise duty and other taxes) decreased by 30.08% from ₹ 11,360.74 million in FY 2015 to ₹ 7,943.41 million in FY 2016 primarily due to decrease in aggregate sugar sales in FY 2016 as compared to the aggregate sugar sales in FY 2015 and also partially due to reduction in average selling price of sugar in FY 2016. However, please note that there was in fact an increase in sugar sales and revenues in the 12 month period ended March 31, 2016 as compared to the 12 month period ended March 31, 2015, even though the average sugar price realized was significantly higher in the 12 month period ended March 31, 2015 as compared to the 12 month period ended March 31, 2016. The production of sugar in SS 2015 increased due to a higher availability of sugarcane that season as compared to periods under review, the stock produced from which was sold by the Company during the 12 month period ended March 31, 2016.

Other income

Other income increased by 224.77% from ₹ 26.55 million in FY 2015 to ₹ 86.21 million in FY 2016. This increase is primarily due to reclassification of sale of REC under the head 'other income' in FY 2016 from 'other operating revenues' under the head 'revenue from operations' in FY 2015.

Cost of raw materials consumed

The cost of raw materials consumed decreased by 48.56% from ₹ 11,997.77 million in FY 2015 to ₹ 6,171.72 million in FY 2016 primarily on account of longer accounting period of FY 2015. While the quantity of sugarcane crushed has reduced marginally in FY 2016 as compared to the 12 month period ended March 31, 2015, the sugar produced in FY 2016 was higher as compared to the 12 month period ended March 31, 2015 on account of higher sugar recoveries in FY 2016.

Further, the cost of raw materials consumed decreased in FY 2016 as compared to the 12 month period ended March 31, 2015 due to the accounting of financial subsidy in relation to the payment of sugarcane price to farmers in SS 2015 that was notified and paid by the Government of Uttar Pradesh in FY 2016.

Changes in inventories of finished goods, work-in-progress and stock-in-trade

The changes in inventories of finished goods, work-in-progress and stock-in-trade amounted to an increase of ₹ 285.63 million in FY 2016 as compared to an increase of ₹ 2,822.85 million in FY 2015. Please note that our sugar inventories usually build up over the period between November and April of every year and peaks in the month of April. As a result, when we changed our accounting year ended September 30 to March 31, change in inventories of finished goods, work-in-progress and stock-in-trade reflects the near peak inventory on March 31, 2015.

Employee benefits expenses

The employee benefit expenses decreased by 30.46% from ₹714.37 million in FY 2015 to ₹ 496.77 million in FY 2016 primarily due to longer accounting period of FY 2015. However, please note that the total employee costs increased in FY 2016 as compared to FY 2015 due to increase in salaries, wages and bonus expenses paid to our employees.

Finance costs

Finance costs decreased by 31.40% from ₹ 752.10 million in FY 2015 to ₹ 515.90 million in FY 2016 due to longer accounting period of FY 2015. However, on a comparative basis in the 12 month period ended March 31, 2016 against the 12 month period ended March 31, 2015, there was no significant change in the finance costs.

Depreciation and amortization expenses

Depreciation and amortization expenses increased by 19.74% from ₹ 472.46 million in FY 2015 to ₹ 565.74 million in FY 2016 due to revision in our estimates of economic lives of fixed assets at the commencement of FY 2016. However, out of this an amount of ₹ 258.10 million was appropriated from General Reserve and the remaining ₹ 307.65 million was charged to the Profit and Loss account for FY 2016.

Other expenses

Other expenses decreased by 11.29% from ₹ 539.35 million in FY 2015 to ₹ 478.47 million in FY 2016 due to longer accounting period of FY 2015. However, please note that other expenses increased in FY 2016 as compared to FY 2015 mainly due to the accounting of export facilitation fees incurred to fulfil export obligations.

Profit before exceptional items and tax

For the reasons mentioned above, we incurred a loss before exceptional items and tax, amounting to ₹ 265.90 million in FY 2015 as compared to a profit before exceptional items and tax, amounting to ₹ 344.76 million in FY 2016.

Exceptional Items

Exceptional items amounted to nil in FY 2015 and increased to ₹ 49.18 million in FY 2016. The exceptional item recorded in FY 2016 was due to notification of waiver of cane commission payable to cane societies on cane purchased during SS 2013.

Profit/Loss before Tax

As a result of the foregoing, we incurred a loss before tax, amounting to ₹ 265.90 million in FY 2015 as compared to a profit before tax, amounting to ₹ 393.94 million in FY 2016.

Tax expenses

While our current tax expenses for the current period (before adjusting for MAT credit entitlement) increased from nil in FY 2015 to ₹ 14.50 million in FY 2016, we recognised deferred tax assets in relation to carry forward losses of ₹ 98.40 million in FY 2015 as compared to deferred tax liabilities of 3.32 million in FY 2016. The MAT credit entitlement of ₹13.54 million was adjusted from the tax liability in FY 2016 as compared to nil in the previous year.

Net profit / loss after Tax

For the reasons mentioned above, we incurred loss of ₹ 167.50 million for FY 2015 as compared to a profit of ₹ 389.66 million in FY 2016.

FY 2015 compared to FY 2013

Total Revenue

Total revenue increased by 21.05% from ₹ 9,407.19 million in FY 2013 to ₹ 11,387.29 million in FY 2015, primarily due to increase in revenue from operations.

Revenue from operations (net)

Revenue from operations (net of excise duty and other taxes) increased by 22.47% from ₹ 9,276.15 million in FY 2013 to ₹ 11,360.74 million in FY 2015 due to shorter accounting period in FY 2013 as compared to FY 2015.

However, please note that there was in fact a decrease in sugar sales and revenues in the 12 month period ended September 30, 2014 as compared to the 12 month period ended September 30, 2013 due to lower production in 12 month period ended September 30, 2014 on account of adverse climatic conditions prevalent during that period. Further, this was accentuated by decline in the average sugar price realized in the 12 month period ended September 30, 2014. Additionally, revenue from sale of power also declined in the 12 month period ended September 30, 2014 as compared to the 12 month period ended September 30, 2013 due to a shorter SS.

Other income

Other income decreased by 79.74% from ₹ 131.04 million in FY 2013 to ₹ 26.55 million in FY 2015. This decrease is primarily on account of other income received from a specific forward sugar contract in FY 2013 which was not available in subsequent periods.

Cost of raw materials consumed

The cost of raw materials consumed increased by 61.59% from ₹ 7,424.75 million in FY 2013 to ₹ 11,997.77 million in FY 2015 on account of shorter accounting period in FY 2013 as compared to FY 2015. However, the cost of raw materials decreased during 12 month period ended September 30, 2014 as compared to 12 month period ended September 30, 2013 primarily due to lesser cane crushed and availability of subsidies granted by the State Government of Uttar Pradesh for SS 2014.

Changes in inventories of finished goods, work-in-progress and stock-in-trade

The changes in inventories of finished goods, work-in-progress and stock-in-trade amounted to decrease of ₹ 451.06 million in FY 2013 as compared to an increase of ₹ 2,822.85 million in FY 2015. Please note that our sugar inventories usually build up over the period between November and April of every year and peaks in the month of April. As a result, when we changed our accounting year ended September 30 to March 31, change in inventories of finished goods, work-in-progress and stock-in-trade reflects the near peak inventory on March 31, 2015.

Employee benefits expenses

The employee benefit expenses increased by 77.28% from ₹ 402.96 million in FY 2013 to ₹ 714.37 million in FY 2015 due to shorter accounting period in FY 2013 as compared to FY 2015 and an increase in salaries, wages and bonus expenses paid to our employees.

Finance costs

Finance costs increased by 6.59% from ₹ 705.61 million in FY 2013 to ₹ 752.10 million in FY 2015 due to shorter accounting period in FY 2013 as compared to FY 2015. However, the finance costs decreased significantly in the 12 month period ended September 30, 2014 as compared to the 12 month period ended September 30, 2013 primarily due to lower interest costs on account of lower utilization of working capital and repayment of certain of our term loans.

Depreciation and amortization expenses

Depreciation and amortization expenses increased by 42.37% from ₹ 331.85 million in FY 2013 to ₹ 472.46 million in FY 2015 due to shorter accounting period in FY 2013 as compared to FY 2015.

Other expenses

Other expenses increased by 31.50% from ₹ 410.14 million in FY 2013 to ₹ 539.35 million in FY 2015 due to shorter accounting period in FY 2013 as compared to FY 2015. However, please note that other expenses decreased in the 12 month period ended September 30, 2014 as compared to the 12 month period ended September 30, 2013 primarily due to the accounting of the reversal of late payment surcharge in the 12 month period ended September 30, 2013.

Loss before Tax

As a result of the foregoing, our loss before tax decreased from ₹ 319.18 million in FY 2013 to ₹ 265.90 million in FY 2015.

Tax expenses

While our current tax expenses decreased from ₹ 1.00 million in FY 2013 to nil in FY 2015, we recognised deferred tax liabilities in relation to carry forward losses of ₹ 126.57 million in FY 2013 and ₹ 98.40 million in FY 2015.

Net Loss for the period

For the reasons mentioned above, our loss for the year decreased from ₹ 193.60 million in FY 2013 to ₹ 167.50 million in FY 2015.

3 month period June 30, 2016 compared to 3 month period ended June 30, 2015

The following table sets forth, for the periods indicated, certain items from our unaudited financial statements, in each case also stated as a percentage of total income.

Particulars	**Three month period ended June 30, 2016**		**Three month period ended June 30, 2015**	
	₹ in million	**% of Total income from operations (net)**	**₹ in million**	**% of Total income from operations (net)**
Income from Operations				

Net sales/income from operations (Net of excise duty)	2,859.41	99.89%	1,965.07	99.64%
Other Operating Income	3.26	0.11%	7.20	0.36%
Total income from operations (net)	2,862.67	100.00%	1,972.27	100.00%
Expenses				
Cost of materials consumed	307.69	10.75%	701.95	35.59%
Purchases of stock-in-trade	-		-	
Changes in inventories of finished goods, work-in-progress and stock-in-trade (net of excise duty)	1,831.07	63.96%	1,497.56	75.93%
Employee benefits expense	109.16	3.81%	101.66	5.15%
Depreciation and amortization expense	74.82	2.61%	77.40	3.92%
Other Expenses	91.63	3.20%	71.09	3.60%
Total Expenses	2,414.37	84.34%	2,449.67	124.21%
Profit/ (Loss) from operations before other income, finance costs and exceptional item	448.30	15.66%	(477.41)	(24.21%)
Other Income	17.52	0.61%	79.37	4.02%
Profit/ (Loss) from ordinary activities before finance costs and exceptional items	465.82	16.27%	(398.04)	(20.18%)
Finance Costs	146.51	5.12%	164.01	8.32%
Profit/ (Loss) from ordinary activities after finance costs and exceptional items	319.31	11.15%	(562.05)	(28.50%)
Exceptional items	-		-	
Profit/ (Loss) from ordinary activities before tax	319.31	11.15%	(562.05)	(28.50%)
Tax Expenses	-		-	
- Current year (Net of MAT Credit Entitlement)	-		-	
- Previous Year	-		-	
- Deferred Tax	-		-	
Net Profit (Loss) from ordinary activities after tax	319.31	11.15%	(562.05)	(28.50%)

Unaudited financial statements for the 3 month period ended June 30, 2016 compared to unaudited financial statements for the 3 month period ended June 30, 2015

Total income from operations

Total income from operations increased by 45.15% from ₹ 1,972.27 million in the 3 month period ended June 30, 2015 to ₹ 2,862.67 million in the 3 month period ended June 30, 2016 primarily due to increase in net sales/ income from operations.

Net sales/ income from operations (net of excise duty)

Our net sales/ income from operations (net of excise duty) increased by 45.51% from ₹ 1,965.07 million in the 3 month period ended June 30, 2015 to ₹ 2,859.41 million in in the 3 month period ended June 30, 2015 primarily due to increase in aggregate sugar sales in the 3 month period ended June 30, 2016 as compared to the aggregate sugar sales in the 3 month period ended June 30, 2015 and also due to increase in average selling price of sugar in the 3 month period ended

June 30, 2016.

Other operating income

Other operating income decreased by 54.72% from ₹ 7.20 million in the 3 month period ended June 30, 2015 to ₹ 3.26 million in the 3 month period ended June 30, 2016. This decrease is primarily due to reclassification of sale of REC under the head 'other income' in the 3 month period ended June 30, 2016.

Total expenses

Our total expenses decreased by 1.44% from ₹ 2,449.67 million in the 3 month period ended June 30, 2015 to ₹ 2,414.37 million in the 3 month period ended June 30, 2016 primarily on account of decrease in cost of raw materials consumed.

Cost of raw materials consumed

The cost of raw materials consumed decreased by 56.17% from ₹ 701.95 million in the 3 month period ended June 30, 2015 to ₹ 307.69 million in the 3 month period ended June 30, 2016 primarily on account of lesser crushing of the sugar in the 3 month period ended June 30, 2016 due to early closure of the crushing season.

Changes in inventories of finished goods, work-in-progress and stock-in-trade (net of excise duty)

The changes in inventories of finished goods, work-in-progress and stock-in-trade amounted to a decrease of ₹ 1,497.56 million in the 3 month period ended June 30, 2015 as compared to a decrease of ₹ 1,831.07 million in the 3 months period ended June 30, 2016 primarily on account of lesser production & higher sale of sugar during the 3 months period ended June 30, 2016 as compared to 3 months period ended on June 30, 2015

Employee benefits expenses

The employee benefit expenses increased by 7.37% from ₹ 101.66 million in the 3 month period ended June 30, 2015 to ₹ 109.16 million in the 3 month period ended June 30, 2016 primarily due to increase in salaries, wages and bonus expenses paid to our employees.

Depreciation and amortization expenses

Depreciation and amortization expenses decreased by 3.34% from ₹ 77.40 million in the 3 month period ended June 30, 2015 to ₹ 74.82 million in the 3 month period ended June 30, 2016.

Other expenses

Other expenses increased by 28.89% from ₹ 71.09 million in the 3 month period ended June 30, 2015 to ₹ 91.63 million in the 3 month period ended June 30, 2016 primarily due to higher expenses incurred in relation with repairs and maintenance in the 3 month period ended June 30, 2016.

Profit/ (loss) from operations before other income, finance costs and exceptional items

For the reasons mentioned above, we earned a profit from operations before other income, finance costs and exceptional items, amounting to ₹ 448.30 million in the 3 month period ended June 30, 2016 as compared to a loss before other income, finance costs and exceptional items, amounting to ₹ 477.41 million in the 3 month period ended June 30, 2015.

Other income

Other income decreased by 77.92% from ₹ 79.37 million in the 3 month period ended June 30, 2015 to ₹ 17.52 million in the 3 month period ended June 30, 2016 primarily due to remission of cane commission pertaining to SS 2013-14 considered in the 3 months period ended on June 30, 2015

Profit/ (loss) from ordinary activities before finance costs and exceptional items

For the reasons mentioned above, we earned a profit from ordinary activities before other finance costs and exceptional items, amounting to ₹ 465.82 million in the 3 month period ended June 30, 2016 as compared to a loss before finance costs and exceptional items, amounting to ₹ 398.04 million in the 3 month period ended June 30, 2015.

Finance costs

Finance costs decreased by 10.67% from ₹ 164.01 million in the 3 month period ended June 30, 2015 to ₹ 146.51 million in the 3 month period ended June 30, 2016 primarily due to lesser utilization of cash credit facilities available to us and also on account lower rate of interest in the 3 month period ended June 30, 2016 as compared to 3 months period ended on June 30, 2015

Net Profit/Loss from ordinary activities

As a result of the foregoing, we earned a profit before tax, amounting to ₹ 319.31 million in the 3 month period ended June 30, 2016 as compared to a loss before tax, amounting to ₹ 562.05 million in the 3 month period ended June 30, 2015.

Liquidity and capital resources

As of March 31, 2016, we had cash and bank balances of ₹ 48.22 million. Cash and bank balances consist of (i) cash and cash equivalents comprising of cash on hand amounting to ₹ 4.4 million and balances with scheduled banks amounting to ₹ 40.43 million and; (ii) other bank balance comprising of earmarked balance for unpaid dividend amounting to ₹ 0.46 million and earmarked balance in current account amounting to ₹ 2.91 million. We had fixed deposits of ₹ 2.26 million, ₹ 2.09 million and ₹ 1.89 million as at March 31, 2016, March 31, 2015 and September 30, 2013, respectively. Our liquidity requirements have been to finance our working capital requirements for operations and our capital expenditures. Historically, we have relied on the cash flows generated from our operating activities and financing activities.

Net Cash Flows

The following table sets forth certain data from our cash flow statement:

(₹ in million)

Particulars	**For the year ended March 31, 2016**	**For the 18 month period ended March 31, 2015**	**For the 12 month period ended September 30, 2013**
Net cash generated from/ (used in) operating activities	367.38	(1,506.77)	2,033.31
Net cash generated from/(used in) investing activities	(130.25)	(43.86)	(35.86)
Net cash generated from/(used in) financing activities	(197.11)	1,537.75	(1,989.70)
Net increase/(decrease) in cash and bank balances	40.02	(12.88)	7.75
Cash and cash equivalents at beginning of the period	8.21	21.09	13.33
Cash and cash equivalents at the end of the period	48.22	8.21	21.09

Cash flows generated from/ (used in) operating activities

Net cash generated from operating activities amounted to ₹367.38 million for FY 2016. This amount was derived from the net profit before tax amounting to ₹393.94 million, as adjusted for a total of ₹849.99 million of (i) depreciation/obsolescence, (ii) loss on sale of fixed assets, (iii) finance costs, (iv) interest income, (v) dividend income, (vi) tax impact on remission of cane commission liability, and (vii) provision of wealth tax, resulting in an operating profit before working capital changes of ₹1,243.93 million. Further, working capital movements during the year used cash of ₹ 876.35 million resulting in cash generated from operations of ₹367.58 million. After paying ₹0.20 million in cash taxes during the year, net cash generated from operations amounted to ₹367.38 million.

Net cash used in operating activities amounted to ₹1,506.77 million for FY 2015. This amount was derived from the net loss before tax amounting to ₹265.90 million, adjusted for a total of ₹1,221.91 million of (i) depreciation/obsolescence, (ii) loss on sale of fixed assets, (iii) bad debts written off, (iv) other operating revenue, (v) finance costs, (vi) interest income, (vii) dividend income, and (vi) provision for wealth tax; resulting into an operating profit before working capital changes of ₹956.01 million. Further, working capital movements during the year used cash of ₹2,462.24 million resulting in cash used in operations of ₹1,506.23 million. After paying ₹0.54 million in cash taxes during the year, net cash used in operations amounted to ₹1,506.77 million.

Net cash generated from operating activities amounted to ₹2,033.31 million for FY 2013. This amount was derived from the net loss before tax amounting to ₹319.18 million, adjusted for a total of ₹1,082.22 million of (i) depreciation/obsolescence, (ii) loss on sale of fixed assets, (iii) bad debts written off, (iv) other operating revenue, (v) finance costs, (vi) interest income, (vii) dividend income, and (vi) provision for wealth tax & fringe benefit tax; resulting into an operating profit before working capital changes of ₹763.04 million. Further, working capital movements during the year generated cash of ₹1,271.34 million resulting in cash generated from operations of ₹2,034.38 million. After paying ₹1.07 million in cash taxes during the year, net cash generated from operations amounted to ₹2,033.31 million.

Cash flows generated from/ (used in) investing activities

Net cash used in investing activities amounted to ₹130.25 million in FY 2016. This amount consisted of cash used primarily in purchase of fixed assets amounting to ₹132.36 million as set off by interest received, dividend income and sale of fixed assets amounting to ₹2.11 million.

Net cash used in investing activities amounted to ₹43.86 million in FY 2015. This amount consisted of cash used primarily in purchase of fixed assets amounting to ₹49.30 million as set off by interest received, dividend income and sale of fixed assets amounting to ₹5.44 million.

Net cash used in investing activities amounted to ₹35.86 million in FY 2013. This amount consisted of cash used primarily in purchase of fixed assets amounting to ₹37.50 million as set off by interest received, dividend income and sale of fixed assets amounting to ₹1.64 million.

Cash flows generated from/ (used in) financing activities

Net cash flow used in financing activities amounted to ₹197.11 million in FY 2016. This amount consisted of cash primarily used in repayment of long term borrowings amounting to ₹828.36 million, finance cost paid amounting to ₹ 509.72 million, as offset by proceeds from long term borrowings amounting to ₹1,127.10 million and increase in short term borrowings including cash credit amounting to ₹13.87 million.

Net cash generated from financing activities amounted to ₹1,537.75 million in FY 2015. This amount consisted of cash primarily used in repayment of long term borrowings amounting to ₹1,250.20 million, finance cost paid amounting to ₹783.83 million, which was more than offset by proceeds from long term borrowings amounting to ₹1,567.30 million and increase in short term borrowings including cash credit amounting to ₹2,004.49 million.

Net cash flow used in financing activities amounted to ₹1,989.70 million in FY 2013. This amount consisted of cash primarily used in payment of finance costs amounting to ₹711.38 million, share application money pending allotment amounting to ₹100.00 million, repayment of long term borrowing amounting to ₹918.64 million, decrease in short term borrowings including cash credit amounting to ₹409.68 million, finance costs paid amounting to ₹711.38 million, as offset by proceeds from increase in share capital amounting to ₹150.00 million.

Indebtedness

Long Term Borrowings including Current Maturities

(₹ in million)

Particulars	**FY 2016**	**FY 2015**	**FY 2013**
Secured			
Term Loans			
From banks	2,044.96	1,461.35	1,290.33
From others	25.65	126.13	276.85
From companies	300.00	300.00	Nil
Current maturities of long term debts	643.51	827.90	831.11
Total	**3,014.13**	**2,715.38**	**2,398.29**

Short Term Borrowings

(₹ in million)

Particulars	FY 2016	FY 2015	FY 2013
Secured (A)			
Cash credit from banks	3,541.19	3,527.32	1,522.84
Total (A)	**3,541.19**	**3,527.32**	**1,522.84**
Unsecured (B)			
Loans and advances from related parties:			
due to directors	0.65	0.65	0.65
inter corporate deposits	0.20	0.20	0.20
Total (B)	**0.85**	**0.85**	**0.85**
Total	**3,542.04**	**3,528.17**	**1,523.69**

Interest Coverage Ratio

Set forth below is the information in respect of our interest coverage for FY 2016, FY 2015 and FY 2013:

(₹ in million)

Particulars	FY 2016	FY 2015	FY 2013
Net Profit + Depreciation and Amortisation + Finance Costs (A)	1,213.21	1,057.06	843.86
Finance Costs (B)	515.90	752.10	705.61
Interest coverage ratio (A/B)	235.16%	140.55%	119.59%

Contingent Liabilities

Following are our contingent liabilities (as per AS 29) as on March 31, 2016:

Particulars	As on March 31, 2016 (In ₹ million)
a. Claims not acknowledged as debts by the Company.	2.08
b. In respect of show cause notices from Central Excise department in various cases against which the Company has preferred appeals	74.80
c. 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	0.09
d. Guarantees issued by the bankers on behalf of the Company.	14.50
Total	91.47

Reservations, Qualifications and Adverse Remarks Included In Financial Statements

Based on the review of the Audited Financial Statements as at and for the FY 2016, FY 2015 and FY 2013 and the auditors' report thereon, the Statutory Auditors of the Company have included the following Emphasis of Matter paragraph in the auditors' report for FY 2015:

'*We draw attention to note no. 12 of the financial statements wherein the company has recognised deferred tax assets on unabsorbed depreciation and business losses. Continuing losses in the last few years indicate the condition of an uncertainty as regards realisation of such deferred tax assets. In view of the reasons explained in the said note, such deferred tax assets continue to be treated as realisable.*

Our opinion is not qualified in respect of this matter.'

Note No. "12" to the financial statements reads as under:

(₹ in million)

		As at 31/03/2015		As at 30/09/2013	
		Deferred Tax Asset	**Deferred Tax Liability**	**Deferred Tax Asset**	**Deferred Tax Liability**
	DEFERRED TAX				

	LIABILITIES (NET):				
a.	Difference between book depreciation and tax depreciation		957.07		1,010.03
b.	Non payment of taxes and duties	-		3.49	
c.	Non payment of bonus, leave & gratuity	45.02		32.31	
d.	Deferment of interest	1.77		6.95	
e.	Non payment of excise duty on closing stock	70.77		19.55	
f.	Brought forward losses & depreciation	1,039.58		1,049.38	
	Total	1,157.14	957.07	1,111.69	1,010.03
	Net Deferred Tax Asset /(Liability)		200.07		101.66

Deferred tax assets in respect of brought forward losses and depreciation have been recognized owing to reasonable certainty of availability of future taxable income to realize such assets. Though our Company has been incurring losses in the last few years, it expects turnaround of the sector by way of assistance from both Central & State Government to revive the fortunes of a core & agriculture based sector. Further being amongst the lowest cost producer of sugar, our Company will be in a position to seize emerging opportunities.

Recent Developments

By its order dated April 29, 2016, the Ministry of Consumer Affairs, Food and Public Distribution, Department of Food and Public Distribution, hoarding of sugar by dealers for trading at any time have been restricted to 5,000 quintals in Uttar Pradesh.

Pursuant to the notification bearing no. 37/ 2016 dated June 16, 2016 issued by Department of Revenue, Ministry of Finance, Government of India, 20% export duty has been made applicable on the export of raw sugar, white or refined sugar.

Segment Reporting (For the Year ended March 31, 2016)

For details in relation to segment reporting, please see "Financial Statements" on page [●] of this Preliminary Placement Document.

INDUSTRY OVERVIEW

The information in this section has not been independently verified by us, the Global Coordinator and Book Running Lead Manager or any of our or its affiliates or advisors. The information may not be consistent with other information compiled by third parties within or outside India. Industry sources and publications generally state that the information contained therein has been obtained from sources it believes to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry and government publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry and government sources and publications may also base their information on estimates, forecasts and assumptions which may prove to be incorrect. Accordingly, investment decisions should not be based on such information. Figures used in this section are presented as in the original sources and have not been adjusted, restated or rounded off for presentation in the Preliminary Placement Document.

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Overview

Sugar is produced in around 100 countries across the world from sugarcane in tropical areas and sugar beet in the temperate zones. Around 80 per cent of the sugar produced in the world is produced from sugarcane, with beet sugar accounting for the rest. The choice of sugarcane or sugar beet for sugar production is influenced by weather conditions, crop diseases, soil quality, international trade agreements and domestic price support programmes. Producing sugar from cane is less expensive than producing it from beet.

Sugar beet is produced mainly in Europe and, to a lesser extent, in Asia and North America. Brazil, India, Thailand, Australia and Cuba are the largest sugarcane producing countries. The European Union is the largest beet sugar producer. Other beet sugar producing countries include the United States, Turkey, Ukraine, Poland and Russia.

Sugar is a widely traded commodity. On an average, about 70 per cent of world sugar production is consumed in its country of origin, and the balance 30 per cent is traded in the international markets. A part of the international sugar trade occurs under specific agreements (preferential trade and long-term agreements, amongst others) that, in some cases, include clauses on import prices.

The demand-supply position is the main factor explaining changes in international prices for sugar. It is difficult to measure consumption. Therefore, it is often estimated in terms of depletion of stocks. The best indicator for explaining changes in sugar prices is the stocks-to-use ratio that takes into account the growth in consumption. There is generally an inverse relation between changes in the stocks-to-use ratio and prices.

The Global Sugar Industry

Production surplus for the fourth consecutive year in Sugar Season 2015. However, Sugar Season 2016 is projected to be the first year of deficit.

Global sugar production had increased at a CAGR of around 3% from 153.3 million tonnes in SS 2010 to 174.9 million tonnes in SS 2015. This increase in production was driven by rise in sugar production from India and Thailand. India's sugar production during the period grew at a CAGR of around 7%, whereas, production from Thailand grew by a CAGR of 9% year on year. Sugar production from Brazil on the other hand remained range bound. Global sugar consumption grew at a CAGR of 2% from 154.0 million tonnes in SS 2010 to 171.0 million tonnes in SS 2015.

Global Demand Supply Situation

(million tonnes)	SS 2011	SS 2012	SS 2013	SS 2014	SS 2015	SS 2016 (E)	SS 2017 (P)
Opening stock	27.6	26.9	32.9	43.1	48.3	52.2	45.9
Production	159.6	168.1	174.5	173.2	174.9	165.2	165.3
Consumption	160.3	162.1	164.3	168.1	171.0	171.5	174.1
Trade	47.8	58.2	55.3	51.8	51.6	52.9	55.6
Closing stock	**26.9**	**32.9**	**43.1**	**48.3**	**52.2**	**45.9**	**37.1**
Closing stock as months consumption	2.0	2.4	3.1	3.4	3.7	3.2	2.6
New York Raw Sugar prices (US$/tonne)	585	500	401	383	306	355-360	430-435

Source: CRISIL Research

In SS 2016, global sugar production is estimated to decline by ~6% on-year to ~165 million tonnes due to lower production from the two largest sugar producing nations - Brazil and India. El Nino conditions impacted cane acreage in both the countries leading to decline in sugar production. Also, higher diversion towards ethanol by Brazilian sugar mills, on account of ~20% on-year increase in ethanol prices in SS 2016 also lowered sugar production. Even the European Union witnessed decline in production by ~21% on-year as sugar beet acreage narrowed by ~15% on-year.

Going forward, sugar production is expected to plateau in SS 2017, as steep decline in production in India will be offset by increase in production in Brazil and EU. Sugar production in India is expected to decline by ~12% on-year to ~22.4 million tonnes in SS 2017, on account of lower cane acreage in the top sugar-producing state of Maharashtra. However, production in Brazil is pegged to rise, as the diversion towards ethanol is expected to reduce by ~200 bps to 57% on account of escalating sugar prices and decline in domestic ethanol prices in Brazil on-year. In EU, sugar beet acreage is expected to expand after contracting by ~15% on-year in SS 2016; this will translate into ~15% increase in sugar production to ~16.5 million tonnes.

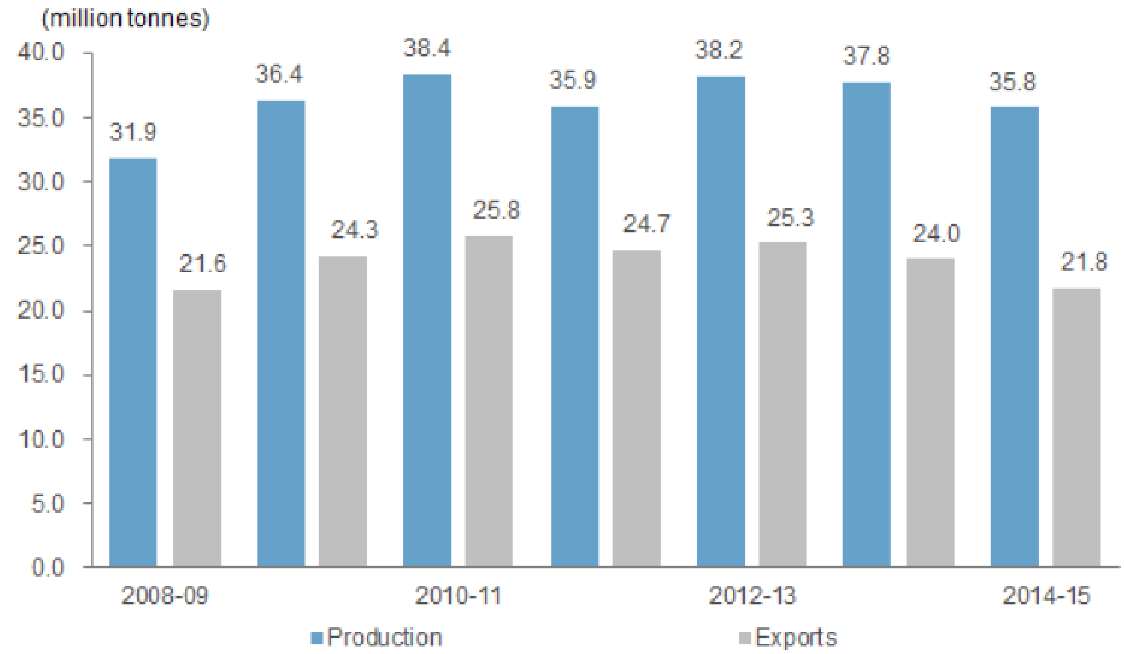
On the other hand, consumption is expected to grow steadily at ~2% on-year to 174 million tonnes, leading to an estimated deficit of around 9 million tonnes in SS 2016-17. The global closing stock as months' consumption is also expected to decline to 2.6 months from 3.2 months in SS 2016.

Brazil

Brazil is the world's largest producer of sugarcane, sugar and fuel alcohol (ethanol), and the lowest-cost sugar producer in the world. It is also the largest exporter of sugar in the world. Sugarcane is extensively grown in Brazil on account of the favourable returns compared to other crops, availability of adequate land, attractive land prices, expansion programs by mills to increase output, and elimination of export taxes. Sugar production is largely concentrated in the state of Sao Paulo (Centre South Region) which accounts for close to 60-65% of the total Brazilian sugar production.

Brazil has had the biggest influence on the world sugar market over the past decade. Sugar production in Brazil has grown from ~20 million tonnes in SS 2001 to 38.0 million tonnes in SS 2014. However, the production dipped by ~5% y-o-y to ~36 million tonnes in SS 2015 on account of severe drought conditions which significantly impacted yield during the year. Moreover, sugar production was also hit as cane diversion towards sugar dipped by around 200 bps y-o-y on account of rise in domestic demand for fuel ethanol. With hike in price of gasoline by the government, ethanol became more economical for vehicle owners, driving demand for the latter.

With rise in sugar production over the years, Brazilian exports grew from ~8 million tonnes in SS 2001 to ~24 million tonnes in SS 2014. However, production issues in SS 2015 resulted in sugar exports fall to ~22 million tonnes. At 22-24 million tonnes of exports, Brazil accounts for about 45-50% of world sugar exports. Due to its significant share in global trade, fluctuations in Brazilian Real against the USD have an impact on world sugar prices. Exports are supported by improvements in marketing infrastructure such as roads and port facilities, and a move to using larger capacity ocean vessels.

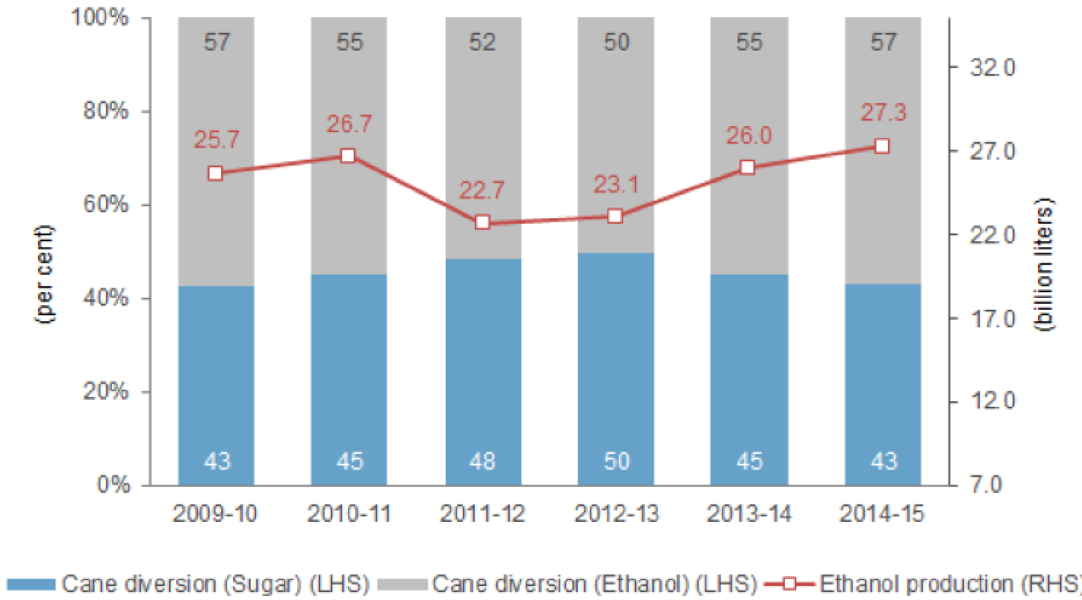


Source: CRISIL Research

Brazil's Ethanol Policy and Diversion from Sugar to Ethanol

Brazil has been a pioneer in using ethanol as a fuel. The Brazilian ethanol sector was liberalised since 1999. Brazil's sugar production is closely linked to its ethanol policy. The Brazilian government continues to fix the minimum quantity of ethanol that must be blended with petrol (at 27.5 per cent in SS 2015). The decision on the percentage of ethanol in petrol is made on the basis of a comparative analysis of the price of sugar and ethanol. Higher world ethanol prices make sugar less attractive and ethanol more attractive for sugarcane growers in Brazil and vice versa.

In SS 2015, the diversion of sugarcane to ethanol rose by 200 bps to 57%, resulting in 27.3 billion litres of ethanol production. This sharp rise in diversion towards ethanol was driven by increase in mandatory ethanol blending rate by the government to 27.5% in SS 2015 as compared to 25% earlier. Moreover, various government's efforts such as imposition of taxes on gasoline led to higher demand towards ethanol and consequently higher prices as compared to subdued sugar prices globally. Brazilian mills have the ability to switch between ethanol and sugar, depending on the profitability of each.



Source: CRISIL Research

World sugar prices

World sugar prices are extremely volatile. Raw sugar prices are more exposed to volatility than refined sugar, as the share of international trade is higher for raw than for refined sugar.

($ per tonne)	Raw	Refined white
2004-05	230	264
2005-06	349	405
2006-07	230	326
2007-08	273	345
2008-09	339	418
2009-10	448	575
2010-11	585	710
2011-12	500	607
2012-13	401	503
2013-14	383	459
2014-15	306	377

Note: The prices are for the respective sugar season (October - September)

Source: CRISIL Research

There are several reasons for the volatility in world sugar prices. These include:

- High level of distortion in the international sugar market
- Level of trade -- trend in exports as a percentage of production
- Exports concentrated mainly in Brazil, Thailand and Australia

World Sugar Trading

Exports concentrated mainly in Brazil, Thailand and Australia

Sugar exports are concentrated among a small group of countries that are also leading producers. In SS 2015, Brazil, Thailand and Australia have accounted for close to 70% of the global sugar trade. Such a heavy concentration means that the global sugar prices are much more vulnerable to supply developments in just a few countries. A poor crop or a bumper crop in any of these countries can have a profound impact on prices. Other things remaining constant, sugar prices will increase if there is a sharp decline in output in any of the major producing countries, and vice-versa. Sugar production is not particularly responsive to changes in prices. In other words, production cannot increase/decrease quickly in response to changes in the price scenario/outlook. However, production is very sensitive to weather conditions.

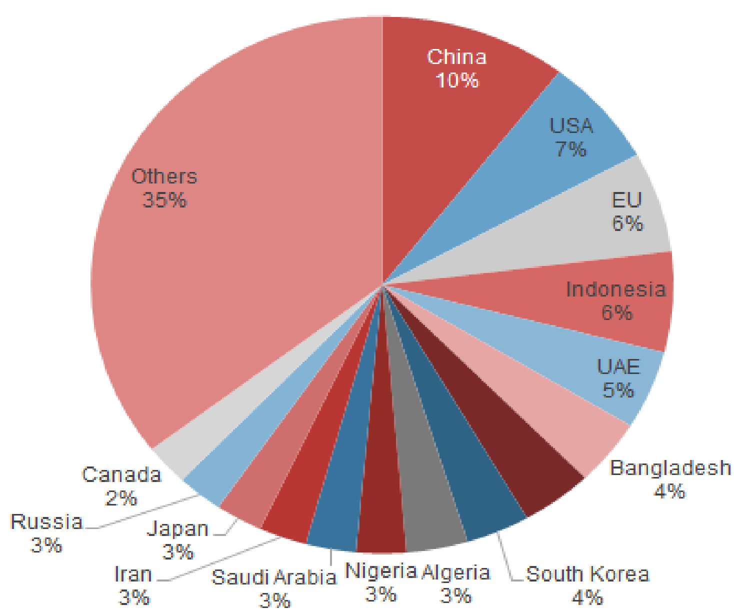
Since the mid-1990s, Brazil, which alone accounts for 45-50 per cent of world sugar exports, appears to be setting the floor for world sugar prices. The depreciation of the Brazilian real, initiated in 1999, further lowered the price at which Brazil could export (since the export realisation, in terms of local currency, did not decline significantly). Over the last 5 years, Brazil has seen about 60-70% of its domestic sugar production directed towards exports.

Imports diversified across the world

On the other hand, the import requirements of around 15-20 countries have to be added up to arrive at the quantum of exports by the top three exporters. This reflects the widely dispersed nature of imports and heavy dependence on the sugar production of Brazil, Thailand and Australia, resulting in the global prices also being heavily influenced by any major events in these countries. China is the largest importer of sugar in 2014-15 followed by the United States, EU and Indonesia.

Increasingly over the past few years, India and China have started to play a significant role. India has dipped considerably into world trade whenever it has seen low production or higher prices. China has seen its production grow at a much slower pace compared to its domestic consumption given the limited arable land, reduction in cane purchase price as well as weather related issues.

Trend in share of countries in global imports (SS 2015)



Source: CRISIL Research

Domestic / Indian Industry Structure

Evolution of the domestic industry

India is the second largest producer and the largest consumer of sugar in the world. In SS 2015, domestic sugar production increased by 16 percent y-o-y to 28.3 million tonnes and recorded a turnover of Rs 660 billion. However, the domestic sugar production declined 10% yoy to 25.4 million tonnes in SS 2016 due to two successive deficient monsoon in 2014 and 2015 impacting the sugarcane acreage in the country and is further expected to decline 12% yoy to 22.4 million tonnes in SS 2017.

The sugar industry in India began with the inception of few mills in Bihar and Uttar Pradesh, in the first decade of the twentieth century. Prior to 1956, most of the sugar factories were in the private sector. There were just three co-operative sugar factories as compared to 140 in the private sector. The Indian government then decided to encourage the growth of the co-operative sector by subscribing to the share capital of co- operatives and supporting them. The co-operative sector took off as a result, so much so that by the 1990s the co-operatives formed 55-60 per cent of the total sugar factories in India.

Highly fragmented industry

The sugar industry in India is highly fragmented. According to National Federation of co-operative Sugar Factories Ltd (NFCSF), approximately 538 sugar factories are under operation for sugar season 2014-15. Of these, around 40 per cent of mills are co-operative while private accounting for the balance share. The concentration of co-operative mills/factories is higher in states such as Gujarat (84 per cent of total factories operating in SS 2014-15), Maharashtra (56 per cent). However, the share of co-operative mills is minimal in other states like Uttar Pradesh (19 per cent) and Karnataka (23 per cent), where most of the mills are owned by private players. In addition, there are a number of players in the unorganised segment, producing gur and khandsari.

Domestic output likely to fall significantly in SS 2017

Domestic sugar production declined 10% y-o-y to 25.4 million tonnes in SS 2016 owing to plunging production in Maharashtra and Karnataka. Therefore, domestic inventory is expected to fall 1.5 million tonnes in SS 2015-16 to 8.4 million tonnes, equivalent to 4 months' consumption.

With production in Maharashtra expected to fall 37-39% to 5.2-5.4 million tonnes, domestic production is expected to further decline ~12% y-o-y to ~22.4 million tonnes in SS 2016-17. CRISIL Research expects cane acreage to decline steeply in the Solapur, Marathwada, and Latur districts of Maharashtra owing to drought. The all-India ending inventory is therefore expected to taper to 2.1 months of consumption in SS 2017. With the government-imposed 20% export duty making export realisations unprofitable, we do not expect any exports in SS 2017.

Domestic Demand-Supply Situation

(million tonnes)	**SS 2011**	**SS 2012**	**SS 2013**	**SS 2014**	**SS 2015**	**SS 2016 (E)**	**SS 2017 (P)**
Opening stock	4.2	5.2	6.2	8.6	7.5	9.9	8.4
Production	24.5	26.2	24.8	24.3	28.3	25.4	22.4
Imports	0.0	0.0	0.7	0.0	0.0	0.0	0.0
Consumption	20.8	22.0	23.0	24.1	24.8	25.6	26.2
Exports	2.7	3.2	0.1	1.2	1.1	1.5	0.0
Closing stock	**5.2**	**6.2**	**8.6**	**7.5**	**9.9**	**8.4**	**4.5**
Closing stock as months consumption	3.0	3.4	4.5	3.8	4.8	4.0	2.1

Domestic Sugar Price Trend

Going forward, CRISIL Research expects prices to average higher by ~5-7% to Rs 34.5-35 per kg in SS 2017, as domestic inventory is expected to further shrink in SS 2017. Domestic supply is estimated to decline for the second consecutive year by 10-12% on-year to 22.4-22.6 million tonnes due to sharp fall in production in Maharashtra. Consumption is expected to exceed production by ~3.9 million tonnes in SS 2017. Therefore, ending inventory would further decline to 2.1 months of consumption in SS 2017 from 4.0 months of consumption in SS 2016. Prices would not cross Rs 36 per kg, as the government has announced its intention to keep retail prices below Rs 40 per kg. However, prices are expected to cool down in Q3 and Q4 SS 2017, as above-normal monsoon in 2016 would lead to increased cane acreage and yield, which would ease supply situation post SS 2017.

CRISIL Research does not expect sugar exports in SS 2017, as the government has imposed 20% export duty in June 2016. Thus, the price differential between sugar sale in domestic market and exports realisations would further increase. However, this is unlikely to provide any support to prices, as decline in domestic supply will overweigh absense of exports in SS 2017.

Domestic sugar prices (Mumbai S-30 variety) forecast

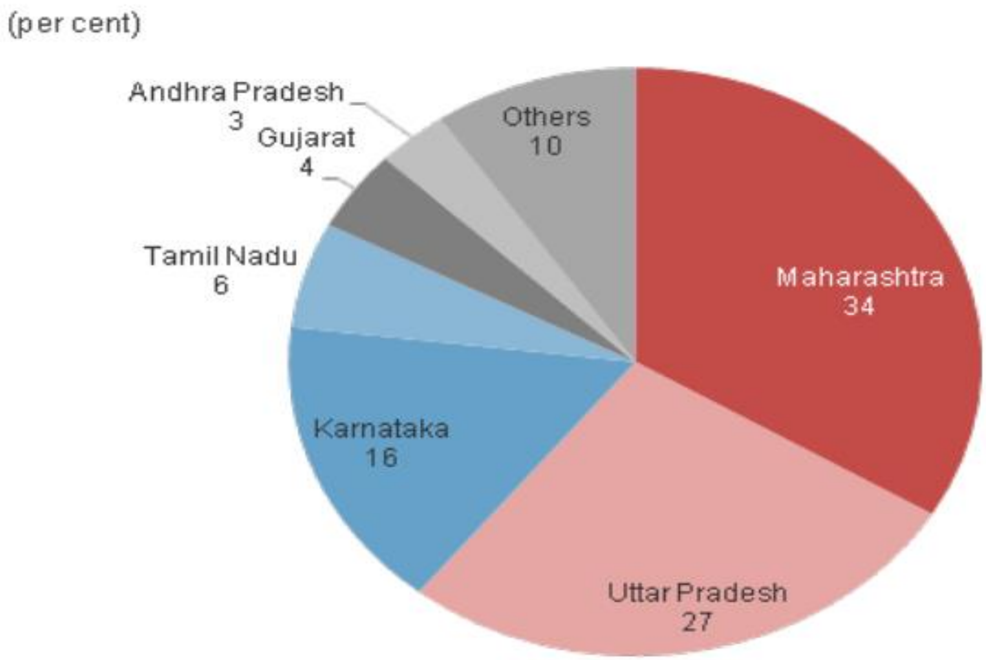
(Rs per kg)	SS 2011-12	SS 2012-13	SS 2013-14	SS 2014-15	SS 2015-16E	SS 2016-17P
Mumbai S-30 price	30.9	32.4	30.2	26.1	32.5-33	34.5-35

Source: CRISIL Research

P: Projected
SS: Sugar Season (October to September)

State-wise sugar production breakup

Since sugarcane is the primary raw material from which sugar is manufactured in India, sugar mills are set up in cane growing states such as Uttar Pradesh, Maharashtra, Tamil Nadu, Karnataka, Andhra Pradesh and Gujarat. These six above mentioned states together account for around 85-90 percent of the sugarcane production in the country. Hence, sugar capacities and production are concentrated in these states.



Note: Share is average of production for SS 2013, SS 2014, SS 2015

Source: CRISIL Research

The impact of two deficient monsoons will be visible even in SS 2017, as production is expected to decline 11-13% y-o-y to 22-22.5 million tonnes.

Planting of sugarcanes for SS 2017 was impacted by low reservoir levels as well as dry weather conditions in 2015, especially in Maharashtra. As of June 30 2016, reservoir levels in Maharashtra were 72% less than normal storage (past ten years' average). Therefore, production in Maharashtra is expected to decline ~38% y-o-y to ~5.3 million tonnes in SS 2017. On the other hand, production in UP is expected to increase marginally to 7.2 million tonnes, as the increase in cane acreage by 5-7% y-o-y will be offset by the decline in recovery on a y-o-y basis. Reservoir levels in Uttar Pradesh were 17% higher than the ten-year average even as the state depends relatively less on the monsoon given its large irrigated area.

State-wise domestic sugar production

	Units	SS 10-11	SS 11-12	SS 12-13	SS 13-14	SS 14-15	SS 15-16E	SS 16-17 P
Maharashtra	Million tonnes	9.2	9.1	8.0	7.7	10.5	8.5	5.3
Y-o-Y Growth	*Per cent*	*31*	*-1*	*-12*	*-5*	*38*	*-19*	*-38*
Uttar Pradesh	Million tonnes	5.9	6.9	7.4	6.4	7.1	7.1	7.2
Y-o-Y Growth	*Per cent*	*14*	*17*	*7*	*-14*	*11*	*0*	*2*
Tamil Nadu	Million tonnes	1.6	1.9	1.9	1.7	1.3	1.3	1.4
Y-o-Y Growth	*Per cent*	*25*	*18*	*4*	*-13*	*-26*	*0*	*8*
Karnataka	Million tonnes	3.7	4.0	3.4	4.2	5.0	4.2	4.3
Y-o-Y Growth	*Per cent*	*46*	*6*	*-14*	*24*	*18*	*-16*	*1*
Others	Million tonnes	4.1	4.0	4.0	4.3	4.3	4.3	4.3
Y-o-Y Growth	*Per cent*	*43*	*-1*	*-1*	*8*	*1*	*0*	*0*
Total	**Million tonnes**	**24.5**	**25.9**	**24.8**	**24.3**	**28.2**	**25.4**	**22.4**
Y-o-Y growth	***Per cent***	***30***	***6***	***-4***	***-2***	***16***	***-10***	***-12***

E: Estimated; P: Projected; Others include states such as Andhra Pradesh, Gujarat, Punjab, Bihar

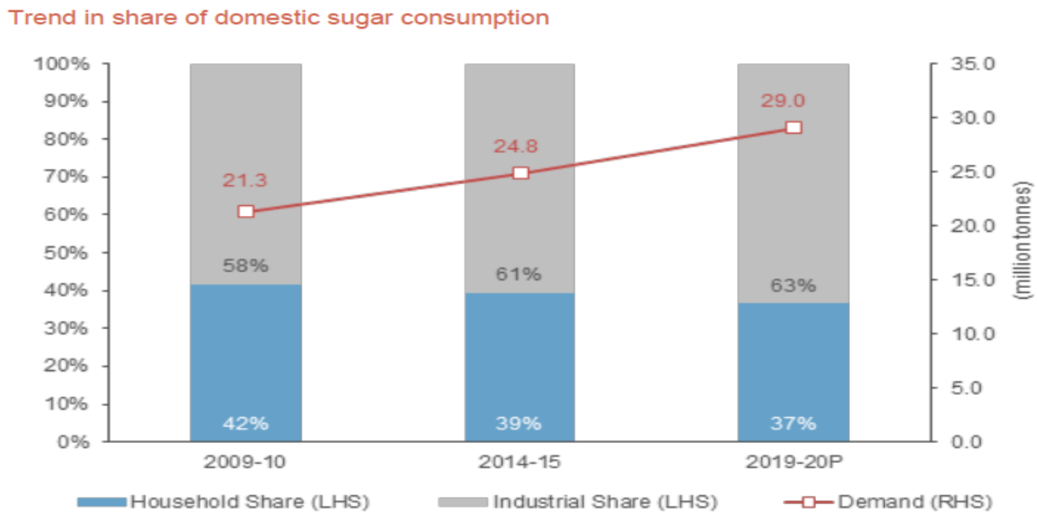
Source: CRISIL Research

Demand

Share of Industrial consumption to rise marginally

CRISIL Research projects indirect demand to rise to 63% by 2019-20, driven by growing consumption of sugar in confectioneries and chocolates, sweets, and soft drinks, etc. Within the industrial mix, the soft and fruit drinks, and confectioneries and chocolates segments would expand the fastest at 7-8% CAGR; however, sweetmeats would still be a dominant driver.

CRISIL Research forecasts per capita sugar consumption to rise at 0.5-1% CAGR to 8.2 kg over five years, as consumers use their higher disposable incomes to increasingly substitute jaggery with sugar. Though demand for alternative sweeteners is also expected to increase, their share in total demand will remain stable. We expect household sugar consumption to grow at 1.9% CAGR till 2019-20, supported by a 1-1.5% rise in population.



Source: CRISIL Research

P - Projected

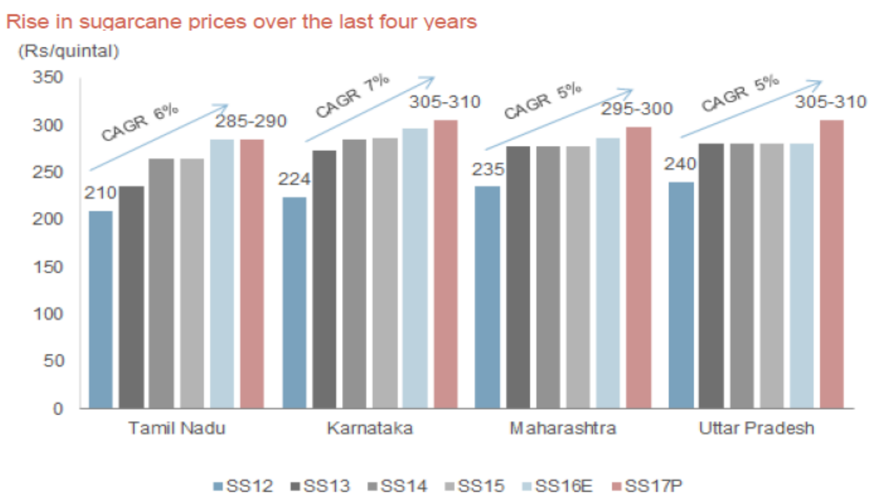
Sugarcane prices

Modest increase in cane prices in SS 2016; FR&P kept unchanged for SS 2016-17

The central government maintained fair & remunerative price (F&RP) at Rs 230 per quintal for sugar season (SS) 2016-17; it had increased the price by Rs 10 per quintal in SS 2015-16. CRISIL Research expects sugarcane procurement price in states which follow state-advised price (SAP), to increase by 5-7% on-year in SS 2016-17 due to steep increase in sugar prices in SS 2016-17. This price has been stagnant at Rs 280 per quintal since SS 2012-13 in Uttar Pradesh.

Even in case of states like Maharashtra and Karnataka which follow F&RP, there will be some rise in sugarcane procurement cost as farmers are likely to ask for higher sugarcane prices. CRISIL Research estimates this increase to be 3-5% on a on-year basis.

Sugar manufacturing cost will be in the range of Rs 32.5 to Rs 33 per kg in SS 2016-17. However, with sugar prices expected to average at Rs 34-Rs 34.5 per kg in SS 2016-17 as per CRISIL Research expects liquidity position of mills to further improve during the season.



Source: CRISIL Research

Cane arrears decline substantially across states on account of better realisations

Due to government incentives and improvement in sugar prices, cane arrears declined steeply from a high of Rs 210 billion in April 2015 to ~Rs 42 billion as of June 2016, as per the Food Ministry data.

Of the major sugar-producing states, Maharashtra has the least amount of arrears, at Rs 5.9 billion as of June 2016. Arrears from Uttar Pradesh declined steeply, from Rs 57 billion as of March 31 2015 to ~Rs 19.8 billion in June 2016.

Cane arrears across major states

(Rs billion)	2010-11	2011-12	2012-13	2013-14	2014-15	June 2016*
Maharashtra	4.2	5.3	6.7	6.5	28.7	5.9
Uttar Pradesh	12.0	43.7	77.8	75.0	97.2	19.8
Karnataka	11.9	13.3	14.1	22.0	24.0	9.0
All India	**43.2**	**85.8**	**127.0**	**131.2**	**192.4**	**42.2**

Note: Cane arrears as of March 31 for each year, *cane arrears as of June 29, 2016

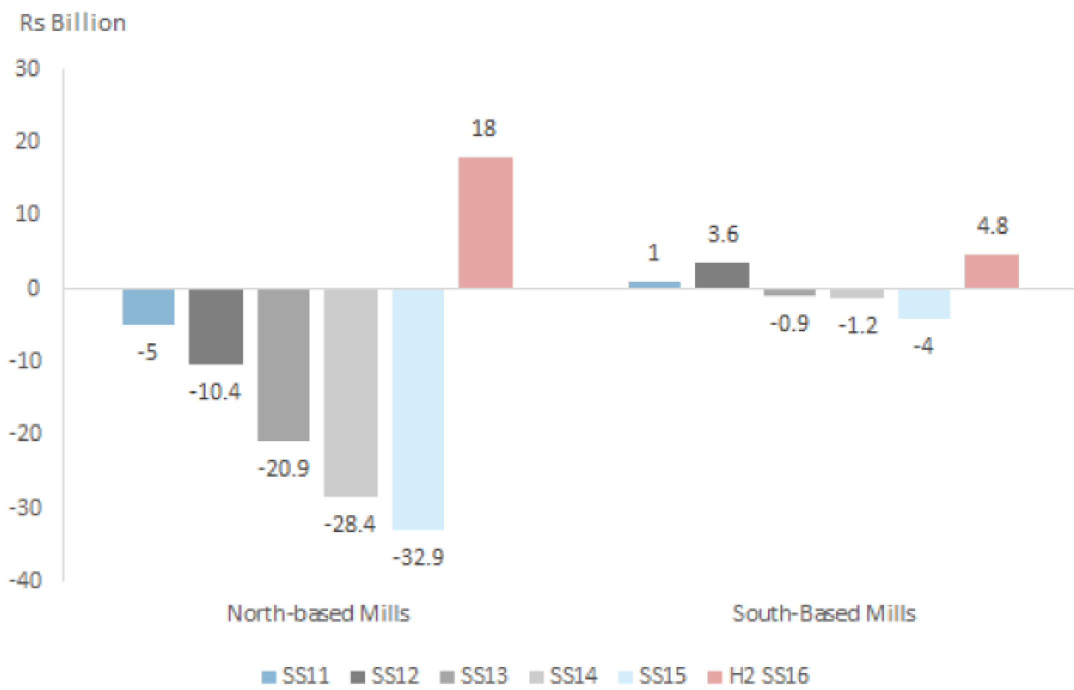
Source: CRISIL Research

Profitability

Profitability of sugar mills to improve sharply in SS2015-16

The profitability of sugar mills has been spiralling downwards since SS 2011 due to significantly higher cane costs and subdued sugar prices. However, with a sharp rebound in sugar prices since the second quarter (Q2) of SS 2016, profitability is expected to improve. Also, for the first time after three sugar seasons (SS 2013, SS 2014, and SS 2015), ex-mill realisations surpassed production cost, albeit slightly. Domestic sugar prices (Mumbai S-30) increased from Rs 27.6 per kg in October 2015 to Rs 36.3 per kg in June 2016.

Net profit / losses for sugar mills



Source: Company Reports, CRISIL Research

Significant improvement in coverage ratio with rise in sugar prices

Interest coverage improved sharply for both the north and the south-based mills in Q1 SS15 with steep increase in sugar prices which led to fall in arrears. On a YTD basis (October 2015-June 2016), the sugar prices (Mumbai S-30 variety) has increased by 43% during SS16, which has substantially improved the sugar realizations for the mills. The interest coverage ratio had detoriorated drastically over the last few years, as low sugar prices forced mills to take loans to pay off the sugarcane arrears to the farmers. Also, high amount of inventory in the system due bumper crop over the last 2 years resulted in higher working capital requirements and hence increased the borrowing cost.

While sharp improvement seen in Q2 SS 2016 is also on account of one off inventory re-valuations by players which increased operating profitability, interest coverage will continue to remain higher than the average of the last 2-3 sugar seasons.

With the decrease in cane arrears (Rs 42 billion in June 2016, as compared to Rs 210 billion in April 2015) and increase in sugar prices, the ratio is expected to remain above 1.5 times in the current sugar season.

Margin expansion for north-based mills to be higher in SS 2015-16

Sugar prices are expected to rise 24-26% year-on-year for SS 2015-16 on account of inventories falling by over 1.5 million tonnes. The anticipation of a further decline in sugar production in SS 2016-17 will aid the price rise. Hence, mills will be able to break even in the sugar segment and make profits due to the high-margin distillery and cogeneration segment. With the government removing excise duty on ethanol sale, margins in the distillery segment will expand, especially for the north-based mills.

Increase in recovery by 100 basis points (bps) y-o-y due to better cane quality and suitable agro-climatic conditions will further help improve margins for these mills. In the cogeneration segment, realisations would improve owing to Uttarakhand Power Corporation Limited increasing power tariff in January 2015. The ethanol segment will also see a rise in realisations by ~10% y-o-y with the removal of excise duty for fuel ethanol for SS 2015-16. Therefore, CRISIL

Research expects the operating margin for north-based mills to improve 1500-1700 bps on a y-o-y basis to 14%-16%, strongly supported by the increase in sugar prices.

Operating margins of south-based mills would improve 300-1500 bps in SS 2015-16. Profitability for sugar mills in Tamil Nadu will be slightly lower due to the state's cap on ethanol production and 14.5% value-added tax on ethanol impacting realisations.

BUSINESS

The following information is qualified in its entirety, and should be read together with the more detailed financial and other information included in this Preliminary Placement Document, including the information contained in "Financial Statements" and "Risk Factors" on pages [●] and [●], respectively, of this Preliminary Placement Document. Except as indicated otherwise, all references in this section to "we", "us", "our", or "our Company" are to Dwarikesh Sugar Industries Limited.

Overview

We are an integrated Indian sugar manufacturing company with sugar, cogeneration facilities and industrial alcohol manufacturing. We process sugarcane, the raw material used in the production of sugar. From the by-products, we produce industrial alcohol and generate power at our sugar mills. We have a combined sugarcane crushing capacity of 21,500 TCD. We also have cogeneration facilities, which have an aggregate installed capacity of 86 MW. Of this installed capacity, 56 MW of power is in excess of our captive consumption of power required to operate our business. We sell this surplus power to the grid under long term power purchase agreements. In addition, we have a distillery at our Dwarikesh Nagar unit with a capacity to produce 30,000 litres of industrial alcohol per day.

In FY 2016 and FY 2015, we had revenue from operations (net) of ₹ 7,943.41 million and ₹ 11,360.74 million, respectively, EBITDA of ₹ 1,168.30 million and ₹ 958.66 million, respectively. In FY 2016, we had a net profit of ₹ 389.66 million and a net loss of ₹ 167.50 million in FY 2015. In FY 2016 and in FY 2015, 84.86% and 82.41%, respectively, of our Total Segmental Revenue was attributable to our Sugar Segment; 12.57% and 16.53%, respectively, to our Cogeneration Segment; and 2.56% and 1.06%, respectively, to our Distillery Segment.

We own and operate a total of three manufacturing facilities, all of which are located in the north Indian state of Uttar Pradesh. At these facilities, we operate our sugar mills and cogeneration plants and at the Dwarikesh Nagar unit, we have a distillery unit as well. Historically, our sugar recovery rates have been amongst the highest compared to other listed peers in the sugar segment in Uttar Pradesh. Our focus is to maintain high sugar recovery primarily through efforts towards cane development leading to improvement in the quality/ variety of sugarcane, better cut to crush time and efficient operation of plants. Additionally, we also endeavour to increase yield at the farm level.

We have integrated our sugarcane processing operations downstream across all of our manufacturing units. We use bagasse (fibrous residue of crushed sugarcane) to produce power and molasses to produce industrial alcohol (primarily ethanol). All of our manufacturing facilities are equipped with cogeneration plants from which we produce power for captive consumption and sale.

Our business is primarily divided into three verticals, namely the sugar manufacturing segment (the "**Sugar Segment**"); the renewable energy segment (the "**Cogeneration Segment**"); and the distillery segment for the manufacture of industrial alcohol (the "**Distillery Segment**").

Sugar Segment

All of our cane crushing units are strategically located in the sugarcane rich belt of Uttar Pradesh, and generally draw their cane from within their reserved areas which may extend to a distance of around 15 kilometres of each such unit. Our Company sources its raw materials from around 87,000 farmers. The products manufactured by our Sugar Segment comprises white (or sulphated) sugar. During the SS 2016, we produced 2.47 million quintals of sugar across our mills. Our 'average sugar recovery' increased from 10.78% in SS 2015 to 11.73% in SS 2016. The Sugar Segment contributed to 84.86% and 82.41% of our Total Segmental Revenue during FY 2016 and FY 2015, respectively. For further information please see "Management's Discussion and Analysis of Financial Conditions and Results of Operations" on page [●] of the Preliminary Placement Document.

Power Segment

Our Company has recognised that a power intensive business like sugar manufacturing needs to maximise generation of power from downstream utilisation of its by-products. Our Company has installed 86 MW of cogeneration capacity in aggregate at all three of our manufacturing facilities. The Cogeneration Segment contributed to 12.57% and 16.53% of our Total Segmental Revenue in FY 2016 and FY 2015, respectively.

Distillery Segment

We have distilleries at Dwarikesh Nagar unit. Total revenue from Distillery Segment contributed to 2.56% and 1.06% of our Total Segmental Revenue in FY 2016 and FY 2015, respectively.

Competitive Strengths

We believe we have consistently achieved higher recoveries from our sugar crushing capacities as compared to other listed sugar manufacturers of Uttar Pradesh

We have achieved relatively high recovery rates of sugar from sugarcane, which is the key profit driver for any sugar manufacturer. In order to achieve higher recoveries from our sugar crushing capacities, we have focused on (i) continued efforts towards cane development and cane procurement activities along with increasing awareness amongst farmers to provide fresh sugarcane, (ii) research and development activities coupled with use of high yielding varieties of sugarcane (such as the Co 0238 variety), (iii) reduction in cut to crush time of sugarcane, and (iv) efficient operation of plants.

Our efforts towards cane development and cane procurement are continuing on a sustained basis. We purchase sugarcane from the farmers through their sugarcane registered societies. Based on the age of the crop, variety and maturity, a harvesting program is chalked out for desired quantity and quality of cane to be procured on a day-to-day basis. The cane department issues cane supply tickets/'parchees' to farmers based on a date-wise pre-harvesting maturity survey. We also coordinate and manage the harvesting and transportation of cane, which reduces the difficulties faced by farmers, and results in higher yields when the cane is transported and crushed in a timely manner. 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. The Cane Development Councils provides assistance to us in relation to improving infrastructure for the transportation of cane. As mentioned above, this enables us to obtain fresh and mature sugarcane, which increases the recovery of sugar.

As part of our cane development initiative, we also focus on engaging farmers in adopting the agricultural practices followed at the demonstration plots. These demonstration plots are in arrangement with farmers who have roadside plots and are easily accessible to other farmers who can adopt the better agricultural practices such as inter-culturing, application of fertilizers, irrigation, sub soiling and cane propping, trench farming followed by integrated pest and disease management followed at such demonstration plots.

In addition, our cane development initiatives in our reserved areas include (a) providing farmers with agro-inputs and fertilizer subsidies to encourage sugarcane production; (b) educating the farmers of modern agricultural techniques including trench farming and autumn planting; and (c) providing subsidies to farmers for the acquisition of quality seeds.

In addition to cane plantation during spring season which is a major planting season across state of Uttar Pradesh, we also adopt trench farming techniques for autumn planting. The production yield and average weight cane stalk is comparatively higher during autumn planting. Also, the technique we follow for autumn planting enables farmers to utilise the space between two rows of autumn planting for inter cropping.

We have also continued to strengthen our research initiatives to identify and adopt higher yielding and early maturing variety of seeds. We have achieved higher sugar recoveries on account of proportionately higher mix of early variety Co 0238 in the total varietal composition. The said variety is an early maturing variety, reasonably good on fiber content and is generally favoured by the farmers on account of its high yield properties. Also, we have distributed nuclear/ certified cane seeds of different improved sugarcane seed varieties such as CoS-767, CoS-8432, CoSe- 03234, CoJ 88, Co 0238, Co 0118, CoJ -83, CoJ- 85, Co 5011 & CoH-160 etc., for raising the foundation seed nurseries and subsequent multiplication in primary and secondary nurseries. The distribution of new improved cane varieties obtained from research stations / centres amongst the farmers on subsidised rates have resulted in higher cane yield and sugar recovery. We have soil testing laboratory and bio-pesticides laboratory to study the application of fertilizers and the ideal sowing conditions for sugarcane seeds. At our soil testing laboratory, we conduct soil testing to evaluate soil fertility status for making suitable recommendations for use of fertilizer, to predict the probable crop response to applied nutrient, to classify soils into different fertility groups for preparing soil fertility maps, and to identify the type and degree of soil related problems like salinity, alkalinity and acidity etc. and to suggest appropriate reclamation/ amelioration measures.

Our continued efforts to minimise cut to crush time of sugarcane, ensuring retention of high sucrose content in sugarcane coupled with favourable climatic conditions and adoption of trench farming technique, enabling accumulation of water and growth of sugarcane in pre-built trenches to improve yield and quality also lead to higher recoveries. Also, efficient operation of plants lead to minimal process losses, which too adds to our high sugar recoveries.

As a result of the factors mentioned above, our sugar recovery increased to 11.73% in SS 2016, compared to 10.78% in SS 2015 and 10.22% in SS 2014.

We have strong relationships with sugarcane farmers

We generally endeavour to make timely payments to sugarcane farmers for sugarcane purchased. As a result, we have built strong relationships and goodwill with farmers in our reserved areas. Despite the cyclical nature of the sugar industry, we have strong ties with around 87,000 sugarcane growers. We have incurred expenses of ₹6,443.68 million (of which subsidies of ₹418.53 million were provided by the State Government of Uttar Pradesh for cane purchased in SS 2015) in FY 2016 and ₹12,011.13 million (of which subsidies of ₹179.97 million and ₹125.25 million were provided by the State Government of Uttar Pradesh for cane purchased in SS 2015 and SS 2014 respectively) in FY 2015 towards procurement, transportation and development of cane in our reserved area providing impetus to rural economy. We encourage the farmers to grow more sugar cane and make cane cultivation attractive and we also provide subsidies to plant better variety of sugar cane. We believe that these relationships are a competitive advantage as farmers practically have no obligation to grow sugarcane or sell their cane to us. They may from time to time switch to other crops that may be more profitable or sell their cane to other buyers. However, we believe that paying farmers on a timely basis provides an incentive for farmers to continue cultivating sugarcane and selling to us. In order to strengthen our relationship with the farmers, we periodically run campaigns and have personal interactions, 'kisangoshtis' (farmers seminars), 'nukkadnataks' (street plays), etc. within our reserved areas to educate the farmers with modern agricultural techniques and methods to improve the quality and quantity of their crop. We undertake several other initiatives to assist farmers in improving their efficiencies and enhance productivity such as use of remote sensing for accurate geological surveys of the command area, using satellite images to enhance sugarcane growth and yield, providing separate web portal for farmers to access information about their calendar, payment status, survey details and loan position, setting up of Kisan Sewa Kendras for providing good quality agrochemicals, and engaging farmers in adopting better agricultural practices followed at demonstration plots.

We believe we have recorded higher EBIDTA margins and net profit margins as compared to other listed sugar manufacturers in the state of Uttar Pradesh due to higher operational efficiencies and reduction in costs

We have recorded one of the highest EBIDTA margins and net profit margins in FY 2016 as compared to other listed sugar manufacturers in the state of Uttar Pradesh. In FY 2016, our EBIDTA margin and net profit margin was 14.55% and 4.85 %, respectively. We believe that we have achieved higher profits due to operational efficiencies and cost efficient manufacturing resulting in reduction in operational costs. Further, we have achieved higher recoveries in FY 2016 due to cane development and cane procurement activities and use of new variety seeds which coupled with locational advantage of our manufacturing facilities, favourable climatic conditions and policies of the Government have enabled us to record higher profits. We have also rationalised our operational and financial costs thereby resulting in higher EBIDTA margin and net profit margin in FY 2016.

Our sugar manufacturing business is well integrated with the production of a diverse array of products such as power and industrial alcohol

We have adopted a business model that integrates the production of sugar with the production of a diverse array of products such as power and ethanol/ industrial alcohol. Such diversification helps us in countering the effect of cyclicality in sugar business. We have recorded higher EBIDTA margins in Cogeneration Segment and Distillery Segment in FY 2013, FY 2015 and FY 2016, supporting the aggregate margins. We utilise the by-products of our existing sugar production processes to increasingly manufacture products such as power and ethanol/ industrial alcohol. We have installed 86 MW of cumulative cogeneration capacity at all three of our manufacturing facilities. These facilities use bagasse to generate power. The ratio of our cogeneration capacity to crushing capacity has been historically high indicating a sound integration of power generation with production of sugar. This ratio was 4MW/Thousand TCD for the year ended March 31, 2016. Additionally, we also have a distillery at our Dwarikesh Nagar unit with capacity to produce 30,000 litres of industrial alcohol per day. It uses molasses, a by-product of our sugar operations, to manufacture industrial alcohol. In order to increase productivity of our Distillery Segment, we have recently installed a bio-methanated spent wash plant at our Dwarikesh Nagar unit that will enable us to address the effluent treatment needs of the distillery, and provide assistance in uninterrupted functioning of the distillery plant for most parts of the year.

Our operations are strategically located within the largest domestic market for sugar.

Our operations are located in India, one of the largest markets for sugar in the world in terms of consumer demand for sugar. In particular, all of our manufacturing facilities are located in the north Indian state of Uttar Pradesh, which was generally the second largest sugar producing state in India in SSs 2016, 2015 and 2014 (*Source: ISMA Handbook and CRISIL Report*). Given our location, we benefit from the following advantages. Firstly, our proximity to sugarcane is an important factor because expedient crushing of sugarcane within a very short time of harvest ensures a better recovery of sugar. Secondly, Uttar Pradesh is on the Gangetic River belt and the water table is higher than most other areas in India and is well irrigated. As a result, sugarcane growth is relatively less exposed to the vagaries of monsoons compared to other sugarcane producing states in the country. Thirdly, our northern-based location generally offers us better price realizations from sugar sales compared to southern-based mills because northern India has a higher population and higher demand for sugar.

We have a committed and experienced management team

Mr. G. R. Morarka, the Managing Director of our Company has over two decades of experience in the sugar industry. For further information, please see "Board of Directors and Senior Management", on page [●] of this Preliminary Placement Document. Our management team has requisite mix of having background from the sugar industry, business management, commerce, etc. They hold qualifications in engineering, business management and accounting. In addition, our senior management team has considerable experience in the sugar manufacturing industry and have been on an average associated with our Company for over 10 years. We have developed a strong relationship between the promoter director and the senior managerial personnel of our Company. This is reflected in the way the management is planning our future growth and taking advantage of the improving dynamics of the sugar industry. Since inception our Company has gone about in a systematic manner to increase the manufacturing capacities to gain advantages of economies of scale.

Our Strategies

Strengthen our focus on cane development and cane procurement

We aim to continue to invest in cane development and cane procurement activities for ensuring better recoveries for us and higher yields for farmers in future. To facilitate increase in cane yield, we seek to educate the farmers in our reserved area and equip them with modern agricultural techniques. This will enable us to increase the quantity of sugarcane that we are able to procure without increasing the size of our reserved areas. In addition, we believe that our coordinated management of the harvesting and transportation of cane will enable us to procure fresh and mature sugarcane in a timely manner, thereby increasing the recovery. We also work with the farmers to improve soil quality and fertility.

Continue to build on operating efficiencies and control costs

We intend to continue to build on operating efficiencies through continuous improvements in operating parameters, research and development and continuous farmer engagement. Our focus on strengthening our efficiencies extends beyond procurement and manufacturing of sugar to propagating the latest practices in farming. We are engaged in practical research of farming techniques to augment the crop yield and safeguard the quality of the soil. We will continue to invest in research and development initiatives in order to identify and propogate superior cane varieties and help farmers to improve their efficiencies to ensure cost efficient manufacturing resulting in reduction in operational costs.

De-leverage balance sheet through cash generation and improve financial parameters

The cyclical nature of the sugar industry over the last several years has required us to increase our aggregate long term debt to equity ratio. We intend to reduce this ratio through a combination of prudent management initiatives, including repayment of certain of high cost debts through the proceeds from this Issue and through internal accruals to strengthen our financial position. With our efforts focused on reaping the benefits of our strength and utilizing the funds generated in the current phase to quickly repay our debts, we are focussed at deleveraging the Company in the near term.

Company History

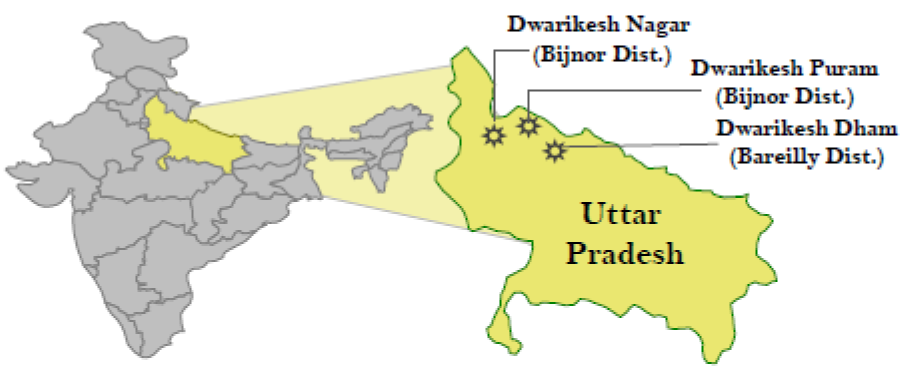
We were incorporated on November 1, 1993 as Dwarka Sugars Limited and subsequently changed our name to Dwarikesh Sugar Industries Limited on April 18, 1994, with the objective of carrying on the business to purchase, manufacture, produce, boil, refine, prepare, import, export, sell and generally to deal in sugar, sugar-candy, jaggery, sugar-beet, sugar cane, molasses, syrups, melada, alcohol, spirits and all products or by-products thereof. The Registered Office of our Company is located at Dwarikesh Nagar- 246 762, District Bijnor, Uttar Pradesh, while the Corporate Office of our Company is located at 511, Maker Chambers- V, 221, Nariman Point, Mumbai 400 021.

In the year 1995, our first integrated sugar plant was set up at Dwarikesh Nagar in the periphery of Bundki village in the Bijnor district of Uttar Pradesh with crushing capacity of 2,500 TCD and cogeneration facility with capacity of 6MW. We commenced supplying surplus power to the State Grid in the year 2002. The crushing capacity and cogeneration capacity has increased in stages to reach its present levels of 6,500 TCD and 17 MW in the years 2002 and 2004, respectively. We set up a distillery at Dwarikesh Nagar in the year 2005 with a capacity of 30,000 litres per day to process molasses into industrial alcohol. Today, our Dwarikesh Nagar Faciltiy is an integrated sugar mill with cogeneration and distillery facilities, and has the capacity to generate power of 17 MW and produce 30,000 litres of industrial alcohol per day.

In the year 2005, our second integrated sugar plant was set-up at Dwarikesh Puram in the limits of Bahadarpur village, which falls in the Dhampur Tehsil of Uttar Pradesh's Bijnor district with a crushing capacity of 7,500 TCD and cogeneration facility with capacity of 9 MW, which was subsequently increased to its present capacity of 33 MW in the year 2007. We commenced supplying surplus power of 24 MW to the State Grid in the year 2008.

Subsequently in the year 2007, our third integrated sugar plant was set up at Dwarikesh Dham in Tehsil - Faridpur, District – Bareilly with a crushing capacity of 7,500 TCD and cogeneration facility with capacity of 36 MW. We commenced supplying surplus power of 24 MW to the State Grid in the year 2008.

The following map shows the location of our current sugar mills, cogeneration facilities and distillery:



Operations

Sugar

Sugar Production Process

The sugar production process involves three steps: (i) crushing, (ii) clarification and crystallization and (iii) separation. First, sugarcane is crushed to extract the sugarcane juice. Then, the juice is filtered to remove any impurities, a process known as clarification, and the juice is boiled until the sugar crystallizes, forming a syrup. These impurities are recycled into soil conditioners and fertilizers known as press mud. Finally, the syrup is spun in a centrifuge which separates the sugar crystals (also called plantation white sugar) and molasses. The plantation white sugar is dried, graded according to the size of the crystals and packed at our sugar factories. We use the molasses generated from the production process to produce industrial alcohol, particularly ethanol. Another by-product of the sugar production process is bagasse, the fibrous residue or sugarcane stalk, left over after crushing the sugarcane and extracting its juice. We use bagasse as a fuel to generate power at our cogeneration facilities. During the crushing season, all of our power needs are satisfied from burning bagasse and we sell the excess power that we produce to the Uttar Pradesh Power Corporation Limited.

We focus on controlling our sugar losses in the production process even though the actual amount of recoverable sugar is largely dependent on the quality and variety of the sugarcane grown by farmers.

Production Capacity and Output

As of March 31, 2016, our total sugarcane crushing capacity was 21,500 TCD. Sugar production is dependent upon the quantity of sugarcane available for crushing and the recovery percentage of sugar from sugarcane. In India, sugar production is seasonal and commences in October and generally ceases by the end of April, by which time the sugarcane available in the reserved area is exhausted. The duration of the crushing period also determines the amount of sugar that is produced.

The following table indicates the sugarcane crushed and the average recovery rate of sugarcane crushed at our three units during SS 2016, SS 2015, SS 2014 and SS 2013:

	Sugarcane Crushed (In Quintals)				**Average Recovery Rate (% of sugarcane crushed)**				**Total No. of Days in Operation**			
	SS 2016	**SS 2015**	**SS 2014**	**SS 2013**	**SS 2016**	**SS 2015**	**SS 2014**	**SS 2013**	**SS 2016**	**SS 2015**	**SS 2014**	**SS 2013**
Dwarikesh Nagar (Dist - Bijnor)	7,821,407	8,288,859	6,754,422	7,730,481	12.12	11.11	10.47	10.32	146	156	141	159
Dwarikesh Puram (Dist - Bijnor)	7,280,891	8,152,637	7,263,772	8,390,189	11.77	10.98	10.52	10.00	127	139	131	148
Dwarikesh Dham (Tehsil Faridpur-District - Bareilly)	5,946,903	6,864,859	6,853,451	8,139,741	11.16	10.14	9.65	9.15	98	113	111	143

The following table sets out a comparison of the average recovery of sugar as a percentage of sugarcane crushed and the duration of crushing season (simple average) in various producer states in the SS 2015.

Region	**Punjab**	**Haryana**	**Uttar Pradesh**	**North Bihar**	**Maharashtra**	**Karnataka**	**Andhra Pradesh**	**Tamil Nadu**	**Puducherry**
Average recovery rate (% of sugarcane crushed)	9.42	9.94	9.53	9.18	11.29	11.06	9.38	8.67	8.89
Length of crushing Season (Days)	128	143	126	101	149	151	92	125	103

Source: ISMA Handbook

All of the sugarcane that we crush is used to produce sugar. We produce ethanol from the molasses and power from bagasse, each of which is obtained as a by-product of our sugar manufacturing process.

Customers

We sell to a wide range of customers in India. We sell sugar primarily in the wholesale domestic market and partly to food and beverage companies through a network of several agents. Further, we sell surplus molasses directly to industrial users such as chemical manufacturers and potable liquor manufacturers and surplus bagasse directly to paper and paper board manufacturers.

Sales and Distribution

In FY 2016, our revenue from operations (net, including intersegment sales and sales from molasses and bagasse) from the Sugar Segment was ₹7,148.05 million, or 84.86% of our Total Segmental Revenue, compared to revenue from operations (net, incl. intersegment sales and sales from molasses and bagasse) of ₹9,995.04 in FY 2015, or 82.41% of our Total Segmental Revenue in that period.

Our major sales of sugar, molasses and bagasse are in the domestic market, primarily in North India, through a network of agents.

We sell nearly all of our sugar in the wholesale market through selling agents. Our agents primarily procure/purchase orders in the wholesale market, and we invoice purchasers directly. To mitigate the risk of non-payment, we generally dispatch orders only after we receive payment. We pay our selling agents a commission based on each metric ton of sugar they sell.

Cogeneration

Power Generation Process

On crushing of sugarcane, bagasse is generated as a by-product which is combustible and the same is used for producing steam. The steam so produced is also used in the process for generating power. The power generated in excess of captive consumption requirement is exported to UPPCL.

Production Capacity and Output

We have established cogeneration facilities at all of our sugar mills which have a total installed capacity of approximately 86 MW of power.

Customer Sales and Distribution

We sell all of the surplus power we generate to the Uttar Pradesh Power Corporation Limited and its affiliates through power purchase agreements with its distribution companies. Our revenue from operations (inclusive of intersegment sales) from the power segment in FY 2016 and FY 2015 were ₹ 1,059.10 million and ₹ 2,005.17 million, respectively, or approximately 12.57% and 16.53% of Total Segmental Revenue in these years, respectively. In FY 2016, the average price at which we sold our excess power was approximately ₹ 4.88 per unit of power sold.

Distillery

Production Process

We produce ethanol from molasses through fermentation and distillation. First, we convert the molasses into fermented wash by diluting the molasses with water and then adding yeast to encourage fermentation. After the fermentation process, the yeasted wash is centrifuged to separate the yeast from the liquid. We then boil the wash at different temperatures in a vacuum, which causes the alcohol to separate from the other liquids. After a number of distillation stages, the concentration of alcohol rises up to 95% by volume to produce rectified spirit. To produce ethanol, the water content in rectified spirit is removed through a molecular sieve. The ethanol obtained contains nearly 100% of alcohol by volume.

Production Capacity

Our industrial alcohol production capacity is 30,000 litres of industrial alcohol per day, which we produce at our Dwarikesh Nagar unit. Our total sales of industrial alcohol was 3.73 million litres and 5.40 million litres for FY 2015 and FY 2016 respectively.

Sales and Distribution

In FY 2016, our revenue from operations (inclusive of intersegment sales) from distillery operations were ₹ 215.84 million, or approximately 2.56% of our Total Segmental Revenue, compared to revenue from operations (incl. of intersegment sales) of ₹ 128.65 million, or 1.06% of our Total Segmental Revenue in FY 2015.

Raw Material

Sugarcane is the principal raw material used in the production of sugar. Sugarcane is a tropical grass that grows best in locations with stable warm temperatures and high humidity. The climate and topography of the southwestern Indian State of Maharashtra, the southern and central States of Karnataka and Madhya Pradesh and the northern region of India, notably the State of Uttar Pradesh, are ideal for growing sugarcane. Uttar Pradesh accounted for approximately 34.60% and Maharashtra accounted for approximately 26.96% of India's sugarcane production in SS 2015 (*Source: ISMA Handbook*).

We purchase sugarcane directly from sugarcane growers' societies involving approximately 87,000 sugarcane farmers within our reserved or allocated areas. Any farmer growing sugarcane within a certain distance around a sugar mill, also known as the reserved area, is required to supply the sugarcane to that mill under an agreement entered into with the mill, and the mill is required under law to purchase the sugarcane and ordinarily make payment to the farmer within 14 days of purchase. The purchase price of the sugarcane we procure is fixed by GoI or the State Government of Uttar Pradesh. If the mill is unable to crush all of the sugarcane within its reserved area, the reserved area is reallocated to a mill that is able to crush the cane. Reserved areas are allocated on an annual basis. For detailed sugarcane purchase regulations see "Supervision and Regulations" on page [●] of this Preliminary Placement Document.

The annual sugarcane harvesting period in the northern region of India generally begins in October and ends in April or May. Once sugarcane is harvested, small farmers in the vicinity of the mills transport their respective yields directly to the mill by bullock carts, tractors and trucks. We have set up several collection centers within our reserved areas to which local farmers bring their sugarcane, which is then weighed, collated and transported to our mills. We organize the farmers' harvesting and supply schedules and payments are managed electronically using an electronic database. Data from our entire production process, ranging from sugarcane supply to sugarcane crushed per day, is stored in an electronic database.

The tables below set forth our estimates of details of our culturable area, reserved area, sugarcane area, sugarcane yield and sugarcane drawal for each of our existing mills. Culturable area is the area of land in the vicinity of our mills suitable for the cultivation of sugarcane. Reserved area is the area around a sugar mill within which sugarcane grown must be purchased by such sugar mill, subject to a minimum distance of 15 kilometers between sugar mills. Sugarcane area includes our reserved area and any other culturable area that is assigned to us by the sugarcane commissioner of a particular area on an annual basis. Sugarcane yield is the amount of sugarcane produced by the sugarcane area. Sugarcane drawal is the percentage of sugarcane available to us from the sugarcane yield which we crush.

	Culturable Area (hectare)				***Sugarcane Area***				***Reserved Area (hectare)***			
Mills under operation	**SS 2013**	**SS 2014**	**SS 2015**	**SS 2016**	**SS 2013**	**SS 2014**	**SS 2015**	**SS 2016**	**SS 2013**	**SS 2014**	**SS 2015**	**SS 2016**
Dwarikesh Nagar (Dist - Bijnor)	32,675	32,675	32,675	32,675	27,761	26,496	25,842	26,405	27,761	26,496	26,073	26,432
Dwarikesh Puram (Dist - Bijnor)	39,899	39,899	39,899	39,899	28,075	27,434	26,280	25,506	28,075	27,434	26,282	25,506
Dwarikesh Dham(District - Bareilly)	96,000	96,000	96,000	96,000	30,365	25,671	20,589	21,967	30,365	25,671	20,589	21,857

	Sugarcane Yield (metric tonnes/ hectare)				***Sugarcane Drawal (%)***			
Mills under operation	**SS 2013**	**SS 2014**	**SS 2015**	**SS 2016**	**SS 2013**	**SS 2014**	**SS 2015**	**SS 2016**
Dwarikesh Nagar (Dist - Bijnor)	57.69	58.47	59.93	65.74	48.63	43.61	53.64	45.02
Dwarikesh Puram (Dist - Bijnor)	57.69	58.47	59.93	65.74	51.81	45.28	51.74	43.43
Dwarikesh Dham(District - Bareilly)	57.64	62.65	61.56	61.69	45.92	42.75	54.31	43.36

Each of our facilities has packaging facilities, distribution capabilities and inventory storage facilities. During the off-season period from May or June to September, the mills do not operate and are subject to routine equipment maintenance, repairs and upgrades.

Competition

According to the CRISIL Report, the Indian sugar industry is highly fragmented with approximately 538 installed sugar factories (for SS 2015). Of these, around 40% of the mills are in the co-operative sector and the balance mills are in the private sector according to the CRISIL Report. We believe that we are one of the most efficient independent sugar producers in India in terms of sugar recovery, with 11.73% of crushed sugarcane during SS 2016. Our primary competition in the integrated sugar sector are Bajaj Hindusthan Limited, Dhampur Sugar Mills Limited and Triveni Engineering & Industries Limited, amongst others.

We currently do not face any significant competition from international sugar producers in the Indian sugar market because there are limited imports of plantation white sugar in India due to high freight costs and import tariffs imposed by the Indian Government when domestic sugar supplies are sufficient to meet demand for sugar in India.

Research and Development

Over the years, we have developed our systems to ensure optimisation of our margins. For more details, please see "– Competitive Strengths – We believe we have consistently achieved higher recoveries from our sugar crushing capacities as compared to other listed sugar manufacturers of Uttar Pradesh" on page [●] of this Preliminary Placement Document. We are engaged in practical research of farming techniques to augment the crop yield and safeguard the quality of the soil.

Employees

As at March 31, 2016, we had 638 permanent employees on our rolls. In addition, as at March 31, 2016, we had 643 seasonal workers, who are employees of the Company and work only during the sugarcane crushing season. These seasonal workers are also paid a minimum wage during off-seasons depending on their skill sets. There are 2 recognized trade unions of our Company namely Dwarikesh Sugar Mill Karmchari Kalyan Sangh and Dwarikesh Sugar Mill labour Association.

Insurance

Our Company's sugar stock, molasses stock, bagasse stock, inventory of industrial alcohol and all stores stocks are insured against Fire Risk and Other Perils by maintaining various insurance covers aggregating to a sum of ₹ 6,937 million. Similarly, we have taken various insurance covers aggregating to a sum of ₹ 9,802 million for our fixed assets i.e. building, plant and machinery, furniture and fixtures and office equipment covering risk of fire, earthquake and other perils. We have also taken marine policies amounting to ₹6,570 million to cover transit risk of sugar, ethanol and critical equipment/ raw materials. Besides the above, our Company also takes Electronic All Risk Policy for its electronic equipment, Personal Accident Insurance for its employees, cash in transit/cash in safe policies, Public Liability Insurance and short term Machine Breakdown Policies also. All these policies are provided by New India Assurance Company Limited and National Insurance Company Limited. All these policies are renewed periodically. We do not anticipate having any difficulties in renewing any of our insurance policies and believe that our insurance coverage is reasonable in amount and consistent with industry standards.

Intellectual Property

We have 8 trademarks registered across 7 classes. Our sugar is primarily sold under the "DWARIKESH" brand, which is registered under 7 classes.

Health, Safety and Environment

We believe that we are in compliance, in all material respects, with applicable health safety and environmental regulations and other requirements in our operations and also maintain personal accident insurance policies. We believe that accidents and occupational hazards can be significantly reduced through a systematic analysis and control of risks and by providing appropriate training to management and employees.

Corporate Social Responsibility

The Board of Directors of the Company has constituted a corporate social responsibility committee consisting of three Directors, one of whom is an Independent Director. The Board of Directors will ensure that at least 2% of the average net profit of the preceding three years is spent on the corporate activities every year. The CSR Committee will review, approve and validate the spending on CSR activities. The approach of the Company is to bring about sustainable development through balancing commercial and economic progress with social and environmental development. Schedule VII of the Companies Act 2013, outlined the categories of activities which a company is required to undertake for fulfilment of its obligation towards CSR.

Related Party Transactions

From time to time, we enter into transactions with affiliates or related parties, principally with our Promoter Group companies. Our policy is that such transactions are made on an arm's length basis on no less favourable terms than if such transactions were carried out with unaffiliated third parties. Details of related party (as per AS 18) are set out in "Board of Directors and Senior Management – Related Party Transactions" on page [●] of this Preliminary Placement Document.

Legal Proceedings

We are involved in various legal proceedings that are at different levels of adjudication before various courts and tribunals, including before the Supreme Court of India. These legal proceedings are primarily in the nature of civil proceedings, tax proceedings, competition commission proceedings, labour proceedings and criminal proceedings. The results of these claims and legal proceedings cannot be predicted and these claims and legal proceedings, individually or in the aggregate, may have a material adverse effect on our business (both in the near and long term), liquidity, financial position, cash flows or results of operations. For further details of our material litigation, see "Legal Proceedings" and "Risk Factors" on page [●] and [●], respectively, of this Preliminary Placement Document.

SUPERVISION AND REGULATIONS

The following description is a summary of certain sector specific laws and regulations as prescribed by the Government of India ("GoI") or state Governments which are applicable for our Company. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below are not exhaustive, and are only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional legal advice. The statements below are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

Laws relating to sugar industry

The sugar industry is related to Entry 33 of the List III of the Seventh Schedule to the Constitution of India (the "Constitution") and sugarcane is an article related to the sugar industry. Sugar, sugarcane, and molasses are covered under "Foodstuffs" which is enumerated in Clause (b) to the Entry 33 of the Seventh Schedule of the Constitution. Accordingly, both Central and State Governments are empowered to legislate on this subject, and such legislation would be applicable to our business.

The Industries (Development and Regulation) Act, 1951, as amended (the "IDRA"), provides for the development and regulation of certain industries, including the sugar industry. In 1998, the sugar industry was de-licensed. Therefore, currently no license is required to be obtained under the IDRA for setting up of a new sugar mill. An Industrial Entrepreneur Memorandum is required to be filed with the Secretariat for Industrial Assistance ("SIA"), Ministry of Commerce and Industry, Government of India for the purposes of setting up or expanding the existing capacities of a sugar mill.

Essential Commodities Act, 1955, as amended (the "Essential Commodities Act")

The Essential Commodities Act gives powers to control production, supply, distribution etc. of essential commodities for maintaining or increasing supplies and for securing their equitable distribution and availability at fair prices. 'Sugar' has been defined under the Essential Commodities Act as (i) any form of sugar containing more than ninety per cent of sucrose, including sugar candy; (ii) khandsari sugar or bura sugar or crushed sugar or any sugar in crystalline or powdered form, or (iii) sugar in process in vacuum pan sugar factory or raw sugar produced therein.

Under the powers conferred under Section 3 of the Essential Commodities Act, the Central Government has passed, inter alia, the following legislations regulating the production, sale and purchase of sugar and sugarcane:

The Sugar (Control) Order, 1966

The Sugar (Control) Order, 1966, confers on the Central Government powers of issuing directions regulating or restricting the production, sale, distribution, quality and storage of sugar, calling for information from producers or recognized dealers, inspection, entry, search, sampling and seizure of sugar. In pursuance of these powers, the Central Government has from time to time issued directions.

Earlier, the central government would regulate the month-to-month release orders for the sale of sugar in the open market as well as the quantity of levy sugar to be delivered by sugar mills for public distribution systems against their levy sugar allocations under clause 5 of the Sugar (Control) Order, 1966.

The Sugarcane (Control) Order, 1966

The key provisions of the Sugarcane (Control) Order, 1966, include:

- The Government is empowered to fix a fair and remunerative price for sugarcane procured and purchased by a sugar mill.

- No new sugar factory can be set up within the radius of 15 kilometers of any existing sugar factory or another new sugar factory.
- Payments to the sugarcane farmers must be made within 14 days from the date of delivery of the sugarcane.
- This order also provides for payment of interest on amounts overdue after delivery of sugarcane, regulation of distribution and movement of sugarcane, licensing and regulation of power crushers and khandsari units, issue of directions to producers of khandsari sugar, power to call for information etc. from producers and powers of entry, search and seizure.
- The central governemnet has delegated powers to state governments in respect of regulation of distribution and movement of sugarcane to sugar mills.

Sugar (Packing And Marking) Order, 1970 and Jute Packaging Materials (Compulsory Use in Packing Commodities) Act, 1987

The Sugar (Packing and Marking) Order, 1970 required 100% of sugar to be packaged in A-twill jute bags. However the Central Government vide CCEA Press Release dated December 9, 2015 under the provisions of Jute Packaging Materials (Compulsory Use in Packing Commodities) Act, 1987 has provided for 20% of sugar production to be packed in jute bags and rest can be packed in PP bags. The Sugar (Packaging and Marketing) Order, 1970 also details the markings to be indicated on such bags. Small consumed packs of sugar that are meant for the purpose of export have been exempted from the compulsory use of jute bags.

Sugar Cess Act, 1982

The Sugar Cess Act, 1982, as amended ("Sugar Cess Act") empowers the Government to levy a cess on sugar. Funds generated by the cess are used to promote the development of the domestic sugar industry by providing financial assistance for the rehabilitation and modernization of sugar factories, expand sugarcane production and make research grants to encourage further development of the sugar industry.

Net proceeds generated by the cess are credited to the Sugar Development Fund described below. The Sugar Cess Rules, 1982 were promulgated under the Sugar Cess Act and govern the accounting reports, accounts and other related returns to be furnished to the Government by sugar factories.

Sugar Development Fund Act, 1982 as amended

The Sugar Development Fund Act, 1982 ("SDF Act") established the Sugar Development Fund to promote the development of the sugar industry by providing low-interest loans to rehabilitate and modernize sugar factories, help expand sugarcane production and make research grants to encourage further development of the sugar industry. Such fund is also used to purchase sugar in case of excess production, to create a buffer stock to help stabilize the price of sugar. The Sugar Development Fund Rules, 1983 were promulgated pursuant to Section 9 of the SDF Act and govern:

(i) the terms and conditions of loans or grants made from fund sources,
(ii) the manner and form in which applications are to be made,
(iii) the composition of the relevant committee and the procedure to be followed by such committee in the discharge of its functions, and
(iv) the form in, and the period within, which statistical and other information may be furnished by sugar factories.

The U.P. Sugarcane (Regulation of Supply and Purchase) Act, 1953

The U.P. Sugarcane (Regulation of Supply and Purchase) Act, 1953, regulates the supply and purchase of sugarcane for use in sugar factories and jaggery, rab or khandsari manufacturing units. The key provisions of this Act are as follows:

- This statute provides for setting up of certain agencies like development councils and cane growers' societies.
- The Act provides for an officer to be appointed as the sugar cane commissioner in a prescribed area called the "Cane Commissioner", and includes an additional cane commissioner.
- The Cane Commissioner shall, on application by the occupier of a factory, reserve or assign an area for the purposes of supply of sugarcane to the factory.

- In the case of a reserved area, the occupier of the factory may be directed to purchase all the cane grown in that area; however, the occupier of the factory is obligated to purchase the bonded sugarcane within the reserved area of such a factory.
- In the case of an assigned area, the Cane Commissioner may determine the quantity of cane to be offered for sale to the occupier of the factory.
- The State Government fixes the State Advised Price ("SAP") under the provisions of this statute. It is mandatory for every factory to pay the SAP on purchase of sugarcane.
- Every factory is also required to pay commission to the sugarcane growers' society or the development council (if the purchase is made directly from the sugarcane grower) on purchase of sugarcane.
- The U.P. Sugarcane (Regulation of Supply and Purchase) Rules, 1954 have been framed under the U.P. Sugarcane (Regulation of Supply and Purchase) Act, 1953 to specify the procedures for implementation of the underlying act.

The U.P. Sugarcane Supply and Purchase Order, 1954

The U.P. Sugarcane Supply and Purchase Order, 1954 provides the procedure for purchase of cane in a reserved or assigned area. It prescribes relevant forms of agreement between the sugarcane grower and the factory, as well as the sugarcane growers' societies and the factories. Under this statute, a sugarcane grower or a sugarcane grower's society may offer, in the prescribed form, to supply cane grown in the reserved area to the occupier of the factory, within a specified period after an order reserving an area for a factory has been issued. Upon the receipt of such offer, the factory and the cane grower or the growers' society, as the case may be, enter into an agreement, in the prescribed form, whereby the farmer or the growers' society agrees to sell a specified quantity of sugarcane during a particular Sugarcane Season. If a party fails to comply with its obligations under such agreement it is required to compensate the other. The agreement further provides that any dispute between the parties regarding the quality and condition of the cane, the place of delivery, the instalments and other matters relating to such agreement shall be referred to arbitration and that no suit shall lie in civil or revenue courts in this regard.

The U.P. Restriction on Sugarcane Purchase Order, 1966

The U.P. Restriction on Sugarcane Purchase Order, 1966, sets forth restrictions regarding the purchase and crushing of sugarcane with the view of regulating and increasing the supply of sugarcane for securing equitable distribution thereof.

The U.P. Sugarcane (Purchase Tax) Act, 1961

The U.P. Sugarcane (Purchase Tax) Act, 1961 imposes a tax on the purchase of sugarcane by factories and certain jaggery, rab or khandsari sugar manufacturing units. The key provisions of this statute are as follows:

- It provides for the levy of a tax on the purchase of sugarcane at a specified rate.
- The purchase tax levied shall be payable by the owner of the factory and in the event of any delay in payment of the tax, the owner shall be liable to pay interest from the due date until the date of payment.
- The State Government is also empowered under this statute to allow remission of purchase tax.
- No sugar produced shall be removed from the factory for consumption, sale or for manufacture of any other commodity in or outside the factory before the payment of the purchase tax.
- The U.P. Sugarcane (Purchase Tax) Rules, 1961 sets forth the procedural rules related to purchase tax.

The U.P. Sheera Niyantran Adhiniyam, 1964

The U.P. Sheera Niyantran Adhiniyam, 1964 regulates the storage, grading and price of molasses produced by the sugar factories. Some of its key features are:

- This statute provides for preservation, storage, sale and supply of molasses and empowers the State Government to fix the maximum price of molasses.
- It provides for the maintenance of a molasses storage fund by every sugar factory.
- Levy of administrative charges on the molasses sold and supplied by a sugar factory.

The U.P Sheera Niyantaran Niyamavali, 1974

The Uttar Pradesh Sheera Niyantran Niyamawali, 1974 have been framed under the provisions of the U.P. Sheera Niyantran Adhiniyam, 1964. Rule 23 of the Uttar Pradesh Sheera Niyantran Niyamawali, 1974 empowers the State Government to levy administrative charges, exclusive of the price payable to a sugar factory, on the molasses released for sale by the controllers, towards meeting the cost of establishment for supervision and control over molasses at such rates as may be notified from time to time. Further, the rules provide that every occupier of sugar factory is required to deposit the amount of administrative charges payable on molasses released for sale.

The U.P. Vacuum Pan Sugar Factories Licensing Order, 1969

The U.P. Vacuum Pan Sugar Factories Licensing Order, 1969 empowers the U.P. state government to regulate the production of sugar by the vacuum pan sugar factories. Accordingly, the state government has started a practice of one time license for sugar manufacturing.

The Sugar Export Promotion Act, 1958

The Sugar Export Promotion Act, 1958 provides for the export of sugar in public interest and for the levy and collection, in certain circumstances, of an additional duty of excise on sugar produced in India. The central government has the power to fix, from time to time, the quantity of sugar to be exported during any given period under certain circumstances. This act also provides for the establishment of an export agency, which shall take measures to export sugar delivered to it under this Act.

Laws relating to the Distillery Industry

In addition to the regulations set out below, the distillery industry is subject to general fiscal legislations in India such as excise and tax.

The U.P. Molasses Advisory Committee Rules, 1965

The U.P. Molasses Advisory Committee was set up to advice on matters pertaining to the control of storage, preservation, gradation, price, supply and disposal of molasses.

The Molasses Control (Regulation of Fund for Erection of Storage Facilities) Order, 1976

The Molasses Control (Regulation of Fund for Erection of Storage Facilities) Order, 1976 was passed for the regulation of the separate funds, set up for the erection of storage facilities for molasses by every sugar factory. It provides provisions for maintenance of funds, utilization of funds and furnishing of information to the Molasses Controller or his nominee.

Laws relating to the Power Industry

The Electricity Act, 2003

The Electricity Act, 2003 was enacted to consolidate the laws relating to the generation, transmission, distribution, trading and use of electricity and generally for taking measures conducive to the development of the power industry. These include promoting competition, protecting interests of consumers and supply of electricity to all areas, rationalisation of electricity tariff, ensuring transparent policies regarding subsidies, promotion of efficient and environmentally benign policies, the constitution of the Central Electricity Authority and regulatory commissions, and the establishment of an appellate tribunal.

Electricity Rules, 2005

The Electricity Rules, 2005 were framed under the Electricity Act, 2003 and lay down the requirements of captive generating plants and generating stations. The authorities constituted under these rules may give appropriate directions for maintaining the availability of the transmission system of a transmission licensee.

Uttar Pradesh State Electricity Laws

- U.P. Electricity Reforms Act, 1999
- Utter Pradesh Electricity Regulatory Commission (Procedure, Terms & Conditions for Grant of Trading Licence for Intrastate Electricity Trader and other related Provisions) Regulations, 2004
- Utter Pradesh Electricity Regulatory Commission (Terms and Conditions of Generation Tariff) Regulations, 2004
- Uttar Pradesh Electricity Regulatory Commission (Terms and Conditions for Open Access) Regulations, 2004
- Uttar Pradesh Electricity Regulatory Commission (Terms & Conditions for Supply of Power and Fixation of Tariff for Sale of Power from Captive Generating Plants, Co-generation, Renewable Sources of Energy and other Non-conventional Sources of Energy based Plants to a Distribution Licensee) Regulations, 2005
- Uttar Pradesh Electricity Regulatory Commission (General Conditions of Transmission Licence) Regulations, 2005
- U.P. Electricity Regulatory Commission (Terms and Conditions for Determination of Distribution Tariff) Regulation, 2006
- Uttar Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2006
- U.P. Electricity Supply Code, 2005
- U.P. Electricity Grid Code, 2007
- Uttar Pradesh Electricity Regulatory Commission (Consumer Grievance Redressal Forum & Electricity Ombudsman) Regulations, 2007
- United Provinces Electricity (Temporary Powers of Control) Act, 1947
- U.P Electricity (Duty) Act, 1959
- U.P Electricity (Duty) Rules, 1959
- U.P Government Electrical Undertakings (Dues Recovery) Act, 1963
- U.P Electric Wires and Transformers (Prevention and Punishment) of Theft Act, 1976
- U.P Electric Wires and Transformers (Prevention and Punishment) of Theft Rules, 1977
- Indian Electricity (Uttar Pradesh Amendment) Act, 1975
- Indian Electricity (Uttar Pradesh Amendment) Act, 1976
- Electricity Supply (Uttar Pradesh Amendment) Act, 1972
- Electricity Laws (Uttar Pradesh Amendment) Act, 1974
- Electricity Laws (Uttar Pradesh Amendment) Act, 1983
- Indian Electricity (Uttar Pradesh Amendment) Act, 1986
- U.P Electricity (Temporary Powers of Control) (Amendment and Miscellaneous Provisions) Act, 1956

Environment related Laws

Water (Prevention and Control of Pollution) Act 1974 ("Water Act")

The Water Act mandates that the previous consent of the SPCB be taken before establishing any industry, operation or process, or any treatment and disposal system or any extension or addition thereto, which is likely to discharge sewages or trade effluent into a stream or well or sewer or on land; or bring into use any new or altered outlet for the discharge of sewage; or begin to make any new discharge of sewage. In addition, a cess is payable under the Water (Prevention and Control of Pollution) Cess Act, 1977 by a person carrying on any specified industry. The person in charge is to affix meters of prescribed standards to measure and record the quantity of water consumed. Furthermore, a monthly return showing the amount of water consumed in the previous month must also be submitted.

Air (Prevention and Control of Pollution) Act, 1981 ("Air Act")

The Air Act was enacted for the prevention, control and abatement of air pollution. The state government may declare any area as air pollution control area and the previous consent of the SPCB is required for establishing or operating any industrial plant in such an. Further, no person operating any industrial plant, in any air pollution control area is permitted to discharge any air pollutant in excess of the standard laid down by the SPCB. The persons managing industry are to be penalized if they produce emissions of air pollutants in excess of the standards laid down by the State Board. The Board also makes applications to the court for restraining persons causing air pollution.

Whoever contravenes any of the provision of the Act or any order or direction issued is punishable with imprisonment for a term which may extend to three months or with a fine of ₹ 10,000 or with both, and in case of continuing offence with an additional fine which may extend to ₹ 5,000 for every day during which such contravention continues after conviction for the first contravention.

The Environment (Protection) Act, 1986

The Environment Protection Act provides for the protection and improvement of the environment and for matters connected there with, including without limitation the standards of quality of air, water or soil for various areas and purposes, the maximum allowable units of concentration of various environmental pollutants, procedure for handling of hazardous substances, the prohibition and restrictions on the location of industries and the carrying on of processes and operations in different areas. Among other things, these laws regulate the environmental impact of construction and development activities, emission of air pollutants and discharge of chemicals into surrounding water bodies. These various environmental laws give primary environmental oversight authority to the Ministry of Environment and Forest ("MoEF"), the CPCB and the SPCB. Penalties for violation of the EPA include fines up to ₹ 100,000 or imprisonment of up to five years, or both.

Environment Impact Assessment

The MoEF looks into Environment Impact Assessment ("EIA"). The MoEF receives proposals for expansion, modernisation and setting up of certain projects and the impact, which such projects would have on the environment, is assessed by the MoEF before granting clearances for the proposed projects. The EIA Notification issued under the EPA and the Environment (Protection) Rules, 1986 requires prior MoEF approval if any new project in certain specified areas is proposed to be undertaken. To obtain environmental clearance, a no-objection certificate must first be obtained from the applicable regulatory authority. This is granted after a notified public hearing, submission and approval of an environmental impact assessment report that sets out the operating parameters such as the permissible pollution load and any mitigating measures for the mine or production facility and an environmental management plan. For projects that require preparation of an EIA report, public consultation involving public hearing and written responses is conducted by the State PCB, prior to submission of a final EIA report. The environment clearance (for commencement of the project) is valid for up to 30 years for mining projects and five years for all other projects and activities. This period of validity may be extended by the concerned regulator for up to five years. The EIA Notification states that obtaining of prior environment clearance includes four stages, i.e., screening, scoping, public consultation and appraisal.

The Inflammable Substances Act, 1952

The Inflammable Substances Act, 1952 is an act to declare certain substances to be dangerously inflammable and to provide regulation for their import, transport, storage and production.

The Manufacture, Storage and Import of Hazardous Chemicals Rules, 1989

The Manufacture, Storage and Import of Hazardous Chemicals Rules, 1989 has been formulated by the Department of Environment, Forests and Wildlife, Ministry of Environment and Forests in exercise of the power conferred by the Environment (Protection) Act, 1986 to govern the storage and import of hazardous chemicals.

The Public Liability Insurance Act, 1991

The Public Liability Insurance Act, 1991 provides for public liability- insurance for the purpose of providing immediate relief to the persons affected by accident occurring while handling any hazardous substance and for matters connected therewith or incidental thereto.

Hazardous Wastes (Management and Handling) Rules, 1989 as amended in 2008

The Hazardous Wastes (Management and Handling) Rules, 1989 allocate the responsibility of the occupier and the operator of the facility that treats hazardous wastes to collect, treat, store or dispose the hazardous wastes without adverse effects on the environment. Moreover, the occupier and the operator must take steps to ensure that persons working on the site are given adequate training and equipment for performing their work. Hazardous wastes can be collected, treated, stored and disposed of only in such facilities as may be authorised for this purpose. The occupier is liable for damages caused to the environment resulting from the improper handling and disposal of hazardous waste and any fine that may be levied by the respective State Pollution Control Board.
In addition to the above, and depending upon the nature of the projects undertaken by the Company, the Company is or may be required to comply with other applicable environmental laws and regulations, which include the Forest (Conservation) Act, 1980, The Water (Prevention and Control of Pollution) Cess Act, 1977 and The Public Liability Insurance Act, 1991.

Labour Legislations

As part of our business, we are required to comply from time to time with the laws, rules and regulations in relation to hiring and employment of labour.

A brief description of certain legislations which are applicable to our operations and our workmen is set forth below:

Factories Act, 1948

The Factories Act, 1948 defines a factory as any premises on which 10 or more workers are working on any day in the previous 12 months, 10 or more workers are or were working and in which a manufacturing process is being carried on or is ordinarily carried on with the aid of power; or where at least 20 workers are or were working on any day in the preceding 12 months and on which a manufacturing process is being carried on or is ordinarily carried on without the aid of power. State governments prescribe rules requiring previous permission for the site on which a factory is to be situated and for the construction or extension of any factory and requiring the registration and licensing of factories. There is a prohibition on employing children below the age of 14 years in a factory. If there is a contravention of any provisions of the Factories Act or rules framed there under the occupier and manager of the factory may be punished with imprisonment for a term up to two years or with a fine up to ₹ 100,000 or with both, and in case of contravention continuing after conviction, with a fine of up to ₹ 1,000 per day of contravention. In case of a contravention which results in death or serious bodily injury, the fine shall not be less than ₹ 25,000 in the case of an accident causing death, and ₹ 5,000 in the case of an accident causing serious bodily injury. In case of contravention after a prior conviction, the term of imprisonment increases up to three years and the fine is ₹ 3,00,000 and in case such contravention results in death or serious bodily injury the fine would be a minimum of ₹ 35,000 and ₹ 10,000, respectively.

Minimum Wages Act, 1948

The legislation provides a framework for State governments to stipulate the minimum wages applicable to a particular industry. The minimum wages generally consist of a basic rate of wages, cash value of supplies of essential commodities at concession rates and a special allowance, the aggregate of which reflects the cost of living index as notified in the official gazette. Workers are to be paid for overtime at overtime rates stipulated by the appropriate Government. Any contravention may result in imprisonment up to six months or a fine as stipulated in the Minimum Wages Act, 1948.

Payment of Bonus Act, 1965

Pursuant to the Payment of Bonus Act, an employee in a factory or in any establishment where 20 or more persons are employed on any day during an accounting year, drawing a salary less than ₹ 21,000 per month, who has worked for at least 30 working days in a year, is eligible to be paid a bonus. An employee shall be disqualified from receiving bonus under this Act, if he is dismissed from service for, fraud; or riotous or violent behavior while on the premises of the establishment; or theft, misappropriation or sabotage of any property of the establishment. The minimum bonus to be paid is the higher of 8.3 per cent of the salary or wage or ₹ 100 and must be paid irrespective of the existence of any allocable surplus. If allocable surplus exceeds minimum bonus payable, then the employer must pay bonus proportionate to the salary or wage earned during that period, subject to a maximum of 20 per cent of such salary or wage. The maximum bonus payable must not exceed ₹ 500. Contravention of the Payment of Bonus Act, 1965, as amended, by a company will be punishable by proceedings for imprisonment up to six months or a fine up to or both against those individuals in charge at the time of contravention.

The Employees State Insurance Act, 1948 as amended

The Employees State Insurance Act, 1948, ("ESI Act") provides for certain benefits to employees in case of sickness, maternity and employment injury including covering of accidents occurring to an employee while commuting to and from office. All employees in establishments covered by the ESI Act are required to be insured, with an obligation imposed on the employer to make certain contributions in relation thereto. In addition, the employer is also required to register itself under the ESI Act and maintain prescribed records and registers.

Employees Provident Fund and Miscellaneous Provisions Act, 1952, as amended

The Employees Provident Fund and Miscellaneous Provisions Act, 1952, provides for the institution of compulsory provident fund, pension fund and deposit linked insurance funds for the benefit of employees (drawing wages less than ₹ 15,000 per month) in factories and other establishments. The provisions of this act apply to every establishment which is a factory engaged in any industry specified in Schedule I and in which twenty or more persons are employed and to any other establishment employing twenty or more persons or class of such establishments which the Central Government may, by notification in the Official Gazette, specify. Liability is placed both on the employer and the employee to make certain contributions to the funds mentioned above. The contribution to be made by the employer is 10 percent of the basic wages, dearness allowance and retaining allowance, if any, payable to each of the employees whether employed by him, directly or through a contractor, and the employees' contribution should be equal to the contribution payable by the employer in respect of him and may, if the employee so desires, be an amount exceeding 10 percent of his basic wages, dearness allowance and retaining allowance, subject to the condition that the employer shall not be under an obligation to pay any contribution over and above the contribution payable by him. An employer who makes default in making such contribution shall be punishable for a term which may extend to three years, but which shall not be less than one year and fine of ₹10,000 in case of default in payment of the employees' contribution which has been deducted by the employer from the employees' wages.

Contract Labour (Regulation and Abolition) Act, 1970

The Contract Labour (Regulation and Abolition) Act, 1970 ("CLRA") requires establishments that employ or have employed on any day in the previous 12 months, 20 or more workmen as contract labour to be registered and prescribes certain obligations with respect to the welfare and health of contract labour.

The CLRA places an obligation on the principal employer of an establishment to which the CLRA applies to make an application for registration of the establishment. In the absence of registration, contract labour cannot be employed in the establishment. Likewise, every contractor to whom the CLRA applies is required to obtain a license and not to undertake or execute any work through contract labour except under and in accordance with the license issued. To ensure the welfare and health of contract labour, the CLRA imposes certain obligations on the contractor including the establishment of canteens, rest rooms, washing facilities, first aid facilities, provision of drinking water and payment of wages. In the event that the contractor fails to provide these amenities, the principal employer is under an obligation to provide these facilities within a prescribed time period. A person in contravention of the provisions of the CLRA may be punished with a fine or imprisonment, or both.

Child Labour (Prohibition and Regulation) Act, 1986 as amended in 2012

This act provides that children below the age of 14, cannot be employed anywhere, except in non-hazardous family enterprises or the entertainment industry. The latter includes working as an artist in an audio-visual entertainment industry, advertisement, films, television serials or any such other entertainment or sports activities.

In addition to the above, and depending upon the nature of the projects undertaken by the Company, the Company is required to comply with other applicable labour laws and regulations, which include the following:

- Industrial Disputes Act, 1947 as amended in 2010.
- Industrial Employment (Standing Orders) Act, 1946
- Inter State Migrant Workers Act, 1979
- Maternity Benefits Act, 1961, as amended in 2008
- Payment of Gratuity Act, 1972 as amended in 2010
- Payment of Wages Act, 1936 as amended in 2012
- Shops and Commercial Establishments Acts, where applicable
- Workmen's Compensation Act, 1923 as amended "Employees Compensation Act,1923"
- The Apprentices act, 1961
- The Employment Exchange (Compulsory Notification of Vacancies) Act, 1956

Foreign Investment in Manufacturing Sector

Foreign investment in Indian securities is regulated through the industrial policy of the Government of India and FEMA. While the industrial policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the industrial policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The government bodies responsible for granting foreign investment approvals are the FIPB and the RBI.

As per the sector specific guidelines of the Government of India, FDI up to 100 per cent is permitted in the manufacturing sector under the automatic route.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

The Board presently consists of 6 Directors and as per our Articles of Association, we shall not have less than 3 Directors and more than twelve Directors. The quorum for general meetings of our Company is 2 members, present in person.

Regulation 17 of the Listing Regulations requires that at least half of the Board of Directors should comprise of non-executive directors. In addition, it also requires that if our chairman is a non-executive director, at least one-third of the Board of Directors should comprise independent directors and in case he is an executive director, at least half of the Board of Directors should be comprised of independent directors. We currently have 3 independent directors on our Board. Further to section 149 of the Companies Act, 2013, the revised corporate governance guidelines issued by SEBI, effective from October 1, 2014, and in accordance with the provisions of regulation 17 (a) of the Listing Regulations, there should be at least one woman director on our Board of Directors at all times.

Pursuant to the provisions of the Companies Act, at least two-thirds of the total number of Directors excluding the Independent Directors are liable to retire by rotation, with one-third of such number retiring at each annual general meeting. A retiring Director is eligible for re-election. Further, the Independent Directors may be appointed for a maximum of two terms of up to five consecutive years each. Any re-appointment of Independent Directors shall *inter-alia* be on the basis of the performance evaluation report and approved by the shareholders by way of special resolution.

The following table sets forth details regarding the Board of Directors as of the date of this Preliminary Placement Document:

Sr. No.	Name, Address, Occupation, DIN, Term and Nationality	Age	Designation
1.	**Mr. G. R. Morarka** **Address**: Dwarikesh Nagar, Tehsil – Nagina, District – Bijnor, Uttar Pradesh – 246 762 **Occupation**: Business **DIN**: 00002078 **Term**: 5 years with effect from April 1, 2013 **Nationality**: Indian	54	Managing Director
2.	**B. J. Maheshwari** **Address:** C- 508, Upvan, Upper Govind Nagar, Malad (East), Mumbai- 400097 **Occupation**: Service **DIN**: 00002075 **Term:** 3 years with effect from May 1, 2015 **Nationality**: Indian	56	Whole Time Director
3.	**Vijay S. Banka** **Address:** B-23, Archana Apartments, Juhu Dhara Complex, Juhu Versova Link Road, Andher (West) Mumbai- 400053 **Occupation**: Service	58	Whole Time Director

Sr. No.	Name, Address, Occupation, DIN, Term and Nationality	Age	Designation
	DIN: 00963355 **Term:** 3 years with effect from May 1, 2015 **Nationality**: Indian		
4.	**B. K. Agarwal** **Address:** Flat No. 81, Praneet, J. Palkar Marg, Worli, Mumbai- 400030 **Occupation**: Independent Professional **DIN**: 00001085 **Term:** 5 years with effect from August 13, 2014 **Nationality**: Indian	73	Independent Director
5.	**K. N. Prithviraj** **Address:** Flat No. 3, 2nd floor, Zaara Apartments, 265, Dr. Srinivasiah Road, 8th Main, III Stage, BEML Layout, Rajarajeshwari Nagar, Bangalore- 560098 **Occupation**: Independent Professional **DIN**: 00115317 **Term:** 5 years with effect from August 13, 2014 **Nationality**: Indian	69	Independent Director
6.	**Malathi Mohan** **Address:** A/2,Plot 72, 2nd Main Road, VGP, Golden Sea View- Part 1, Palavakkam, Chennai- 600041 **Occupation**: Independent Professional **DIN**: 02008550 **Term:** 5 years with effect from August 13, 2014 **Nationality**: Indian	66	Independent Director

Biographies of the Directors

Mr. G. R. Morarka, aged 54, is the Managing Director of our Company. He has over 20 years of experience in the sugar industry. He started his career by overseeing Pampasar Distillery. He started his business by setting up a sugar plant at Dwarikesh Nagar. He is a commerce graduate from the University of Bombay and is an intermediate from the Institute of Cost and Works Accountants of India. He has been awarded the Indira Gandhi Priyadarshini Award for Management, Bhamasha accredation for the years 2006, 2011 and 2016 for social service in education. He has also been awarded the Swami Krishnanand Saraswati Purashkar in the year 2012 for promoting social harmony and in service of the society, in his personal capacity and through our charity organisations and Indira Gandhi Sadbhavna Award in the year 2011 for outstanding individual achievements and distinguished services to the nation.

Mr. B. J. Maheshwari, aged 56, is a whole time director, company secretary and chief compliance officer of our Company since 2009. He is also a certified chartered accountant. He has been associated with the Company since 1994 and has over 20 years of experience spanning legal, taxation, secretarial and administrative matters.

Mr. Vijay S. Banka, aged 58, is a whole time director and chief financial officer of our Company since 2009. He is a certified chartered accountant. He has been associated with the Company for the past 9 years. He has over 20 years of experience in handling finance and strategy.

Mr. B. K. Agarwal, aged 73, is an independent director of our Company. He is an IAS officer who retired as the Additional Chief Secretary of the Government of Maharashtra.

Mr. K. N. Prithviraj, aged 69, is an independent director of our Company. He was a research fellow of the Department of Economics and also holds a masters degree in economics from the University of Madras. He is also on the board of directors of Brickwork Ratings India Private Limited, PNB Investment Services Limited, National Financial Holdings Company Limited, IL&FS INFRA ASSET Management Limited, CAN FIN Homes Limited and Axis Finance Limited. As a representative of the Specified Undertaking of the Unit Trust of India, he was appointed as a nominee director on the board of Axis Bank Limited. After a stint of nearly 33 years at Punjab National Bank he moved to United Bank of India as its executive director. He retired as chairman and managing director of Oriental Bank of Commerce.

Ms. Malathi Mohan, aged 66, is an independent director of our Company. She is a fellow member of the Institute of Company Secretaries of India and a certified associate of Indian Institute of Bankers from Indian Institute of Bankers, Mumbai. She is a professional banker and got superannuated as General Manager in Punjab National Bank. She has over 40 years of experience in the banking and finance sector. As a Fellow member of the Institute of Company Secretaries of India (ICSI), she has contributed as a member of the Expert Advisory Group of the ICSI on diligence reporting introduced by the RBI, as a banker representative. She was also a nodal officer representing nodal officer representing Punjab National Bank in the Customer Service Committee of the RBI, Banking Code and Standards Board of India (BCSBI), and the Indian Banks' Association (IBA).

Relationship with other Directors

None of our Directors are related to each other.

Borrowing Powers of the Board

The Board is authorised to borrow money upon such terms and conditions as the Board may think fit and may exceed the aggregate of our paid up capital and free reserves, provided that the aggregate amount of its borrowings shall not exceed ₹ 10,000 million over and above the aggregate paid-up capital and free reserves of our Company at any time.

Interest of our Directors and Promoters

All of our Directors and Promoters may be deemed to be interested to the extent of fees payable to them for attending Board or Board committee meetings as well as to the extent of reimbursement of expenses payable to them. The managing director and whole time director also may be deemed interested to the extent of remuneration paid to them for services rendered.

All of our Directors and Promoters may also be regarded as interested in any Equity Shares held by them and also to the extent of any dividend payable to them and other distributions in respect of such Equity Shares held by them. All Directors and Promoters may also be regarded as interested in the Equity Shares held by, or subscribed by and allotted to, the companies, firms and trust, in which they are interested as directors, members, partners or trustees.

Our Directors and Promoters may be deemed to be interested in the contracts, agreements or arrangements entered into or to be entered into by our Company with any partnership firm in which they are partners or a body corporate in which a director along with any other director holds more than 2% shareholding or is a promoter, manager or chief executive officer. For further details, see "Financial Statements" on page [●] of this Preliminary Placement Document.

Except as otherwise stated in this Preliminary Placement Document, we have not entered into any contract, agreement or arrangement during the preceding two years from the date of this Preliminary Placement Document in which any of our Directors or Promoters are interested, directly or indirectly, and no payments have been made to them in respect of any such contracts, agreements, arrangements which are proposed to be made with them.

As on the date of this Preliminary Placement Document, none of the Directors or the Promoters has availed of any loan from our Company.

Shareholding of the Directors

The following table sets forth the shareholding of the Directors as of June 30, 2016:

Name of Director	Designation	No. of Equity Shares held as on June 30, 2016	Percentage of Equity Shares to total paid up capital
G.R. Morarka	Managing Director	2,826,659	17.33

Terms of employment of the Managing Director and Whole-time Directors

The terms of employment of G. R. Morarka are as follows:

Remuneration payable when our Company has profits:

Remuneration by way of salary, perquisites, commission, allowances and other benefits subject to the condition that the total remuneration payable to the Managing Director shall not exceed 5% of the net profits of the Company for the financial year and 10% of the net profits of the Company payable to all the whole time Directors taken together.

Remuneration payable when our Company has no profits or inadequate profits:

Remuneration	
Salary	₹ 10,00,000
Other Allowances	Allowances for conveyance, children education allowance and such other allowances as per rules of our Company.
Other Perquisites	Subject to overall ceiling on remuneration mentioned herein below, the Managing Director may be given other allowances, benefits and perquisites as the Board of Directors may decide from time to time.
Provident Fund	Company's contribution to Provident Fund to the extent the same is not taxable under the Income-tax Act, 1961.
Gratuity	Gratuity payable to the extent permitted under the Payment of Gratuity Act, 1972.
Leave	Encashment of leave at the end of the tenure as per the Rules of the Company.
Conveyance	The Company shall provide him with car, expenses relating to fuel, maintenance and Provision of Driver or remuneration of driver will be reimbursed on actuals.
Communication	Further the Company shall also provide telephones, telefax, mobile and other communication facilities for official purposes.

The terms of employment of B. J. Maheshwari are as follows:

Remuneration	
Salary	₹ 200,772 per month in the scale of ₹ 200,000 per month to ₹ 400,000 per month
Personal pay	Personal pay of ₹ 218,269 per month as per the rules of the Company.
Other Allowances	Allowances for conveyance, children education allowance and such other allowances as per rules of our Company.
Other perquisites	Subject to overall ceiling on remuneration mentioned here in below, the Whole-time Director may be given other allowances, benefits and perquisites as the Board of Directors or committee may decide from time to time.
Provident Fund	Company's contribution to Provident Fund to the extent the same is not taxable under the Income-tax Act, 1961.
Gratuity	Gratuity payable to the extent permitted under the Payment of Gratuity Act, 1972.
Leave	Encashment of leave at the end of the tenure as per the Rules of the Company.
Conveyance	The Company shall provide him with car, expenses relating to fuel, maintenance and Provision of driver or remuneration of driver will be reimbursed on actuals.

Communication	Further the Company shall also provide telephones, telefax, mobile and other communication facilities for official purposes.

The terms of employment of Vijay S. Banka are as follows:

Remuneration	
Salary	₹ 200,772 per month in the scale of ₹ 200,000 per month to ₹ 400,000 per month
Personal pay	Personal pay of ₹ 246,072 per month as per the rules of the Company.
Other Allowances	Allowances for conveyance, children education allowance and such other allowances as per rules of our Company.
Other perquisites	Subject to overall ceiling on remuneration mentioned here in below, the Whole-time Director may be given other allowances, benefits and perquisites as the Board of Directors or committee may decide from time to time.
Provident Fund	Company's contribution to Provident Fund to the extent the same is not taxable under the Income-tax Act, 1961.
Gratuity	Gratuity payable to the extent permitted under the Payment of Gratuity Act, 1972.
Leave	Encashment of leave at the end of the tenure as per the Rules of the Company.
Conveyance	The Company shall provide him with car, expenses relating to fuel, maintenance and Provision of driver or remuneration of driver will be reimbursed on actuals.
Communication	Further the Company shall also provide telephones, telefax, mobile and other communication facilities for official purposes.

Compensation of the Directors

Executive Directors

The following table sets forth the total remuneration (including commission) paid by our Company to G. R. Morarka, B. J. Maheshwari and Vijay S. Banka for the FY 2017, to the extent applicable, FY 2016, FY 2015 and FY 2013:

(₹ in million)

FY	Mr. G. R. Morarka	Mr. B. J.Maheshwari	Mr. Vijay S.Banka
2017 (to the extent applicable)	3.29	1.75	1.74
2016	20.00	6.80	6.59
2015	16.13	8.07	8.28
2013	9.26	4.91	5.00

Non-Executive Directors

The following table sets forth the remuneration (sitting fees, salaries perquisites and commission) paid by us to the current non-executive Directors of our Company for FY 2017, to the extent applicable, FY 2016, FY 2015 and FY 2013:

(In ₹)

FY	Mr. B. K. Agarwal	Mr. K. N. Prithviraj	Ms. Malathi Mohan
2017 (to the extent applicable)	30,000	27,500	27,500
2016	107,500	77,500	50,000
2015	157,500	75,000	52,500
2013	50,000	25,000	-

Senior Management

Mr. G. R. Morarka, is the Managing Director of our Company. For further details, please see "—Biographies of the Directors" on page [●] of this Preliminary Placement Document.

Mr. Vijay S. Banka, is the Chief Financial Officer of our Company. For further details, please see "—Biographies of the Directors" on page [●] of this Preliminary Placement Document.

Mr. B. J. Maheshwari, is the Company Secretary of our Company. For further details, please see "—Biographies of the Directors" on page [●] of this Preliminary Placement Document.

Ms. Priyanka G. Morarka, aged 31, is the Vice President - Corporate Affairs of our Company. She holds a bachelor's degree in management studies from the University of Mumbai, post-graduate diploma degree from the Institute of Management Technology, diploma in international management from the University of London. She has been associated with our Company since June 1, 2006.

Mr. B. P. Dixit, aged 68, is the Vice President (work) of our Dwarikesh Nagar and Dwarikesh Puram units. He is a science graduate. He joined our Company on September 1, 2014. Prior to joining our Company, he has been the president of Sir Shadi Lal Enterprises Limited. He has also acted as a sugar advisor for Indian Potash Limited Delhi, executive president of Balrampur Chini Mills Limited, president of L.H. Sugar Factories Limited since October 16, 2004 till May 19, 2011.

R. K. Gupta, aged 48, is the Vice President (work) of our Dwarikesh Dham unit. He holds a bachelor degree in engineering from the University of Gauhati. He joined our Company on November 7, 2010.

Mr. Salil Swaroop Arya, aged 53, is the Chief General Manager (Administration) of our Company. He holds a masters degree in science from Rohilkhand University and post graduate diploma in industrial management from University of Roorkee. He joined our Company on March 1, 1995. Prior to joining our Company he has worked with Fort Gloster Industries Limited, Dhampur Sugar Mills Limited and L.H. Sugar Factories Limited.

Mr. A. Lohia, aged 55, is the Chief General Manager (Finance) of our Company**.** He holds a master's degree in commerce from University of Agra. He joined our Company on June 20, 2003.

Mr. Rajendra Singh Thakur, aged 50, is the Chief General Manager (Works) of our Company. He has completed bachelors in technology from university in Rajasthan and holds a diploma in electrical engineering. He joined our Company on July 27, 2006. Prior to joining our Company he was working at Balrampur Chini Mills Limited and Oswal Agro Mills Limited.

Mr. Surendra Pratap Singh, aged 53, is the Chief General Manager (Cane) of our Company. He holds a masters degree in science from Gorakhpur University. He joined our Company on October 28, 2011. Prior to joining our Company he was working at sugar division of DCM Shriram Consolidated Limited and Balrampur Chini Mill Limited.

Shareholding details of the Senior Management

Name of person forming part of the Key Managerial Personnel / Senior Management	Designation	No. of Equity Shares held as on June 30, 2016	Percentage of Equity Shares to total paid up capital
Ms. Priyanka G. Morarka	Vice President - Corporate Affairs	51,236	Negligible
Mr. Salil Swaroop Arya	CGM – Administration	313	Negligible
Mr. Rajendra Singh Thakur	CGM – Works	226	Negligible

Interest of Senior Management

The Senior Management of our Company do not have any other interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment, reimbursement of expenses incurred by them during the ordinary course of business and to the extent of the Equity Shares held by them and/or their dependants in our Company, if any. The Company also, in the ordinary course of business, accepts deposits from our Senior Management. For further details please see "Business—Related Party Transactions" on page [●] of this Preliminary Placement Document.

Further, for the interest of Mr. G. R. Morarka, who is also the Managing Director and Promoter of our Company, and Mr. Vijay S. Banka and Mr. B. J. Maheshwari, who are also the Whole Time Directors on the Board of our Company, please see "—Interest of our Directors and Promoters" on page [●] of this Preliminary Placement Document.

Corporate governance

The Board of Directors presently consists of 6 Directors. In compliance with the requirements of the Listing Regulations, the Board of Directors consists of 3 Independent Directors. Our Company is in compliance with other corporate governance requirements under the Companies Act, 2013 in respect of notified guidelines /sections /rules as are applicable to our Company. Our Company is required to comply with new corporate governance requirements under the Listing Regulations. We are in compliance with the corporate governance provision of the Listing Regulations which requires at least one woman director on our Board of Directors at all times.

Committees of the Board of Directors

In line with the requirements of the provisions of the Companies Act and the provisions of Chapter IV of the Listing Regulations, our Board has constituted various committees as detailed below. Their constitution is for a more specific and focused approach towards some of the important functional areas of the Companies' operations, for providing proper direction, effective monitoring and controlling the affairs of our Company. The committees meet at regular intervals for deciding various matters and providing directions and authorizations to the management for its implementation. The Board also takes note of minutes of the meetings of the committees duly approved by their respective chairman and the material recommendations / decisions of the committees are placed before the Board for approval / information. The committees are as follows:

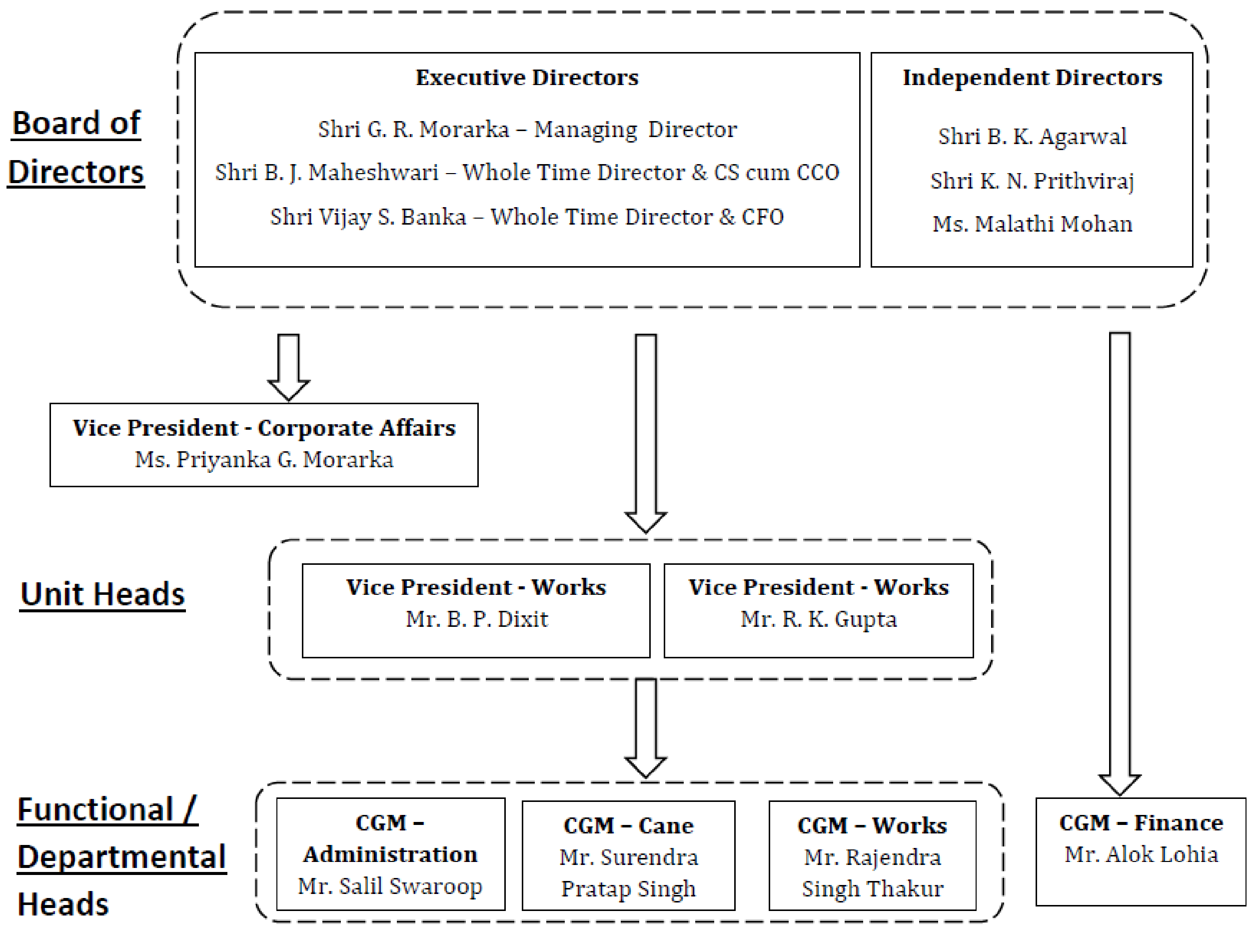
1. Audit Committee;
2. Nomination and Remuneration Committee;
3. Stakeholders Relationship Committee;
4. Investment Committee;
5. Securities Issue Committee;
6. Transfer Committee;
7. Finance Committee;
8. CSR Committee;
9. Strategic Committee; and
10. Risk Committee

The following table sets forth the members of the aforesaid committees as of the date of this Preliminary Placement Document:

Sr. No	Name of Committee	Members
A.	Audit Committee	B. K. Agarwal, K. N. Prithviraj, Malathi Mohan and Vijay S. Banka
B.	Nomination and Remuneration Committee	B. K. Agarwal, Malathi Mohan, and K. N. Prithviraj
C.	Stakeholders Relationship Committee	Vijay S. Banka, B. J. Maheshwari, B. K. Agarwal, and Malathi Mohan
D.	Investment Committee	G.R. Morarka, B. J. Maheshwari, and Vijay S. Banka
E.	Securities Issue Committee	G.R. Morarka, B. J. Maheshwari, and Vijay S. Banka
F.	Transfer Committee	G.R. Morarka, B. J. Maheshwari, and Vijay S. Banka
G.	Finance Committee	G.R. Morarka, B. K. Agarwal, B. J. Maheshwari, and Vijay S. Banka
H.	CSR Committee	B. K. Agarwal, B. J. Maheshwari,Vijay S. Banka, and G. R. Morarka
I.	Strategic Committee	G.R. Morarka, B. J. Maheshwari, Vijay S. Banka, B. K. Agarwal and Malathi Mohan

Sr. No	Name of Committee	Members
J.	Risk Committee	G.R. Morarka, B. K. Agarwal and B. J. Maheshwari

Organization Structure of our Company



Policy on disclosures and internal procedure for prevention of insider trading

Chapter IV of the SEBI Insider Trading Regulations applies to our Company and its employees and requires our Company to implement codes of fair disclosure and conduct for the prevention of insider trading. Our Company has implemented a code of conduct for prevention of insider trading in accordance with the SEBI Insider Trading Regulations.

Other confirmations

Except as otherwise stated in this Preliminary Placement Document, none of the Directors, or the Promoters, or any Senior Management of our Company have any financial or other material interest in this Issue.

Related Party Transactions

For details in relation to the related party transactions entered by our Company during the FY 2016, 2015 and 2013, as per the requirements under Accounting Standard 18 issued by the Institute of Chartered Accountants in India, see the section titled "***Financial Statements***" on page [●] of this Preliminary Placement Document.

PRINCIPAL SHAREHOLDERS

The summary statement showing the holding of specified securities of our Company as of August 19, 2016, is herein below:

Category of the shareholder	Nos. of shareholders	No. of fully paid-up equity shares held	No. of partly paid-up equity shares held	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)As a % of (A+B+C2)	Number of equity shares held in dematerialized form
(A) Promoter & Promoter Group	7	7,883,351	-	7,883,351	48.32	7,883,351
(B) Public	10,287	8,431,325	-	8,431,325	51.68	8,375,202
(C1) Shares underlying DRs	-	-	-	-	0.00	-
(C2) Shares held by Employee Trust	-	-	-	-	0.00	-
(C)=(C1)+(C2) Non Promoter-Non Public	-	-	-	-	0.00	-
Grand Total = (A) + (B) + (C)	10,294	16,314,676		16,314,676	100.00	16,258,553

The summary statement showing holding of specified securities of the Promoter and Promoter Group in our Company as of August 19, 2016, is herein below:

Category of the shareholder	No. of shareholders	No. of fully paid-up equity shares held	No. of partly paid-up equity shares held	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)As a % of (A+B+C2)	Number of equity shares held in dematerialize d form
A1) Indian						
Individuals/Hindu Undivided Family	5	3,099,344	-	3,099,344	19.00	3,099,344
S. G. Morarka	1	90,178	-	90,178	0.55	90,178
Priyanka G. Morarka	1	51,236	-	51,236	0.31	51,236
Pranay G. Morarka	1	124,971	-	124,971	0.77	124,971
G. R. Morarka-Karta C/o. G.R Morarka HUF	1	6,300	-	6,300	0.04	6,300
G. R. Morarka	1	2,826,659	-	2,826,659	17.33	2,826,659
Any Other	2	4,784,007	-	4,784,007	29.32	4,784,007

Category of the shareholder	No. of shareholders	No. of fully paid-up equity shares held	No. of partly paid-up equity shares held	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)As a % of (A+B+C2)	Number of equity shares held in dematerialized form
(specify)						
Morarka Finance Limited	1	2,159,118	-	2,159,118	13.23	2,159,118
Dwarikesh Trading Company Limited	1	2,624,889	-	2,624,889	16.09	2,624,889
Sub Total A1	7	7,883,351		7,883,351	48.32	7,883,351
A2) Foreign	-	-	-	-	0.00	-
A=A1+A2	7	7,883,351	-	7,883,351	48.32	7,883,351

The summary statement showing holding of specified securities of public shareholders in our Company as of August 19, 2016, is herein below:

Category & Name of the Shareholders	No. of Shareholders	No. of fully paid-up equity shares held	Partly paid-up equity shares held	Total no. of shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	No. of voting rights	Total as a % of total voting right	Number of equity shares held in dematerialized form(Not Applicable)
B1) Institutions								
Financial Institutions/ Banks	2	48,907	-	48,907	0.30	48,907	0.30	48,907
Foreign Portfolio Investors	5	151,090	-	151,090	0.93	151,090	0.93	151,090
Insurance Companies	1	125,000		125,000	0.77	125,000	0.77	125,000
Sub Total B1	8	324,997	-	324,997	1.99	324,997	1.99	324,997
B2) Central Government/ State Government(s)/ President of India	1	25,000	-	25,000	0.15	25,000	0.15	25,000
B3) Non-Institutions								
Individual share capital upto₹ 2 Lacs	9,567	2,965,933	-	2,965,933	18.18	2,965,933	18.18	2,935,326
Individual share capital in excess of ₹ 2 Lacs	29	2,642,511	-	2,642,511	16.20	2,642,511	16.20	2,642,511
Mukul M. Agarwal	1	820,000	-	820,000	5.03	820,000	5.03	820,000
Krishna Kumar	1	609,635	-	609,635	3.74	609,635	3.74	609,635

Category & Name of the Shareholders	**No. of Share holder s**	**No. of fully paid-up equity shares held**	**Partly paid-up equity shares held**	**Total no. of shares held**	**Shareholdin g % calculated as per SCRR, 1957 As a % of (A+B+C2)**	**No. of voting rights**	**Total as a % of total voting right**	**Number of equity shares held in dematerialize d form(Not Applicable)**
Kumbhat								
Any other (specify)	682	2,472,884	-	2,472,884	15.16	2,472,884	15.16	2,447,368
LLP/ Partnership Firm	5	9,993	-	9,993	0.06	9,993	0.06	9,993
Foreign Nationals	1	500	-	500	0.00	500	0.00	500
Foreign Individuals or NRI	132	135,549	-	135,549	0.83	135,549	0.83	110,033
Bodies Corporate	286	1,801,601	-	1,801,601	11.04	1,801,601	11.04	1,801,601
Premier Credit Capital Limited	1	177,389	-	177,389	1.09	177,389	1.09	177,389
Clearing Members	256	524,210	-	524,210	3.21	524,210	3.21	524,210
Director & Relatives	2	1,031	-	1,031	0.01	1,031	0.01	1,031
Sub Total B3	10,278	8,081,328	-	8,081,328	49.53	8,081,328	49.53	8,025,205
B=B1+B2+B 3	10,287	8,431,325	-	8,431,325	51.68	8,431,325	51.68	8,375,202

ISSUE PROCEDURE

The following is a summary intended to present a general outline of the procedure relating to the application, payment, Allocation and Allotment of the Equity Shares to be issued pursuant to this Issue. The procedure followed in this Issue may differ from the one mentioned below, and investors are presumed to have apprised themselves of the same from our Company or the GCBRLM. Investors are advised to inform themselves of any restrictions or limitations that may be applicable to them. See "Selling Restrictions" and "Transfer Restrictions" on pages [●] *and* [●]*, respectively, of this Preliminary Placement Document.*

Qualified Institutions Placement

The Issue is being made to QIBs in reliance upon Chapter VIII of the SEBI Regulations and Section 42 of the Companies Act, 2013, through the mechanism of a QIP. Under Chapter VIII of the SEBI Regulations and Section 42 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, a company may issue equity shares to QIBs provided that certain conditions are met by the company. Certain of these conditions are set out below:

- the shareholders of the issuer have passed a special resolution approving such QIP. Such special resolution must specify (a) that the allotment of securities is proposed to be made pursuant to the QIP; and (b) the Relevant Date;
- equity shares of the same class of such issuer, which are proposed to be allotted through the QIP, are listed on a recognised stock exchange in India having nation-wide trading terminals for a period of at least one year prior to the date of issuance of notice to its shareholders for convening the meeting to pass the above-mentioned special resolution;
- the aggregate of the proposed issue and all previous QIPs made by the issuer in the same financial year does not exceed five times the net worth (as defined in the SEBI Regulations) of the issuer as per the audited balance sheet of the previous financial year;
- the issuer shall be in compliance with the minimum public shareholding requirements set out in the SCRR;
- the issuer shall have completed allotments with respect to any offer or invitation made by the issuer or shall have withdrawn or abandoned any invitation or offer previously made by the issuer;
- the issuer shall offer to each Allottee such number of the securities in the issue which would aggregate to at least ₹ 20,000 calculated at the face value of the securities;
- the explanatory statement to the notice to the shareholders for convening the general meeting must disclose the basis or justification for the price (including premium, if any) at which the offer or invitation is being made;
- the offer must be made through a private placement offer letter and an application form serially numbered and addressed specifically to the QIB to whom the offer is made and is sent within 30 days of recording the names of such QIBs;
- the offer must not be to more than 200 persons in a financial year. However, an offer to QIBs will not be subject to this limit of 200 persons. Prior to circulating the private placement offer letter, the issuer must prepare and record a list of QIBs to whom the offer will be made. The offer must be made only to such persons whose names are recorded by the issuer prior to the invitation to subscribe;
- the offering of securities by issue of public advertisements or utilization of any media, marketing or distribution channels or agents to inform the public about the issue is prohibited.

At least 10% of the Equity Shares issued to QIBs must be allotted to Mutual Funds, provided that, if this portion or any part thereof to be allotted to Mutual Funds remains unsubscribed, it may be allotted to other QIBs.

Prospective purchasers will be deemed to have represented to us and the GCBRLM in order to participate in the Issue that they are outside the United States and purchasing the Equity Shares in an offshore transaction in accordance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales occur. For further details, please refer to "Selling Restrictions" and "Transfer Restrictions" on pages [●] and [●], respectively, of this Preliminary Placement Document.

Bidders are not allowed to withdraw their Bids after the Bid/Issue Closing Date.

Additionally, there is a minimum pricing requirement under the SEBI Regulations. The Floor Price shall not be less than the average of the weekly high and low of the closing prices of the Equity Shares quoted on the stock exchange during the two weeks preceding the Relevant Date. However, a discount of up to 5% of the Floor Price is permitted in accordance with the provisions of the SEBI Regulations.

The "Relevant Date" referred to above, for Allotment, will be the date of the meeting in which the Board or committee of Directors duly authorised by the Board decides to open the Issue and "stock exchange" means any of the recognised stock exchanges in India on which the equity shares of the issuer of the same class are listed and on which the highest trading volume in such shares has been recorded during the two weeks immediately preceding the Relevant Date.

Our Company has applied for and received the in-principle approval of the Stock Exchanges under Regulation 28(1) of the Listing Regulations for the listing of the Equity Shares on the Stock Exchanges. Our Company has also delivered a copy of this Preliminary Placement Document to the Stock Exchanges and application for listing and trading for the Equity Shares shall be made after the Allotment of Equity Shares.

Our Company shall also make the requisite filings with the RoC and SEBI within the stipulated period as required under the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014.

The Issue has been authorized by (i) the Board pursuant to a resolution passed on May 24, 2016 (the relevant intimation in compliance with Regulation 29(1) of the SEBI LODR Regulations, 2015 to the Stock Exchanges was made on May 16, 2016) and (ii) the shareholders resolution passed on August 5, 2016 (the relevant intimation in compliance with Section 101(1) of the Companies Act, 2013 to the Stock Exchanges was made on July 8, 2016).

The Equity Shares will be Allotted within 12 months from the date of the shareholders' resolution approving the QIP and within 60 days from the date of receipt of subscription money from the successful Bidders. For details of refund of application money, "—Pricing and Allocation – Designated Date and Allotment of Equity Shares".

The Equity Shares issued pursuant to the QIP must be issued on the basis of this Preliminary Placement Document and the Placement Document that shall contain all material information including the information specified in Schedule XVIII and Part G of Schedule VIII of the SEBI Regulations and the requirements prescribed under Form PAS-4. This Preliminary Placement Document and the Placement Document are private documents provided to only select investors through serially numbered copies and are required to be placed on the website of the concerned Stock Exchanges and of our Company with a disclaimer to the effect that it is in connection with an issue to QIBs and no offer is being made to the public or to any other category of investors.

The minimum number of allottees for each QIP shall not be less than:

- Two, where the issue size is less than or equal to ₹ 2,500 million; and

- Five, where the issue size is greater than ₹ 2,500 million.

No single allottee shall be allotted more than 50 % of the issue size or less than ₹ 20,000 of face value of Equity Shares. QIBs that belong to the same group or that are under common control shall be deemed to be a single allottee. QIBs that belong to the same group or that are under common control shall be deemed to be a single allottee. See "- Application Process - Application Form" on page [●] of this Preliminary Placement Document.

The aggregate of the proposed QIP and all previous QIPs made in the same financial year shall not exceed five times the net worth of the Issuer as per its audited balance sheet of the previous financial year. The Issuer shall furnish a copy of the preliminary placement document to each stock exchange on which its equity shares are listed.

Securities allotted to a QIB pursuant to a QIP shall not be sold for a period of one year from the date of allotment except on the floor of a recognised stock exchange in India. Allotments made to FVCIs, VCFs and AIFs in this Issue are subject to the rules and regulations that are applicable to them, including in relation to lock-in requirements.

THE EQUITY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR REGISTERED, LISTED OR OTHERWISE QUALIFIED IN ANY OTHER JURISDICTION OUTSIDE INDIA, AND UNLESS SO REGISTERED, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE US STATE SECURITIES LAWS. ACCORDINGLY, THE EQUITY SHARES ARE BEING OFFERED AND SOLD OUTSIDE THE UNITED STATES IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S UNDER THE SECURITIES ACT AND THE APPLICABLE LAWS OF THE JURISDICTIONS WHERE THOSE OFFERS AND SALES OCCUR.

THE EQUITY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED, LISTED OR OTHERWISE QUALIFIED IN ANY OTHER JURISDICTION OUTSIDE INDIA AND MAY NOT BE OFFERED OR SOLD, AND BIDS MAY NOT BE MADE BY PERSONS IN ANY SUCH JURISDICTION, EXCEPT IN COMPLIANCE WITH THE APPLICABLE LAWS OF SUCH JURISDICTION.

Issue Procedure

1. Our Company and the GCBRLM shall circulate serially numbered copies of this Preliminary Placement Document and the serially numbered Application Form, either in electronic or physical form, to the QIBs and the Application Form will be specifically addressed to such QIBs. In terms of Section 42(7) of the Companies Act, 2013, our Company shall maintain complete records of the QIBs to whom the Preliminary Placement Document and the serially numbered Application Form have been dispatched. Our Company will make the requisite filings with the RoC and SEBI within the time period as stipulated under the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014.

2. The list of QIBs to whom the Application Form is delivered shall be determined by our Company in consultation with the GCBRLM.

3. **Unless a serially numbered Preliminary Placement Document along with the serially numbered Application Form is addressed to a particular QIB, no invitation to subscribe shall be deemed to have been made to such QIB.** Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such person and any application that does not comply with this requirement shall be treated as invalid.

4. QIBs may submit an Application Form, including any revisions thereof, during the Bidding Period to the GCBRLM.

5. Our Company shall intimate the Bid/Issue Opening Date to the Stock Exchanges.

6. Bidders shall submit Bids for, and our Company shall issue and Allot to each Allottee, at least such number of Equity Shares in this Issue which would aggregate to ₹ 20,000 calculated at the face value of the Equity Shares.

7. Bidders will be required to indicate the following in the Application Form:

    - full name of the QIB to whom Equity Shares are to be Allotted;

    - number of Equity Shares Bid for;

    - price at which they are agreeable to subscribe for the Equity Shares, provided that QIBs may also indicate that they are agreeable to submit a Bid at "Cut-off Price"; which shall be any price as may be determined by our Company in consultation with the GCBRLM at a price with not more than 5% discount on the Floor Price in terms of Regulation 85 of the SEBI Regulations;

    - details of the depository participant account to which the Equity Shares should be credited; and

    - a representation that it is outside the United States at the time it places its buy order for the Equity Shares, it is acquiring the Equity Shares in an offshore transaction in reliance on Regulation S and it has agreed to certain other representations set forth in "Representation by Investors" and "Transfer Restrictions" on pages

[●] and [●] respectively of this Preliminary Placement Document and certain other representations made in the Application Form;

It has agreed to all of the other representations set forth in the Application Form.

Note: Each sub-account of an FII other than a sub-account which is a foreign corporate or a foreign individual will be considered as an individual QIB and separate Application Forms would be required from each such sub-account for submitting Bids. FIIs or sub-accounts of FIIs are required to indicate SEBI FII/ sub-account registration number in the Application Form.

8. Once a duly completed Application Form is submitted by a QIB, such Application Form constitutes an irrevocable offer and cannot be withdrawn after the Bid/Issue Closing Date. The Bid/Issue Closing Date shall be notified to the Stock Exchanges and the QIBs shall be deemed to have been given notice of such date after receipt of the Application Form.

9. The Bids made by asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI. All such bids/applications by or on behalf of the various schemes of a Mutual Fund shall be treated as a single application.

10. Upon receipt of the Application Form, after the Bid/Issue Closing Date, our Company shall determine the final terms, including the Issue Price of the Equity Shares to be issued pursuant to the Issue and the number of Equity Shares to be allocated and the applicants to whom the same would be allocated in consultation with the GCBRLM. Upon determination of the final terms of the Equity Shares, our Company will notify the Stock Exchanges and the GCBRLM will send the serially numbered CAN along with the Placement Document to the QIBs who have been Allocated the Equity Shares. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the QIB to pay the entire Issue Price for all the Equity Shares Allocated to such QIB. The CAN shall contain details such as the number of Equity Shares Allocated to the QIB and payment instructions including the details of the amounts payable by the QIB for Allotment of the Equity Shares in its name and the Pay-In Date as applicable to the respective QIB. Please note that the Allocation will be at the absolute discretion of our Company and will be based on the recommendation of the GCBRLM and may not be proportionate to the number of Equity Shares applied for.

11. Pursuant to receiving a CAN, each QIB shall be required to make the payment of the entire application monies for the Equity Shares indicated in the CAN at the Issue Price, only through electronic transfer to our Company's Escrow Account by the Pay-In Date as specified in the CAN sent to the respective QIBs. No payment shall be made by QIBs in cash. Please note that any payment of application money for the Equity Shares shall be made from the bank accounts of the relevant QIBs applying for the Equity Shares and our Company shall keep a record of the bank account from where such payment for subscriptions have been received. Monies payable on Equity Shares to be held by joint holders shall be paid from the bank account of the person whose name appears first in the application. Pending Allotment, all monies received for subscription of the Equity Shares shall be kept by our Company in a separate bank account with a scheduled bank and shall be utilised only for the purposes permitted under the Companies Act, 2013 i.e. the Escrow Account. See "Issue Procedure-Bank Account for Payment of Application Money".

12. Upon receipt of the application monies from the QIBs, our Company shall Allot Equity Shares as per the details in the CANs sent to the QIBs. Our Company shall intimate to the Stock Exchanges the details of the Allotment.

13. After passing the Board or committee resolution (as the case maybe) for Allotment and prior to crediting the Equity Shares into the Depository Participant accounts of the successful Bidders, our Company shall apply to the Stock Exchanges for listing approvals. Our Company will intimate to the Stock Exchanges the details of the Allotment and apply for approvals for listing of the Equity Shares on the Stock Exchanges prior to crediting the Equity Shares into the beneficiary account maintained with the Depository Participant by the QIBs.

14. After receipt of the listing approvals of the Stock Exchanges, our Company shall credit the Equity Shares Allotted pursuant to this Issue into the Depository Participant accounts of the respective Allottees.

15. Our Company will then apply for the final trading approvals from the Stock Exchanges.

16. The Equity Shares that would have been credited to the beneficiary account with the Depository Participant of the QIBs shall be eligible for trading on the Stock Exchanges only upon the receipt of final trading and listing approvals from the Stock Exchanges.

17. Upon receipt of intimation of final trading and listing approval from the Stock Exchanges, our Company shall inform the Allottees of the receipt of such approval. Our Company and the Global Coordinator and Book Running Lead Manager shall not be responsible for any delay or non-receipt of the communication of the final trading and listing permissions from the Stock Exchanges or any loss arising from such delay or non- receipt. Final listing and trading approvals granted by the Stock Exchanges are also placed on their respective websites. QIBs are advised to apprise themselves of the status of the receipt of the permissions from the Stock Exchanges or our Company.

Qualified Institutional Buyers

The issue is being made only to QIBs. Only the following categories of QIBs are eligible to invest in this Issue:

- public financial institutions as defined in Section 4A of the Companies Act, 1956 (Section 2(72) of the Companies Act, 2013);
- scheduled commercial banks;
- Mutual Funds registered with SEBI;
- Alternate investment funds registered with SEBI;
- Eligible FPIs, including FIIs, and eligible sub-accounts;
- Multilateral and bilateral development financial institutions
- insurance companies registered with Insurance Regulatory and Development Authority;
- insurance funds set up and managed by army, navy or air force of the Union of India;
- insurance funds set up and managed by the Department of Posts, India;
- pension funds with minimum corpus of ₹ 250 million;
- provident funds with minimum corpus of ₹ 250 million;
- state industrial development corporations;
- the National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government published in the Gazette of India;
- venture capital funds registered with SEBI; and
- Foreign venture capital investors registered with SEBI.

FIIs (other than a sub-account which is a foreign corporate or a foreign individual) and Eligible FPIs investing through the portfolio investment scheme shall participate in this Issue under Schedule 2 and Schedule 2A of FEMA 20, respectively. FIIs and Eligible FPIs investing through the portfolio investment scheme are permitted to participate in this Issue subject to compliance with all applicable laws and such that the shareholding of the FPIs and FIIs does not exceed specified limits as prescribed under applicable laws in this regard. Other eligible non-resident QIBs shall participate in this Issue under Schedule 1 of the FEMA 20 and shall make the payment of application money through the foreign currency non-resident (FCNR) account and not through the special non-resident rupee (SNRR) account.

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) is not permitted to be 10% or above of our post-Issue Equity Share capital. Further, in terms of the FEMA 20, the total holding by each FPI shall be below 10% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together shall not exceed 24% of the paid-up Equity Share capital of our Company. The aggregate limit of 24% may be increased up to the sectoral cap by way of a resolution passed by the Board of Directors followed by a special resolution passed by the shareholders of our Company. The existing investment limit for FPIs (including FIIs) in our Company is 49% of the paid up capital of our Company.

Eligible FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

An FII or sub account who holds a valid certificate of registration from SEBI shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the SEBI FII Regulations. An FII or sub-account (other than a sub-account which is a foreign corporate or a foreign individual) may participate in the Issue, until the expiry of its registration as a FII or sub-account, or until it obtains a certificate of registration as FPI, whichever is earlier. If the registration of an FII or sub-account has expired or is about to expire, such FII or sub-account may, subject to payment of conversion fees under the SEBI FPI Regulations, participate in the Issue. An FII or sub-account shall not be eligible to invest as an FII after registering as an FPI under the SEBI FPI Regulations.

In terms of the FEMA 20, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs as well as holding of FIIs (being deemed FPIs) shall be included.

Under Regulation 86(1)(b) of the SEBI Regulations, no Allotment shall be made pursuant to the Issue, either directly or indirectly, to any QIB being Promoter or any person related to, the Promoters. QIBs which have all or any of the following rights shall be deemed to be persons related to the Promoters:

- rights under a shareholders' agreement or voting agreement entered into with the Promoters or persons related to the Promoters;

- veto rights; or

- a right to appoint any nominee director on the Board.

Provided, however, that a QIB which does not hold any shares in our Company and which has acquired the aforesaid rights in the capacity of a lender shall not be deemed to be related to the Promoters.

Our Company and the Global Coordinator and Book Running Lead Manager are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Preliminary Placement Document. QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. QIBs are advised to ensure that any single application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Preliminary Placement Document. Further, QIBs are required to satisfy themselves that their Bids would not eventually result in triggering a tender offer under the Takeover Regulations and the QIB shall be solely responsible for compliance with the provisions of the Takeover Regulations, SEBI Insider Trading Regulations and other applicable laws, rules, regulations, guidelines and circulars.

A minimum of 10 % of the Equity Shares offered in this Issue shall be Allotted to Mutual Funds. If no Mutual Fund is agreeable to take up the minimum portion as specified above, such minimum portion or part thereof may be Allotted to other QIBs.

Note: Affiliates or associates of the Global Coordinator and Book Running Lead Manager who are QIBs may participate in the Issue in compliance with applicable laws.

Bid/ Issue Programme

Bidding Period / Issue Period:	
BID/ISSUE OPENS ON	[●], 2016
BID/ISSUE CLOSES ON	[●], 2016

Application Process

Application Form

Bidders shall only use the serially numbered Application Forms (which are addressed to them) supplied by our Company and the Global Coordinator and Book Running Lead Manager in either electronic form or by physical delivery for the purpose of making a Bid (including revision of a Bid) in terms of this Preliminary Placement Document.

By making a Bid (including the revision thereof) for Equity Shares through Application Forms and pursuant to the terms of this Preliminary Placement Document, the Bidder will be deemed to have made the following representations and warranties and the representations, warranties and agreements made under "Notice to Investors", "Representations by Investors", "Selling Restrictions" and "Transfer Restrictions" on pages [●], [●], [●] and [●], respectively:

1. The Bidder confirms that it is a QIB in terms of Regulation 2(1)(zd) of the SEBI Regulations and is not excluded under Regulation 86 of the SEBI Regulations, has a valid and existing registration under the applicable laws in India (as applicable) and is eligible to participate in this Issue;

2. The Bidder confirms that it is not a promoter and is not a person related to the Promoters, either directly or indirectly and its Application Form does not directly or indirectly represent the Promoters or Promoter Group or persons related to the Promoters;

3. The Bidder confirms that it has no rights under a shareholders' agreement or voting agreement with the Promoters or persons related to the Promoters, no veto rights or right to appoint any nominee director on the Board other than those acquired in the capacity of a lender which shall not be deemed to be a person related to the Promoters as per SEBI Regulations;

4. The Bidder acknowledges that it has no right to withdraw its Bid after the Bid/Issue Closing Date;

5. The Bidder confirms that if Equity Shares are Allotted through the Issue, it shall not, for a period of one year from Allotment, sell such Equity Shares otherwise than on the Stock Exchanges;

6. The Bidder confirms that it is eligible to Bid and hold Equity Shares so Allotted. The Bidder further confirms that the holding of the Bidder, does not and shall not, exceed the level permissible as per any applicable regulations applicable to the Bidder;

7. The Bidder confirms that its Bids would not eventually result in triggering a tender offer under the Takeover Code;

8. The Bidder confirms that the number of Equity Shares Allotted to it pursuant to the Issue, together with other Allottees that belong to the same group or are under common control, shall not exceed 50% of the Issue. For the purposes of this representation:

   (i) The expression 'belong to the same group' shall derive meaning from the concept of 'companies under the same group' as provided in sub-section (11) of Section 372 of the Companies Act; and

   (ii) 'Control' shall have the same meaning as is assigned to it by Regulation 2(1)(e) of the Takeover Code;

9. The Bidders shall not undertake any trade in the Equity Shares credited to its beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges.

10. The Bidder confirms that it is purchasing the Equity Shares in an offshore transaction meeting the requirements of Rule 903 or 904 of Regulation S and it shall not offer, sell, pledge or otherwise transfer such Equity Shares except in an offshore transaction complying with Regulation S or pursuant to any other available exemption from registration under the Securities Act and in accordance with all applicable securities laws of the states of the United States and any other jurisdiction, including India. It also confirms all other applicable representations and warranties included under "Representations by Investors" "Notice to Investors", "Selling Restrictions" and "Transfer Restrictions" on pages [●], [●], [●] and [●], respectively, of this Preliminary Placement Document.

EACH BIDDER MUST PROVIDE ITS DEPOSITORY ACCOUNT DETAILS, PAN, DEPOSITORY

PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER, EMAIL ID AND BENEFICIARY BANK ACCOUNT NUMBER IN THE APPLICATION FORM. QIBS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. FOR THIS PURPOSE, ELIGIBLE SUB ACCOUNTS OF AN FII WOULD BE CONSIDERED AS AN INDEPENDENT BIDDER.

If so required by the GCBRLM, the Bidder submitting a Bid along with the application form, will also have to submit requisite documents to the GCBRLM to evidence their status as a QIB. If so required by the GCBRLM, Escrow agent or any statutory or regulatory authority in this regard, includes after Issue closure, the Bidder submitting a Bid and/or being Allotted Equity Shares in the Issue, will also have to submit requisite documents to fulfill the KYC norms.

Demographic details such as address and bank account will be obtained from the Depositories as per the Depository Participant account details given above.

The submission of an Application Form by a Bidder shall be deemed to be a valid, binding and irrevocable offer for the Bidder to pay the entire Issue Price for the Equity Shares (as indicated by the CAN) and becomes a binding contract on the Bidder upon issuance of the CAN by our Company in favour of such successful Bidder.

Submission of Application Form

All Application Forms must be duly completed with information including the name of the Bidder, the price and number of Equity Shares applied for. All Application Forms duly completed along with a copy of the PAN card or PAN allotment letter shall be submitted to the Global Coordinator and Book Running Lead Manager as per the details provided in the respective CAN. The Application Forms may also be submitted to the Global Coordinator and Book Running Lead Manager either through electronic form or through physical delivery at the following address:

Name of Global Coordinator and Book Running Lead Manager	Address	Contact person	Email	Phone (telephone and fax)
Religare Capital Markets Limited	901, 9th Floor, Tower I, Indiabulls Finance Centre Senapati Bapat Marg, Elphinstone Road, Mumbai – 400013	Mr. Rakesh Bhunatar	rakesh.bhunatar@religare.com	Tel: +91 22 6766 3577 Fax: +91 22 6766 3575

The Global Coordinator and Book Running Lead Manager shall not be required to provide any written acknowledgement of the receipt of the Application Form.

Permanent Account Number or PAN

Each Bidder should mention its PAN allotted under the IT Act in the Application Form. Applications without this information will be considered incomplete and are liable to be rejected. Bidders should not submit the GIR number instead of the PAN as the Application Form is liable to be rejected on this ground.

Pricing and Allocation

Build up of the Book

The Bidder shall submit their Bids (including the revision of bids) within the Bidding Period to the Global Coordinator and Book Running Lead Manager. Such Bids cannot be withdrawn after the Bid/Issue Closing Date. The book shall be maintained by the Global Coordinator and Book Running Lead Manager.

Price Discovery and Allocation

Our Company, in consultation with the Global Coordinator and Book Running Lead Manager, shall determine the Issue Price, which shall be at or above the Floor Price. However, our Company may offer a discount of not more than 5% on the Floor Price in terms of Regulation 85 of the SEBI Regulations.

After finalisation of the Issue Price, our Company shall update this Preliminary Placement Document with the Issue details and file the same with the Stock Exchanges, SEBI and RoC as the Placement Document.

Method of Allocation

Our Company shall determine the Allocation, in consultation with the Global Coordinator and Book Running Lead Manager, on a discretionary basis and in compliance with Chapter VIII of the SEBI Regulations.

Bids received from the Bidders at or above the Issue Price shall be grouped together to determine the total demand. The Allocation to all such Bidders will be made at the Issue Price. Allocation to Mutual Funds for up to a minimum of 10% of the Issue Size shall be undertaken subject to valid Bids being received at or above the Issue Price.

THE DECISION OF OUR COMPANY IN CONSULTATION WITH THE GLOBAL COORDINATOR AND BOOK RUNNING LEAD MANAGER IN RESPECT OF ALLOCATION SHALL BE FINAL AND BINDING ON ALL BIDDERS. THE BIDDERS MAY NOTE THAT ALLOCATION OF EQUITY SHARES IS AT THE SOLE AND ABSOLUTE DISCRETION OF OUR COMPANY IN CONSULTATION WITH THE GLOBAL COORDINATOR AND BOOK RUNNING LEAD MANAGER AND BIDDERS MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATION FORMS AT OR ABOVE THE ISSUE PRICE. NEITHER OUR COMPANY NOR THE GLOBAL COORDINATOR AND BOOK RUNNING LEAD MANAGER ARE OBLIGED TO ASSIGN ANY REASON FOR ANY NON-ALLOCATION.

CAN

Based on the Application Forms received, our Company, in consultation with the Global Coordinator and Book Running Lead Manager, in their sole and absolute discretion, shall decide the Bidders to whom the serially numbered CAN shall be sent, pursuant to which the details of the Equity Shares Allocated to them and the details of the amounts payable for Allotment of such Equity Shares in their respective names shall be notified to such Bidders. Additionally, a CAN will include details of the relevant Escrow Bank Account into which such payments would need to be made, address where the application money needs to be sent, Pay-In Date as well as the probable designated date, being the date of credit of the Equity Shares to the respective Bidder’s account.

The successful Bidders would also be sent a serially numbered Placement Document either in electronic form or by physical delivery along with the serially numbered CAN.

The dispatch of the serially numbered Placement Document and the serially numbered CAN to the successful Bidders shall be deemed a valid, binding and irrevocable contract for the successful Bidders to furnish all details that may be required by the Global Coordinator and Book Running Lead Manager and to pay the entire Issue Price for all the Equity Shares Allocated to such successful Bidder.

QIBS ARE ADVISED TO INSTRUCT THEIR DEPOSITORY PARTICIPANT TO ACCEPT THE EQUITY SHARES THAT MAY BE ALLOTTED TO THEM PURSUANT TO THE ISSUE.

Bank Account for Payment of Application Money

Our Company has opened the Escrow Account with [●] in terms of the arrangement among our Company, the Global Coordinator and Book Running Lead Manager and [●] as escrow bank. The successful Bidder to whom CAN is sent will be required to deposit the entire amount payable for the Equity Shares Allocated to it by the Pay-In Date as mentioned in, and in accordance with, the respective CAN.

Payments are to be made only through electronic fund transfer.

Note: Payments through cheques are liable to be rejected.

If the payment is not made favouring the Escrow Account within the time stipulated in the CAN, the Application Form and the CAN of the successful Bidder are liable to be cancelled.

Our Company undertakes to utilise the amount deposited in Escrow Account only for the purposes of (i) adjustment against Allotment of Equity Shares in the Issue; or (ii) repayment of application money if our Company is not able to Allot Equity Shares in the Issue.

In case of cancellations or default by the Bidders, our Company and the Global Coordinator and Book Running Lead Manager have the right to reallocate the Equity Shares at the Issue Price among existing or new Bidders at their sole and absolute discretion subject to the applicable laws.

Designated Date and Allotment of Equity Shares

The Equity Shares will not be Allotted unless the successful Bidders pay the Issue Price to the Escrow Account as stated above.

The Equity Shares in the Issue will be issued and Allotment shall be made only in dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

Our Company, at its sole discretion, reserves the right to cancel the Issue at any time up to Allotment without assigning any reason whatsoever.

In the case of successful Bidders who have been Allotted more than 5% of the Equity Shares in the Issue, our Company shall disclose the name and the number of the Equity Shares Allotted to such successful Bidder to the Stock Exchanges and the Stock Exchanges will make the same available on their website. Our Company shall make requisite filings with the RoC and SEBI within stipulated period as required under the Companies Act, and Companies (Prospectus and Allotment of Securities Rules), 2014. If you are allotted any Equity Shares, our Company is required to disclose details such as your name, address and the number of Equity Shares Allotted to the RoC and the SEBI.

The Escrow Bank shall release the monies lying to the credit of the Escrow Bank Account to our Company after Allotment of Equity Shares to the successful Bidders and receipt of listing and trading permission from the Stock Exchanges.

Following the Allotment and credit of Equity Shares into the successful Bidders' Depository Participant accounts, our Company will apply for final trading and listing approvals from the Stock Exchanges.

In the event of any delay in the Allotment or credit of Equity Shares, or receipt of trading or listing approvals or cancellation of the Issue, no interest or penalty would be payable by us. However, in case of delay in making application for listing beyond twenty days from the date of Allotment, our Company, shall pay penal interest to successful Bidders for each day of delay at the rate of at least ten percent per annum from the expiry of thirty days from date of Allotment till the listing of Equity Shares to the successful Bidders.

Further, in the event of non-receipt of listing permission from the Stock Exchange(s), the Equity Shares shall not be eligible for listing and our Company, shall be liable to refund the subscription monies, if any, to the successful Bidders immediately along with interest at the rate of ten percent per annum from the date of Allotment.

In the event that our Company is unable to issue and Allot the Equity Shares offered in the Issue or on cancellation of the Issue, within 60 days from the date of receipt of application money, our Company shall repay the application money within 15 days from expiry of 60 days, failing which our Company shall repay that money with interest at the rate of 12% per annum from expiry of the sixtieth day. The application money to be refunded by our Company shall be refunded to the same bank account from which application money was remitted by the successful Bidders.

Other Instructions

Right to Reject Applications

Our Company, in consultation with the Global Coordinator and Book Running Lead Manager, may reject Bids, in part or in full, without assigning any reason whatsoever. The decision of our Company and the Global Coordinator and Book Running Lead Manager in relation to the rejection of Bids shall be final and binding.

Equity Shares in Dematerialised form with NSDL or CDSL

The Allotment of the Equity Shares in the Issue shall be only in dematerialised form (i.e., not in physical certificates but be fungible and be represented by the statement issued through the electronic mode).

A Bidder applying for Equity Shares to be issued pursuant to the Issue must have at least one beneficiary account with a

Depository Participant of either NSDL or CDSL prior to making the Bid. Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of such successful Bidder.

Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges have electronic connectivity with NSDL and CDSL.

The trading of the Equity Shares to be issued pursuant to the Issue would be in dematerialised form only for all Bidders in the demat segment of the respective Stock Exchanges.

Our Company and the Global Coordinator and Book Running Lead Manager will not be responsible or liable for the delay in the credit of Equity Shares to be issued pursuant to the Issue due to errors in the Application Form or otherwise on part of the Bidders.

Release of funds to our Company

The Escrow Bank shall not release the monies lying to the credit of the "[●]" till such time, that it receives an instruction in pursuance to the Escrow Agreement, along with the listing and trading approval of the Stock Exchanges for the Equity Shares offered in the Issue.

PLACEMENT AND LOCK-UP

Placement Agreement

The Global Coordinator and Book Running Lead Manager has entered into a placement agreement with our Company dated [●] (the "**Placement Agreement**"), pursuant to which the Global Coordinator and Book Running Lead Manager has agreed to procure subscriptions for the Equity Shares on a reasonable efforts basis, pursuant to Section 42 of Companies Act, 2013, read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, and Chapter VIII of the SEBI Regulations.

The Placement Agreement contains customary representations, warranties and indemnities from our Company and the Global Coordinator and Book Running Lead Manager, and it is subject to termination in accordance with the terms contained therein.

Applications shall be made to list the Equity Shares issued pursuant to this Issue and admit them to trading on the Stock Exchanges. No assurance can be given as to the liquidity or sustainability of the trading market for such Equity Shares, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which holders of the Equity Shares will be able to sell their Equity Shares.

This Preliminary Placement Document and the Placement Document have not been, and will not be, registered as a prospectus with the RoC and, no Equity Shares issued pursuant to this Issue will be offered in India or overseas to the public or any members of the public in India or any other class of investors, other than QIBs.

Relationship with the Global Coordinator and Book Running Lead Manager

In connection with the Issue, the Global Coordinator and Book Running Lead Manager, (or its affiliates) may, for their own accounts, subscribe to the Equity Shares or enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares to be issued pursuant to the Issue at the same time as the offer and sale of the Equity Shares or in secondary market transactions. As a result of such transactions, the Global Coordinator and Book Running Lead Manager may hold long or short positions in such Equity Shares. These transactions may comprise a substantial portion of the Issue and no specific disclosure will be made of such positions. Affiliates of the Global Coordinator and Book Running Lead Manager may purchase Equity Shares and be Allocated Equity Shares for proprietary purposes and not with a view to distribution or in connection with the issuance of P-Notes.

From time to time, the Global Coordinator and Book Running Lead Manager, and its affiliates and associates of such entity have may be engaged in or may in the future engage in transactions with and perform services including but not limited to investment banking, advisory, banking, trading services for our Company and the Shareholders, as well as to their respective associates and affiliates, pursuant to which fees and commissions have been paid or will be paid to the Global Coordinator and Book Running Lead Manager and its affiliates and associates.

Lock-up

The Promoters and the Promoter Group of DSIL, jointly and severally, agrees that, without the prior written consent of the GCBRLM, he or it will not, and will not announce any intention to enter into any transaction whether any such transaction which is to be settled by delivery of Equity Shares, or such other securities, in cash or otherwise, during the period commencing on the date hereof and ending 180 days after the date of Allotment of the Equity Shares pursuant to the QIP (the "**Lock-up Period**"), directly or indirectly, issue, offer, lend, sell, contract to sell, pledge, encumber, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, make any short sale, lend or otherwise transfer or dispose of directly or indirectly, any Equity Shares, including but not limited to any options or warrants to purchase any Equity Shares, or any securities convertible into or exercisable or exchangeable for, or that represent the right to receive, Equity Shares or enter into any swap or other agreement that transfers, directly or indirectly, in whole or in part, any of the economic consequences of ownership of the Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares or deposit any Equity Shares, or any securities convertible into or exercisable or exchangeable for the Equity Shares or which carry the rights to subscribe for or purchase Equity Shares, in any depositary receipt facility or enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of a sale or deposit of Equity Shares in any depositary receipt facility. However, the foregoing restrictions shall not be applicable if any of the actions mentioned above are required to be undertaken pursuant to any employee stock option scheme or inter-se transfers between Promoter Group or any change in applicable law, or a direction of a court of law or the Reserve Bank of India post the date of execution of the Placement Agreement.

In addition, each of the Promoters and Promoter Group of DSIL, jointly and severally, agrees that, without the prior written consent of the GCBRLM, he or it will not, during the Lock-up Period, make any demand for or exercise any right with respect to, the registration or sale or deposition of any Equity Shares or any other securities of our Company substantially similar to the Equity Shares, including, but not limited to options, warrants or other securities that are convertible into, exercisable or exchangeable for, or that represent the right to receive Equity Shares or any such substantially similar securities, whether now owned or hereinafter acquired.

Our Company has undertaken that it will not for a period commencing the date hereof and ending 180 days from the date of Allotment, without the prior written consent of the GCBRLM, directly or indirectly:

a. offer, sell, issue, contract to issue, sell, issue or offer any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, any Equity Shares or any securities convertible into or exercisable for Equity Shares (including, without limitation, securities convertible into or exercisable or exchangeable for Equity Shares which may be deemed to be beneficially owned), or file any registration statement under the U.S. Securities Act , with respect to any of the foregoing, or

b. enter into any swap or other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences associated with the ownership of any of the Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares (regardless of whether any of the transactions described in clause (a) or (b) is to be settled by the delivery of Equity Shares or such other securities, in cash or otherwise), or

c. deposit Equity Shares with any other depositary in connection with a depositary receipt facility, or

d. publicly announce any intention to enter into any transaction falling within (a) to (c) above or enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of an issue or offer or deposit of Equity Shares in any depositary receipt facility or publicly announce any intention to enter into any transaction falling within (a) to (c) above.

SELLING RESTRICTIONS

[●]

TRANSFER RESTRICTIONS

[●]

THE SECURITIES MARKET OF INDIA

The information in this section has been extracted from publicly available documents from various sources, including officially prepared materials from the SEBI and the Stock Exchanges; and has not been prepared or independently verified by us, the Global Coordinator and Book Running Lead Manager, or any of our respective affiliates or advisers.

The Indian Securities Market

India has a long history of organised securities trading. In 1875, the first stock exchange was established in Mumbai. BSE and NSE together hold a dominant position among the stock exchanges in terms of the number of listed companies, market capitalisation and trading activity.

Stock Exchange Regulation

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Capital Markets Division, under the SCRA, the SCRR, the SEBI Act, the Depositories Act, the Companies Act and various rules and regulations framed thereunder.

On June 20, 2012, SEBI, in exercise of its powers under the SCRA and the SEBI Act, notified the SCR (SECC) Rules, which regulate inter alia the recognition, ownership and internal governance of stock exchanges and clearing corporations in India together with providing for minimum capitalisation requirements for stock exchanges. The SCRA, the SCRR and the SCR (SECC) Rules along with various rules, bye-laws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner, in which contracts are entered into, settled and enforced between members of the stock exchanges.

The SEBI Act empowers SEBI to promote, develop and regulate the Indian securities markets, including stock exchanges and intermediaries in the capital markets, to protect the interests of investors, promote and monitor self-regulatory organisations and prohibit fraudulent and unfair trade practices and insider trading and to regulate substantial acquisitions of shares and takeovers of companies. SEBI has also issued regulations concerning minimum disclosure requirements by public companies, rules and regulations concerning investor protection, insider trading, substantial acquisitions of shares and takeover of companies, buy-backs of securities, delisting of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, foreign institutional investors, credit rating agencies and other capital market participants.

Listing of Securities

The listing of securities on stock exchanges in India is regulated by the applicable Indian laws including the SEBI Regulations, Companies Act, the SCRA, the SCRR, the Listing Regulations, the SEBI Act and various guidelines and regulations issued by the SEBI. Under the SCRA and the SCRR, the governing body of each stock exchange is empowered to suspend or withdraw admission to trading of or dealing in a listed security for breach by a listed company of any of the conditions of admission to dealings or for any other reason, subject to such company receiving prior notice of such intent of the stock exchange and upon granting of a hearing in the matter. The SEBI has the power to vary or veto the decision of the stock exchange in this regard. The SEBI also has the power to amend the byelaws of the stock exchanges.

Disclosures under the Companies Act, 2013 and Listing Regulations

Public listed companies are required under the Companies Act, 2013 and the Listing Regulations to prepare, file with the registrar of companies and circulate to their shareholders audited annual accounts which comply with the disclosure requirements and regulations governing their manner of presentation and which include sections relating to corporate governance under the Companies Act, 2013, related party transactions and management's discussion and analysis as required under Listing Regulations. In addition, a listed company is subject to continuing disclosure requirements pursuant to the terms of the Listing Regulations.

Delising of Securities

SEBI has notified the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 in relation to the voluntary and compulsory delisting of equity shares from the stock exchanges. In addition, certain amendments to the SCRR have also been notified in relation to delisting.

Minimum Level of Public Shareholding

Pursuant to an amendment of the SCRR, all listed companies (except public sector undertakings) are required to maintain a minimum public shareholding of 25%. We are in compliance with the minimum public shareholding requirement. Where the public shareholding in a listed company falls below 25% at any time, such company is required to bring the public shareholding to 25% within a maximum period of twelve months from the date of such fall in the manner specified by the SEBI.

Index-Based Market-Wide Circuit Breaker System

In order to restrict abnormal price volatility in any particular stock, the SEBI has instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index- based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement, at 10%, 15% and 20%. These circuit breakers, when triggered, bring about a co-ordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of BSE or the CNX NIFTY of NSE, whichever is breached earlier.

In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise price bands of 20% movements either up or down. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available.

The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by the stockbrokers.

BSE

Established in 1875, the BSE is the oldest stock exchange in India. In 1956, it became the first stock exchange in India to obtain permanent recognition from the Government under the SCRA.

NSE

The NSE was established by financial institutions and banks to provide nationwide online, satellite-linked, screen-based trading facilities with market-makers and electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. The NSE was recognised as a stock exchange under the SCRA in April 1993 and commenced operations in the wholesale debt market segment in June 1994. The capital market (equities) segment commenced operations in November 1994 and operations in the derivatives segment commenced in June 2000. The NSE launched the NSE 50 Index, now known as S&P CNX NIFTY, on April 22, 1996 and the Mid-cap Index on January 1, 1996.

Internet-Based Securities Trading and Services

The SEBI approved internet trading in January 2000. Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. This permits clients throughout the country to trade using brokers' internet trading systems. Stock brokers interested in providing this service are required to apply for permission to the relevant stock exchange and to comply with certain minimum conditions stipulated by the SEBI and other applicable laws. NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the 'equities' as well as the 'derivatives' segments of the NSE.

Trading Hours

Trading on both the NSE and the BSE occurs from Monday to Friday, between 9:15 a.m. and 3:30 p.m. IST (excluding the 15 minutes pre-open session from 9:00 a.m. to 9:15 a.m. that has been introduced recently). The NSE and the BSE are closed on public holidays. The recognised stock exchanges have been permitted to set their own trading hours (in the cash and derivatives segments) subject to the condition that (i) the trading hours are between 9.00 a.m. and 5.00 p.m.; and (ii) the stock exchange has in place a risk management system and infrastructure commensurate to the trading hours.

Trading Procedure

In order to facilitate smooth transactions, the BSE replaced its open outcry system with BSE On-line Trading facility in

1995. This totally automated screen based trading in securities was put into practice nation-wide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work.

NSE has introduced a fully automated trading system called NEAT, which operates on strict time/price priority besides enabling efficient trade. NEAT has provided depth in the market by enabling large number of members all over India to trade simultaneously, narrowing the spreads.

Takeover Regulations

Disclosure and mandatory bid obligations for listed Indian companies are governed by the Takeover Regulations which provide specific regulations in relation to substantial acquisition of shares and takeover. Once the equity shares of a company are listed on a stock exchange in India, the provisions of the Takeover Regulations will apply to any acquisition of the company's shares/voting rights/control. The Takeover Regulations prescribe certain thresholds or trigger points in the shareholding a person or entity has in the listed Indian company, which give rise to certain obligations on part of the acquirer. Acquisitions up to a certain threshold prescribed under the Takeover Regulations mandate specific disclosure requirements, while acquisitions crossing particular thresholds may result in the acquirer having to make an open offer of the shares of the target company. The Takeover Regulations also provide for the possibility of indirect acquisitions, imposing specific obligations on the acquirer in case of such indirect acquisition.

Insider Trading Regulations

The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, (the "**Insider Trading Regulations**") have been notified by SEBI to prohibit and penalize insider trading in India. An "insider" is defined to include any person who has received or has access to unpublished price sensitive information ("**UPSI**") or a "Connected Person". A "Connected Person" includes, *inter alia*, any person who is or has directly or indirectly, been associated with the company in any capacity whether contractual, fiduciary or employment or has any professional or business relationship with the company whether permanent or temporary, during the six months prior to the concerned act which would allow or reasonably expect to allow access, directly or indirectly, to UPSI.

An insider is, *inter alia*, prohibited from trading in securities of a listed or proposed to be listed company when in possession of UPSI and to provide access to any person including other insiders to the above referred UPSI except where such communication is for legitimate purposes, performance of duties or discharge of legal obligations. UPSI shall include any information, relating to a company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities. The Insider Trading Regulations also provide disclosure obligations for shareholders holding more than 5% of equity shares or voting rights, and the changes therein. Initial disclosures are required from promoters, key managerial personnel, directors as well as continual disclosures by every promoter, employee or director in case value of trade exceed monetary threshold of ten lakh rupees over a calendar quarter, within two days of reaching such threshold. The board of directors of all listed companies are required to formulate and publish on the company's website a code of procedure for fair disclosure of UPSI along with a code of conduct for its employees for compliances with the Insider Trading Regulations.

Depositories

The Depositories Act provides a legal framework for the establishment of depositories to record ownership details and effect transfer in book-entry form. Further, SEBI framed regulations in relation to the registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets.

Derivatives (Futures and Options)

Trading in derivatives is governed by the SCRA, the SCRR and the SEBI Act. The SCRA was amended in February 2000 and derivatives contracts were included within the term "securities", as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivatives exchange or derivatives segment of a stock exchange functions as a self-regulatory organisation under the supervision of the SEBI.

DESCRIPTION OF THE EQUITY SHARES

The following is information relating to the Equity Shares including a brief summary of some of the provisions of the Memorandum and Articles of Association and the Companies Act. Prospective investors are urged to read the Memorandum and Articles of Association carefully, and consult with their advisers, as the Memorandum and Articles of Association and applicable Indian law, and not this summary, govern the rights attached to the Equity Shares.

General

Our authorised share capital is ₹ 540 million consisting of 22,500,000 Equity Shares, 150,000 Preference Shares (Series-I), 1,500,000 Preference Shares (Series-II), 1,000,000 Preference Shares (Series-III) and 500,000 Preference Shares (Series-IV).

As of the date of this Preliminary Placement Document, the outstanding paid-up equity share capital of our Company is ₹ 163,146,760 consisting of 16,314,676 Equity Shares and our outstanding preference share capital is ₹ 311,000,000 consisting of 110,000 Preference Shares (Series-I), 1,500,000 Preference Shares (Series-II), 1,000,000 Preference Shares (Series-III) and 500,000 Preference Shares (Series-IV) .

The Equity Shares are listed on the Stock Exchanges. The security identification codes for the Equity Shares are as follows:

ISIN	INE366A01033
BSE Code	532610
NSE Code	DWARKESH

Articles of Association

Our Company is governed by our Articles of Association.

Dividends

Under Indian law, a company pays dividends upon a recommendation by its board of directors and approval by a majority of the shareholders at the AGM held each fiscal year. Under the Companies Act, unless the board of directors of a company recommends the payment of a dividend, the shareholders at a general meeting have no power to declare any dividend. Subject to certain conditions laid down by Section 123 of the Companies Act, 2013, and rules made thereunder, no dividend can be declared or paid by a company for any fiscal year except (a) out of the profits of the company for that year, calculated in accordance with the provisions of the Companies Act or (b) out of the profits of the company for any previous fiscal year(s) arrived at in accordance with the Companies Act 2013 and remaining undistributed or (c) out of both; or (d) out of money provided by the Central Government or a state Government for payment of dividend by our Company in pursuance of a guarantee given by that Government.

According to the Articles of Association, the Board may before recommending dividend set apart out of the profits of our Company such sums as it thinks prudent as a reserve or reserves which shall at the discretion of the Board, be applicable for any purpose to which the profits of our Company may be properly applied including provision for meeting contingencies or for equalizing dividends and pending such application, at the discretion of our Company either be employed in the business of our Company or be invested in such investments including securities issued by companies or banks (other than the shares of our Company) as the Board may from time to time, think fit.

The Equity Shares issued pursuant to this Preliminary Placement Document shall rank *pari passu* with the existing Equity Shares in all respects including entitlements to any dividends that may be declared by our Company.

Capitalisation of Reserves

In addition to permitting dividends to be paid out of current or retained earnings as described above, the Companies Act permits the board of directors, if so approved by the shareholders in a general meeting, to distribute an amount transferred in the free reserves, the securities premium account or the capital redemption reserve account to its shareholders, in the form of fully paid up bonus equity shares, which are similar to stock dividend. These bonus equity shares must be distributed to shareholders in proportion to the number of equity shares owned by them as recommended by the board of directors. No issue of bonus shares may be made by capitalising reserves created by revaluation of assets. Further, any issue of bonus shares would be subject to SEBI Regulations.

As per the Articles of Association, our Company in General Meeting may, upon the recommendation of the Board resolve that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of our Company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution. Further, the Board shall make all appropriation and applications of the undivided profits resolved to be capitalized thereby, and all allotments and issue of fully paid shares.

Pre-Emptive Rights and Alteration of Capital

Subject to the provisions of the Companies Act, our Company may increase its share capital by issuing new shares on such terms and with such rights as it may determine. According to Section 62 of the Companies Act, 2013 such new shares shall be offered to existing shareholders in proportion to the amount paid up on those shares at that date. The offer shall be made by notice specifying the number of shares offered and the date (being not less than 15 days and not exceeding 30 days from the date of the offer) within which the offer, if not accepted, will be deemed to have been declined. After such date the Board may dispose of the shares offered in respect of which no acceptance has been received which shall not be disadvantageous to the shareholders of our Company. The offer is deemed to include a right exercisable by the person concerned to renounce the shares offered to him in favour of any other person subject to the provisions of FEMA 20, if applicable.

The Articles of Association authorises our Company to issue and allot shares at par or at a premium subject to and in accordance with provisions of the Companies Act.

General Meetings of shareholders

There are two types of general meetings of the shareholders, AGM and EGM.

Our Company must hold its AGM in each fiscal year provided that not more than 15 months shall elapse between each AGM, unless extended by the RoC at its request for any special reason for a period not exceeding three months. The Board of Directors may convene an EGM when necessary or at the request of a shareholder or shareholders holding in the aggregate not less than one tenth of our Company's issued paid up capital (carrying a right to vote in respect of the relevant matter on the date of receipt of the requisition).

Notices, either in writing or through electronic mode, convening a meeting setting out the date, day, hour, place and agenda of the meeting must be given to members at least 21 clear days prior to the date of the proposed meeting. A general meeting may be called after giving shorter notice if consent is received, in writing or electronic mode, from not less than 95 % of the shareholders entitled to vote. The quorum requirements applicable to shareholder meetings under the Companies Act have to be physically complied with.

A company intending to pass a resolution relating to matters such as, but not limited to, amendment in the objects clause of the Memorandum, the issuing of shares with different voting or dividend rights, a variation of the rights attached to a class of shares or debentures or other securities, buy-back of shares, giving loans or extending guarantees in excess of limits prescribed, is required to obtain the resolution passed by means of a postal ballot instead of transacting the business in our Company's general meeting. A notice to all the shareholders shall be sent along with a draft resolution explaining the reasons therefor and requesting them to send their assent or dissent in writing on a postal ballot within a period of 30 days from the date of posting the letter. Postal ballot includes voting by electronic mode.

Voting Rights

At a general meeting, upon a show of hands, every member holding shares and entitled to vote and present in person has one vote. Upon a poll, the voting rights of each shareholder entitled to vote and present in person or by proxy is in the same proportion as the capital paid up on each share held by such holder bears to our Company's total paid up capital. Voting is by a show of hands, unless a poll is ordered by the Chairman of the meeting or voting is carried out electronically. The Chairman of the meeting has a casting vote.

Ordinary resolutions may be passed by simple majority of those present and voting and those voting electronically. Special resolutions require that the votes cast in favour of the resolution must be at least three times the votes cast against the resolution.

A shareholder may exercise his voting rights by proxy to be given in the form required by the Articles of Association. The instrument appointing a proxy is required to be lodged with our Company at least 48 hours before the time of the meeting. A proxy may not vote except on a poll and does not have the right to speak at meetings.

Transfer of shares

Shares held through depositories are transferred in the form of book entries or in electronic form in accordance with the regulations laid down by the SEBI. These provisions provide the regime for the functioning of the depositories and the participants and set out the manner in which the records are to be kept and maintained and the safeguards to be followed in this system. Transfers of beneficial ownership of shares held through a depository are exempt from stamp duty. We have entered into an agreement for such depository services with the National Securities Depository Limited and the Central Depository Services India Limited. SEBI requires that our shares for trading and settlement purposes be in book-entry form for all investors, except for transactions that are not made on a stock exchange and transactions that are not required to be reported to the stock exchange. The registrar and transfer agent shall keep a book in which every transfer or transmission of shares will be entered.

Pursuant to the Listing Regulations, in the event we have not effected the transfer of shares within fifteen days or where we have failed to communicate to the transferee any valid objection to the transfer within the stipulated time period of fifteen days, it is required to compensate the aggrieved party for the opportunity loss caused during the period of the delay. The Equity Shares shall be freely transferable, subject to applicable laws. If our Company refuses to register the transfer of any share or transmission of any right therein, notice of such refusal must be sent to the transferee within one month from the date on which the instrument of transfer or intimation of transmission was lodged with our Company.

STATEMENT OF TAX BENEFITS

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO DWARIKESH SUGAR INDUSTRIES LIMITED AND ITS SHAREHOLDERS

September 19, 2016

To,

Board of Directors
Dwarikesh Sugar Industries Limited
511, Maker Chambers V
221, Nariman Point,
Mumbai 400 021

Dear Sirs,

Sub: Proposed qualified institutions placement of equity shares of face value of INR 10 each ("Equity Shares") of Dwarikesh Sugar Industries Limited ("Company") under Chapter VIII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended ("SEBI Regulations") and Section 42 of the Companies Act, 2013, as amended, read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 ("Issue").

We hereby confirm that the enclosed annexure, prepared by the Company states the possible tax benefits available to the Company and the shareholders of the Company under the Income – tax Act, 1961 ('Act'), presently in force in India.

The amendments in Finance Act, 2015 have been considered to the extent relevant in the enclosed annexure.

The preparation of the contents stated in the Annexure is the responsibility of the Company's management. We are informed that this statement is only intended to provide general information to the investors and hence is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

Our confirmation is based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

We do not express any opinion or provide any assurance as to whether:

(i) the Company or its shareholders will continue to obtain these benefits in future; or
(ii) the conditions prescribed for availing the benefits, where applicable have been/would be met.

This certificate has been issued at the request of the Company for use in connection with proposed placement of Equity Shares under Chapter VIII of the SEBI Regulations and is not to be used, referred to or distributed for any other purposes or to any other party without our prior written consent.

For S.S Kothari Mehta & Co.
Chartered Accountants
Firm Registration No: 000756N

Kamal Kishore
Partner
Membership No: 078017

Place: New Delhi
Date: September 19, 2016

ANNEXURE TO THE STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO DWARIKESH SUGAR INDUSTRIES LIMITED AND ITS SHAREHOLDERS UNDER INCOME TAX ACT, 1961

The information provided below sets out the possible tax benefits available to the shareholders in a summary manner only and is not a complete analysis or listing of all potential tax consequences of purchase, ownership and disposal of equity shares, under the Act presently in force in India. It is not exhaustive or comprehensive analysis and is not intended to be a substitute for professional advice.

YOU SHOULD CONSULT YOUR OWN TAX ADVISORS CONCERNING THE INDIAN TAX IMPLICATIONS AND CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF EQUITY SHARES IN YOUR PARTICULAR SITUATION.

The following is based on the provisions of the Income-tax Act, 1961 ("the Act") as of the date hereof. The Act is amended every fiscal year.

1. Levy of Income Tax

Tax implications under the Act are dependent on the residential status of the tax payer. We summarize herein below the provisions relevant for determination of residential status of a tax payer.

1.1. Residential status of an Individual

As per the provisions of the Act, an individual is considered to be a resident in India during any financial year if he or she is present in India for:

a) a period or periods aggregating to 182 days or more in that financial year; or

b) a period or periods aggregating to 60 days or more in that financial year and for a period or periods aggregating to 365 days or more within the four preceding years; or

In the case of a citizen of India or a person of Indian origin living outside India who comes on a visit to India in any previous year, the limit of 60 days under point (b) above shall be read as 182 days.

In the case of a citizen of India who leaves India as member of the crew of an Indian ship or for the purposes of employment outside India in any previous year, the limit of 60 days under point (b) above, shall be read as 182 days.

Further if an individual fulfils the conditions prescribed under Section 6(6) of the Act, he/she shall be regarded as 'Resident but not ordinarily resident'.

1.2. Residential status of a company

A company is resident in India if it is formed and incorporated under the Companies Act, 1956/2013 or the place of effective management is situated in India.

For this purpose, the place of effective management means a place where key management and commercial decisions that are necessary for the conduct of the business of an entity as a whole are in substance made.

1.3. Residential status of a Hindu undivided family ('HUF'), firm or AOP –

A HUF, firm or other association of persons or every other person is resident in India except when the control and management of its affairs is situated wholly outside India.

A person who is not a resident in India would be regarded as 'Non-Resident'.

1.4. Residential status of every other person

Every other person is resident in India in a financial year in every case except when the control and management of his affairs is situated wholly outside India.

1.5. Scope of taxation

In general, a person who is "resident" in India in a financial year is subject to tax in India on its global income. In the case of a person who is "non-resident" in India, only the income that is received or deemed to be received or that accrues or is deemed to accrue or arise to such person in India is subject to tax in India.

In the instant case, the income from the equity shares of the Company would be considered to accrue or arise in India, and would be taxable in the hands of all categories of tax payers irrespective of their residential status unless specifically exempt (e.g. Dividend). However, a relief may be available under applicable Double Taxation Avoidance Agreement ('DTAA') to certain non-residents/ investors.

1.6. Tax Considerations

As per the taxation laws in force, the general tax benefits / consequences as applicable, to the Company and its shareholders are stated as under. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the Act. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions.

2. General Tax Benefits available to the Company - Under the Act

There are no specific special tax benefits available to the Company and its shareholders under the current direct tax laws in India, However summary of general tax benefits available to the Company as under:

2.1. As per Section 10(15) of the Act, any interest received by the Company from any public sector company in respect of bonds or debentures is exempt from tax. The exemption is subject to such conditions including the condition that the holder of such bonds or debentures registers his name and the holding with that company, as the Central Government may specify in this behalf by notification in the Official Gazette.

2.2.2. As per Section 10(34) of the Act, any income received by the Company by way of dividends on which Dividend Distribution Tax ('DDT') has been paid shall not form part of the total income of the Company and accordingly would be exempt from tax in its hands.

Under Section 14A of the Act, no deduction is permitted in respect of expenditure incurred in relation to earning of income which is not chargeable to tax including dividends exempt under Section 10(34) of the Act. The expenditure relatable to 'exempt income' needs to be determined in accordance with the provisions specified in Section 14A of the Act read with Rule 8D of the Income-tax Rules, 1962 ('the Rules').

However, the Company would be liable to pay DDT at 20.358%.

In calculating the amount of dividend on which DDT is payable, dividends (if any, received by the Company during the tax year and subject to fulfilment of the conditions), shall be reduced by:

- dividends received by the domestic company from a subsidiary of the Company (A company shall be a subsidiary of another company, if such other company, holds more than half in nominal value of the equity share capital of the company); and
- where such subsidiary is a domestic company, it has paid tax payable under Section 115-O of the Act (DDT) or where such subsidiary is a foreign company, the tax is payable under Section 115BBD of the Act by the domestic company.

As per the proviso to this Section, the same amount of dividend would not be taken into account for reduction more than once.

2.3 As per Section 10(35) of the Act, the following income shall be exempt in the hands of the Company:

i) Income received in respect of the units of a Mutual Fund specified under clause (23D) of Section 10 of the Act; or

ii) Income received in respect of the units from the Administrator of the Specified undertaking; or

iii) Income received in respect of units from the specified company.

However, as per the proviso to Section 10(35) of the Act, the above provisions are not applicable to any income arising from transfer of units of the Administrator of the specified undertaking or of the specified company or of a mutual fund.

2.4 Computation of capital gains

2.4.1 Capital assets may be categorized into short-term capital assets and long-term capital assets based on the period for which they are held by a tax payer.

A security (other than a unit) listed in a recognized stock exchange in India or units of the Unit Trust of India established under the Unit Trust of India Act, 1963 or a unit of an equity oriented fund or a zero coupon bonds are considered as long-term capital assets if they are held for a period more than 12 months immediately preceding date of their transfer. Shares of a company (not being a share listed in a recognized stock exchange in India are considered as long-term capital assets if they are held for a period more than 24 months immediately preceding date of their transfer. Other capital assets are considered as long term capital assets if they are held for a period more than 36 months immediately preceding date of their transfer. Consequently, capital gains arising on sale of these assets are considered as 'long-term capital gains'.

Capital gains arising on sale of these assets held for a period less than the period stipulated above are considered as 'short-term capital gains'.

2.4.2 As per Section 10(38) of the Act, capital gains arising from transfer of a long-term capital asset being an equity share in the Company or a unit of an equity oriented fund, where the transaction of sale is chargeable to Securities Transaction Tax ('STT') or where the transaction is undertaken in foreign currency on a recognized stock exchange located in an International Financial Services Centre, shall be exempt from tax in the hands of the Company. For this purpose 'Equity oriented fund' means a fund –

i) Where the investible funds are invested by way of equity shares in the domestic companies to the extent of more than 65% of the total proceeds of such funds; and

ii) Which has been set up under a scheme of a Mutual fund specified under Section 10(23D) of the Act. However, the long-term capital gains arising on sale of share or units referred above shall not be reduced while calculating the book profit under the provisions of Section 115JB of the Act. In other words, such book profit shall include the long-term capital gain as referred to in Section 10(38) of the Act and the Company will be required to pay MAT @ 18.5% (plus applicable surcharge, education cess and secondary & higher education cess) on such book profit.

2.4.3 Section 48 of the Act, (which prescribes the mode of computation of capital gains) provides for deduction of cost of acquisition / improvement and expenses incurred in connection with the transfer of a capital asset from the sale consideration to arrive at the amount of capital gains.

However, in respect of long-term capital gains (as defined in para 2.4.1 above), a deduction of indexed cost of acquisition/improvement is available.

Indexed cost of acquisition means an amount which bears to the cost of acquisition the same proportion as Cost Inflation Index (CII) for the year in which the asset is transferred bears to the CII for the first year in which the asset was held by the taxpayer or for the year beginning on April 1, 1981, whichever is later. In other words indexed cost of acquisition is computed as under:

Cost of acquisition * CII of the financial year in which the asset is transferred /CII of the financial year in which the asset was first held by the tax payer or for the year beginning on April 1, 1981 whichever is later.

2.4.4 As per the provisions of Section 112 of the Act, long-term capital gains (as defined in para 2.4.1 above) to the extent not exempt under Section 10(38) of the Act would be subject to tax in the hands of the Company at the rate of 20% (plus applicable surcharge, education cess and secondary & higher education cess).

However, as per the proviso to Section 112(1) of the Act, if the tax on long-term capital gains resulting from transfer of listed securities (other than a unit) to the extent not exempt under Section 10(38) of the Act, calculated at the rate of 20% (with indexation benefit) exceeds the tax on long-term gains computed at the rate of 10% (without indexation benefit), then such gains are chargeable to tax at the concessional rate of 10% (without indexation benefit) (plus applicable surcharge, education cess and secondary & higher education cess).

2.4.5 As per the provisions of Section 111A of the Act, short-term capital gains (as defined in para 2.4.1 above) on sale of equity shares or units of an equity oriented fund where the transaction of sale is chargeable to STT, or where the transaction is undertaken in foreign currency on a recognized stock exchange located in an International Financial Services Centre, shall be subject to tax at a rate of 15% (plus applicable surcharge, education cess and secondary & higher education cess). Short-term capital gains arising from transfer of capital assets, other than those covered by Section 111A of the Act, would be subject to tax at the rate as applicable to the Company i.e. 30% (plus applicable surcharge, education cess and secondary & higher education cess).

2.4.6 Under Section 54EC of the Act and subject to the conditions specified therein, long-term capital gains arising to the Company would be exempt from tax if such capital gains are invested within 6 months after the date of such transfer in long term specified assets, being bonds issued by:

a) National Highway Authority of India constituted under Section 3 of The National Highway Authority of India Act, 1988; or

b) Rural Electrification Corporation Limited, the Company formed and registered under the Companies Act, 1956.

The investment made in such bonds during any financial year cannot exceed ₹ 5,000,000.

However, with effect from financial year 2015-16, it is provided that the investment made by an assessee in the long-term specified asset, out of capital gains arising from transfer of one or more original asset, during the financial year in which the original asset is transferred and in the subsequent financial year does not exceed ₹ 5,000,000.

If only a part of the capital gains is invested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified assets are transferred or converted into money within 3 years from the date of its acquisition, the amount of capital gains so exempt shall be chargeable to tax during the year of such transfer or conversion.

As long term capital gains covered under Section 10(38) of the Act are exempt from tax, there is no requirement to invest under Section 54EC of the Act in such cases.

2.4.7 Set off and carry forward of capital loss

Under Section 70(2) of the Act, the Company can set off short term capital loss against other short term capital gain or long term capital gain. Under Section 70(3) of the Act, the Company can set off long term capital loss against other long term capital gain.

Under Section 74 of the Act, the unabsorbed short term capital loss can be carried forward and set off against capital gains (whether short term or long term) of subsequent years (upto 8 years). Unabsorbed long term capital loss can be carried forward and set off against long term capital gains only in of subsequent years (upto 8 years). However, as per Section 80 of the Act, the unabsorbed capital loss can be carried forward only when the return of income has been filed within the time prescribed under Section 139(1) of the Act.

2.4 Computation of business income

Profits from business are computed after allowing all reasonable business expenditure including depreciation under Section 28 to 44 DB of the Act. Considering the activities and the business of the Company, the following benefits may be available.

2.4.1. Depreciation allowance

2.4.1.1. Under Section 32(1) of the Act, the Company can claim depreciation allowance at the prescribed rates in respect of the following assets:

- Tangible assets being building, machinery, plant or furniture;
- Intangible assets being know-how, patents, copyrights, trademarks, licenses, franchises or any other business or commercial rights of similar nature acquired on or after April 1, 1998

2.4.1.2. As per provision of Section 32(1)(iia) of the Act, the Company is entitled to claim additional depreciation at the rate of 20% of the actual cost of any new machinery or plant acquired and installed after 31 March 2005. However, no deduction is allowed in respect of:

a) Ships and Aircraft;

b) Any machinery or plant which, before its installation by the company, was used either within or outside India by any other person;

c) Any machinery or plant installed in any office premises or any residential accommodation, including accommodation in the nature of a guest-house;

d) Any office appliances or road transport vehicles; or

e) Any machinery or plant, the whole of the actual cost of which is allowed as a deduction (whether as depreciation or otherwise) in computing the income under the head 'Profits and gains from business and profession' of any one financial year.

Further in case the assets are put to use for less than 180 days in the year of acquisition, then additional deprecation would be 10% of the cost of acquisition in the first year and the balance 10% would be available in the immediately succeeding previous year.

2.5. Carry forward of unabsorbed depreciation, unabsorbed business losses

2.5.1. Under Section 32(2) of the Act, the Company can carry forward and set off unabsorbed depreciation of one financial year and adjusted against income of subsequent years.

2.5.2. Under Section 72 of the Act, unabsorbed business loss, if any can be carried forward and set off against business profits of subsequent years (upto 8 years) subject to prescribed conditions. However, as per Section 80 of the

Act, the unabsorbed business loss can be carried forward only when the return of income has been filed within the time prescribed under Section 139(1) of the Act.

2.6. Investment in new plant and machinery

As per Section 32AC(1A) of the Act, the Company is entitled to a deduction of 15% of actual cost of 'new assets' acquired and installed in a financial year subject to fulfilment of prescribed conditions. The aggregate amount of actual cost of new assets acquired in a previous year should exceed ₹ 25 crores and installation of the same should be completed before March 31, 2017. No deduction under Section 32AC(1A) of the Act would be available from financial year 2017-18 onwards.

Further in case the new asset acquired or and installed is transferred by the Company within 5 years from the date of its installation, the amount of deduction allowed under Section 32AC(1A) of the Act except in connection with amalgamation/demerger would be deemed to be income under the head 'profits and gains from business and profession' of the year in which such new asset is sold or otherwise transferred. This taxability is in addition to the taxability of gains arising on transfer of new asset.

The term 'new asset' means any new plant and machinery but does not include:

- Ships and Aircraft;
- Any machinery or plant which, before its installation by the company, was used either within or outside India by any other person;
- Any machinery or plant installed in any office premises or any residential accommodation, including accommodation in the nature of a guest-house;
- Any office appliances including computers or computer software
- Any vehicle; or
- Any machinery or plant, the whole of the actual cost of which is allowed as a deduction (whether as depreciation or otherwise) in computing the income under the head 'Profits and gains from business and profession' of any one financial year.

2.7. Additional investment allowance under Section 32AD of the Act

Under Section 32AD of the Act, the Company is eligible for an additional investment allowance of an amount equal to 15% of the cost of the new asset acquired and installed if,

- The assessee sets up an undertaking or enterprise for manufacture or production of any article or thing on or after 1st April, 2015 in any backward area notified by the Central Government, in the State of Andhra Pradesh or in the State of Bihar or in the State of Telangana or in the State of West Bengal; and
- the new assets are acquired and installed for the purposes of the said undertaking or enterprise during the period beginning from the 1st April, 2015 to 31st March, 2020.

The term 'new asset' means any new plant and machinery but does not include:

- Ships and Aircraft;
- Any machinery or plant which, before its installation by the company, was used either within or

outside India by any other person;

- Any machinery or plant installed in any office premises or any residential accommodation, including accommodation in the nature of a guest-house;

- Any office appliances including computers or computer software

- Any vehicle; or

- Any machinery or plant, the whole of the actual cost of which is allowed as a deduction (whether as depreciation or otherwise) in computing the income under the head 'Profits and gains from business and profession' of any one financial year.

The assessee sets up an undertaking or enterprise for manufacture or production of any article or thing on or after 1st April, 2015 in any backward area notified by the Central Government, in the State of Andhra Pradesh or in the State of Bihar or in the State of Telangana or in the State of West Bengal; and the new assets are acquired and installed for the purposes of the said undertaking or enterprise during the period beginning from the 1st April, 2015 to 31st March, 2020 would get additional depreciation of 35% instead of 20%, as per proviso to Section 32(1)(iia) of the Act.

2.8. Deduction of expenditure on scientific research

2.8.1. Under Section 35(1)(i) and Section 35(1)(iv) of the Act, the Company is eligible for deduction in respect of any revenue or capital expenditure (other than expenditure on the acquisition of any land) incurred on scientific research related to its business.

2.8.2. Under Section 35(1)(ii) of the Act, the Company can claim weighted deduction of (175% of any sum paid to an approved research association (which has as its object, the undertaking of scientific research) or to a university, college or other institution to be used for scientific research during the AY 2017-18. Weighted deduction is restricted to 150% of sum paid as aforesaid for the AY 2018-19 to 2020-21 and 100% of sum paid as aforesaid from AY 2021-22.

2.8.3. Under Section 35(1)(iia) of the Act any sum paid to a company registered in India (which has as its main object the conduct of scientific research and development) and is approved by the prescribed authority can be claimed as deduction to the extent of one and one fourth times(125%) of the amount so paid during the AY 2017-18. From AY 2018-19 only 100% of the actual contribution as aforesaid is allowed as deduction.

2.8.4. Under Section 35(1)(iii) of the Act the Company is eligible for a deduction of one and one fourth times (125%) of the sum paid to a research association, university, college or other institution to be used for research in social science or statistical research. This weighted deduction is available to amounts paid to approved research association, university, college or institution during the AY 2017-18. From AY 2018-19 only 100% of the actual contribution as aforesaid is allowed as deduction.

2.8.5. The company is eligible for weighted deduction of 200% under Section 35(2AA) of the Act in respect of payments to a National Laboratory, university or Indian Institute of Technology in respect of approved programs of scientific research. The weighted deduction is available provided the sum is paid with specific direction that it is used for approved programs of scientific research during the AY 2017-18 weighted deduction is restricted to 150% of sum paid as aforesaid for the AY 2018-19 to 2020-21 and 100% of sum paid as aforesaid from Assessment Year 2021-22.

2.8.6. The company is eligible for weighted deduction of 200% under Section 35(2AB) of the Act in respect of expenditure on scientific research (not being expenditure in the nature of cost of any land and building) incurred on in house research and development facility as approved by the prescribed authority during the assessment year 2017-18 weighted deduction is restricted to 150% of the expenditure incurred aforesaid for the AY 2018 -19 to 2020-21 and 100% of sum paid as aforesaid from assessment year 2021-22.

2.9. Deduction of expenditure on eligible projects or scheme

As per the provisions of Section 35AC of the Act, the Company is eligible for deduction of any expenditure incurred towards payment of any sum to a public sector company or local authority or an association or institution approved by the National Committee for carrying out any eligible project or scheme, subject to prescribed conditions for the AY 2017-18.

2.10. Amortisation of certain expenditure

2.10.1. Under Section 35D of the Act, a company is eligible for deduction in respect of specified expenditure incurred by it in connection with extension of its undertaking or in connection with setting up new unit for an amount equal to 1/5th of such expenditure over 5 successive AYs subject to conditions and limits specified in that Section.

Specified expenditure includes expenditure in connection with the issue, for public subscription, of shares in or debentures of the company, being underwriting commission, brokerage and charges for drafting, typing, printing and advertisement of the prospectus.

2.10.2. Under Section 35DDA of the Act, the company is eligible for deduction in respect of payments made to its employees in connection with his voluntary retirement for an amount equal to 1/5th of such expenses over 5 successive AYs subject to conditions specified in that Section.

2.11. Expenditure on skill development project

As per Section 35CCD of the Act, the Company would be entitled to a deduction of one and a half times of an amount of expenditure (not being expenditure in the nature of cost of any land or building) incurred on any skill development project notified by the Central Board of Direct Taxes ('CBDT') in accordance with the guidelines as may be prescribed up to assessment year 2020-21. From assessment year 2021-22 only actual expenditure incurred will be allowed as deduction.

2.12. Deduction of STT while computing business income

STT paid by the tax payer in respect of the taxable securities transactions entered into in the course of business during the financial year will be allowable as deduction under Section 36(1)(xv) of the Act, if the income arising from such taxable securities transactions is included in the income computed under the head 'Profits and gains of business or profession'.

2.13. MAT credit

Under Section 115JAA of the Act, tax credit is allowed in respect of MAT paid under Section 115JB of the Act for any AY commencing on April 1, 2006 and any subsequent AY.

The credit eligible for carry forward is the difference between MAT paid and the amount of tax payable computed as per the normal provisions of the Act.

The credit is available for set off only when tax becomes payable under the normal provisions of the Act. The brought forward tax credit can be utilized to the extent of difference between the tax payable under the normal provisions of the Act and tax payable under MAT for that year. Credit in respect of MAT paid is available for set-off up to 10 assessment years immediately succeeding the assessment year for which the MAT credit initially arose.

2.14. Deduction for donations

2.14.1. The Company is entitled to a deduction under Section 80G of the Act in respect of amounts contributed as donations to various charitable institutions and funds covered under that Section, subject to the fulfilment of conditions prescribed therein.

2.14.2. A company is entitled to claim deduction under Section 80GGB of the Act for an amount of 100% of any sum contributed to any political party or an electoral trust.

2.15. Deduction in respect of employment of new employees

The company is entitled to a deduction under Section 80JJAA of the Act in respect of 30% of additional employee cost , incurred in respect of additional employees (as defined in the section) for a period of three assessment years including the assessment year relevant to the previous year in which such employment is provided. This deduction is subject to the compliance of conditions specified in the section 80JJAA.

2.16. Benefit of double taxation avoidance agreement (DTAA)

Under the provisions of Section 90 of the Act, the Company shall be eligible for claiming credit of taxes paid by it on incomes in the foreign countries with which the Government of India has entered into DTAA. The tax credit shall be available as per the provisions of relevant DTAA.

Section 91 of the Act provides for unilateral relief in respect of taxes paid on incomes in the foreign countries with which no DTAA exists. Under the provisions of said Section, the Company shall be entitled to deduction from the income tax of sum calculated on such doubly taxed income at the Indian rate of tax or rate of tax in the foreign country whichever is lower.

3. Benefits available to resident shareholders under the Act

3.1. Dividend income

Under Section 10(34) of the Act, any income earned by way of dividends from the Company would be exempt from tax in the hands of the shareholders, if such dividends are subject to DDT under Section 115-O of the Act and also is such dividend income is not chargeable to tax under Section 115BBDA of the Act.

Under Section 115BBDA of the Act, income by way of dividend, as defined under Section 2(22) of the Act but excluding dividend under Section 2(22)(e), received by an individual, HUF or a firm, resident in India, in excess of ten lakh rupees shall be chargeable to tax at the rate of 10%(plus applicable surcharge, education cess and secondary & higher education cess). No deduction in respect of any expenditure or allowance or set off of losses shall be allowed under any provision of the Act in computing the income by way of dividend under this section. However, as per the provisions of Section 94(7) of the Act, losses arising from transfer/sale of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date will be disallowed to the extent such loss does not exceed the amount of dividend claimed exempt.

'Record date' means such date as may be fixed by the company for the purposes of entitlement of the holder of securities to receive dividend as per the provisions of Section 14A of the Act, no deduction would be allowed in respect of expenditure incurred in relation to earning of dividend income which is exempt from tax.

3.2. Deduction of STT while computing business income

As per Section 36(1)(xv) of the Act, the STT paid by the tax payer in respect of the taxable securities transactions entered into in the course of business during the FINANCIAL YEAR will be allowable as deduction, if the income arising from such taxable securities transactions is included in the income computed under the head

'Profits and gains of business or profession'.

3.3. Income from other sources

As per the provisions of Section 56(2)(vii) of the Act, where any property, other than immovable property (including shares) is received by an individual/ HUF: -

i) without consideration and the aggregate fair market value of such property exceeds ₹ 50,000, or

ii) for a consideration which is less than the aggregate fair market value of such property by at least ₹ 50,000, then the difference between fair market value and consideration paid will be taxable as income from other sources.

This provision is applicable only if shares are held by the shareholders as a capital asset.

This provision is not applicable where shares are received in any of the following modes, namely

1) From any relative;
2) On the occasion of marriage of the individual;
3) Under a will or by way of inheritance;
4) In contemplation of death of the payer or donor;
5) From any local authority as defined in Explanation to Section 10(20) of the Act;
6) From any fund or foundation or university or other educational institution or hospital or other medical institution or any trust or institution referred to in Section 10(23C) of the Act; or
7) From any trust or institution registered under Section 12AA of the Act.

4. Benefits available to Non-resident shareholders (Other than Foreign Institutional Investors) under the Act

4.1. Dividends exempt under Section 10(34) of the Act

Under Section 10(34) of the Act, any income earned by way of dividends from the Company would be exempt from tax in the hands of the shareholders, if such dividends are subject to DDT under Section 115-O of the Act.

However, as per the provisions of Section 94(7) of the Act, losses arising from transfer/sale of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date will be disallowed to the extent such loss does not exceed the amount of dividend claimed exempt.

'Record date' means such date as may be fixed by the company for the purposes of entitlement of the holder of securities to receive dividend.

As per the provisions of Section 14A of the Act, no deduction would be allowed in respect of expenditure incurred in relation to earning of dividend income which is exempt from tax.

4.2. Computation of capital gains

4.2.1. As per the provisions of Section 2(42A) of the Act, the shares held in a company or any other security listed on a recognized stock exchange will be considered as short term capital asset if they are held for a period of 12 months of less immediately preceding date of their transfer. If the period of holding of shares is more than 12 months immediately preceding date of transfer, they will be treated as long term capital asset.

The capital gain/loss on sale of short term capital assets is regarded as short term capital loss. The capital gain/loss on sale of long term capital assets is regarded as long term capital loss.

4.2.2. According to Section 10(38) of the Act, long-term capital gains on sale of equity shares, where the transaction of sale is chargeable to STT or where the transaction is undertaken in foreign currency on a recognized stock exchange located in an International Financial Services Centre, shall be exempt from tax.

4.2.3. First proviso to Section 48 of the Act contains special provisions relating to computation of capital gains, in the hands of non-residents arising from transfer of shares of an Indian company which were purchased in foreign currency.

In such a case, the capital gains are computed by converting the cost of acquisition, expenditure incurred wholly and exclusively in connection with transfer and the full value of consideration into the same foreign currency that was initially used to purchase of such shares. The capital gain so computed in the original foreign currency is reconverted into Indian Rupees at the prescribed exchange rate. The said manner of computing capital gains is used in respect of capital gains accruing or arising from every reinvestment thereafter in and sale of shares of an Indian company.

The non-resident shareholders are not entitled to indexation benefit as provided under second proviso to Section 48 of the Act.

4.2.4. As per the provisions of Section 112 of the Act, long-term capital gains (to the extent not exempt under Section 10(38) of the Act) would be subject to tax in the hands of the shareholders at the rate of 20% (plus applicable surcharge, education cess and secondary & higher education cess).

As per the proviso to Section 112(1) of the Act, if the tax on long-term capital gains resulting from transfer of listed securities to the extent not exempt under Section 10(38) of the Act, calculated at the rate of 20% (with indexation benefit) exceeds the tax on long-term gains computed at the rate of 10% (without indexation benefit), then such gains are chargeable to tax at the concessional rate of 10% (without indexation benefit) (plus applicable surcharge, education cess and secondary & higher education cess).

4.2.5. As per the provisions of Section 111A of the Act, short-term capital gains on sale of equity shares where the transaction of sale is chargeable to STT or where the transaction is undertaken in foreign currency on a recognized stock exchange located in an International Financial Services Centre, shall be subject to tax at a rate of 15% (plus applicable surcharge, education cess and secondary & higher education cess).

Short-term capital gains arising from transfer of shares of the Company, other than those covered by Section 111A of the Act, would be subject to tax as calculated under the normal provisions of the Act.

4.2.6. Under Section 54EC of the Act and subject to the conditions specified therein, long-term capital gains arising on the transfer of equity shares of the Company (other than those covered by Section 10(38) of the Act) would be exempt from tax if such capital gains are invested within 6 months after the date of such transfer in specified assets, being bonds issued by:

a) National Highway Authority of India constituted under Section 3 of The National Highway Authority of India Act, 1988;

b) Rural Electrification Corporation Limited, the Company formed and registered under the Companies Act, 1956.

The investment made in such bonds during any FINANCIAL YEAR cannot exceed ₹ 5,000,000.

However, with effect from AY 2015-16, it is provided that the investment made by an assessee in the long-term specified asset, out of capital gains arising from transfer of one or more original asset, during the financial year in which the original asset is transferred and in the subsequent financial year does not exceed ₹ 5,000,000.

If only a part of the capital gains is invested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified assets are transferred or converted into money within 3 years from the date of its acquisition, the amount of capital gains so exempt shall be chargeable to tax during the year of such transfer or conversion.

4.2.7. As per the provisions of Section 54F of the Act, long term capital gains which are not covered under Section 10(38) of the Act arising from the transfer of any capital asset (not being residential house property) held by an Individual or Hindu Undivided Family ('HUF') will be exempt from tax, if net consideration is utilised, within a period of one year before or two year after the date of transfer, for purchase of a residential house, or for construction of a residential house within three years. The exemption is available subject to fulfilment of prescribed conditions.

With effect from AY 2015-16, Section 54F of the Act provides that the exemption is available if the investment is made in purchase or construction of one residential house situated in India.

4.2.8. Under Section 70(2) of the Act, the short term capital loss can be set off against other short term capital gain or long term capital gain. Under Section 70(3) of the Act, the long term capital loss can be set off against other long term capital gain.

Under Section 74 of the Act, the unabsorbed short term capital loss can be carried forward and set off against capital gains (whether short term or long term) of subsequent years (upto 8 years). Unabsorbed long term capital loss can be carried forward and set off against long term capital gains only in of subsequent years (upto 8 years). However, the unabsorbed capital loss can be carried forward only when the return of income has been filed within the time prescribed under Section 139(1) of the Act.

4.3. Deduction of STT while computing business income

As per Section 36(1)(xv) of the Act, the STT paid by the tax payer in respect of the taxable securities transactions entered into in the course of business during the FINANCIAL YEAR will be allowable as deduction, if the income arising from such taxable securities transactions is included in the income computed under the head 'Profits and gains of business or profession'.

4.4. Taxability as per DTAA

4.4.1. The tax rates and consequent taxation mentioned above will be further subject to any benefits available under the DTAA, if any, between India and the country or any specified territory in which the non-resident has fiscal domicile.

As per the provisions of Section 90(2) of the Act, where the Central Government has entered into an agreement with the Government of any country outside India or specified territory outside India, as the case may be, under sub-Section (1) of Section 90 of the Act for granting relief of tax ,or as the case may be, avoidance of double taxation, then, in relation to the assessee to whom such agreement applies, the provisions of the Act shall apply to the extent they are more beneficial to the assessee.

4.5.2. As per provisions of Section 90(4) of the Act, a non-resident, shall not be entitled to claim any relief under DTAA, unless a certificate of his being a resident in any country outside India or specified territory outside India, as the case may be has been obtained by him from the government of that country or specified territory. In other words, the non-resident tax payers shall be entitled to be governed by the provisions of the DTAA only when they obtain a tax residency certificate from the government of their country of residence.

In addition, as per the provisions of Section 90(5) of the Act, a non-resident shall also provide prescribed documents to claim beneficial provisions of the DTAA.

4.6. No capital gain tax under MAT

In case of shareholder being a foreign company and liable to MAT in India, any capital gains arising from transaction of shares, on which Income-tax payable as per the provisions of the Act is at a rate less than the rate specified for MAT (currently at 18.5%), shall be excluded from computation of "book profit" for the purposes of computation of MAT under Section 115JB of the Act

5. Benefits available to Foreign Institutional Investors ('FIIs') under the Act

5.1. Dividends exempt under Section 10(34) of the Act

Under Section 10(34) of the Act, any income earned by way of dividends from the Company would be exempt from tax in the hands of the shareholders, if such dividends are subject to DDT under Section 115-O of the Act.

However, as per the provisions of Section 94(7) of the Act, losses arising from transfer/sale of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date will be disallowed to the extent such loss does not exceed the amount of dividend claimed exempt.

'Record date' means such date as may be fixed by the company for the purposes of entitlement of the holder of securities to receive dividend.

As per the provisions of Section 14A of the Act, no deduction would be allowed in respect of expenditure incurred in relation to earning of dividend income which is exempt from tax.

5.2. Taxability of capital gains

5.2.1. As per the provisions of Section 115AD of the Act, FIIs will be taxed on the capital gains that are not exempt under Section 10(38) of the Act at the rates as follows:

Nature of income	Rate of tax (%)
Long term capital gain other than the long term capital gain covered by the provisions of Section 10(38) of the Act	10
Short term capital gain on sale of equity shares subjected to STT or where the transaction is undertaken in foreign currency on a recognized stock exchange located in an International Financial Services Centre, under Section 111A of the Act.	15
Short term capital gain other than short term capital gain covered under section 111A of the Act	30

Above tax rates would be increased by the applicable rate of surcharge education cess and secondary & higher education cess.

The benefits of indexation and foreign currency fluctuation protection are not available to an FII.

The above mentioned capital gains are not subject to tax deduction at source as per the provisions of Section 196D (2) of the Act.

5.3. Capital gains- not subject to Income- tax

5.3.1. According to Section 10(38) of the Act, long-term capital gains on sale of equity shares, where the transaction of sale is chargeable to STT or where the transaction is undertaken in foreign currency on a recognized stock exchange located in an International Financial Services Centre, shall be exempt from tax.

5.3.2. Under Section 54EC of the Act and subject to the conditions specified therein, long-term capital gains arising on the transfer of equity shares of the Company (other than the long term capital gain covered by the provisions of Section 10(38) of the Act) would be exempt from tax if such capital gains is invested within 6 months after the date of such transfer in specified assets, being bonds issued by:

a) National Highway Authority of India constituted under Section 3 of The National Highway Authority of India Act, 1988;

b) Rural Electrification Corporation Limited, the Company formed and registered under the Companies Act, 1956.

The investment made in such bonds during any FINANCIAL YEAR cannot exceed ₹ 5,000,000.

However, with effect from assessment year 2015-16, it is provided that the investment made by an assessee in the long-term specified asset, out of capital gains arising from transfer of one or more original asset, during the financial year in which the original asset is transferred and in the subsequent financial year does not exceed ₹ 5,000,000.

If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the specified asset is transferred or converted into money within 3 years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year of such transfer or conversion.

5.3.3. Under Section 70(2) of the Act, the short term capital loss can be set off against other short term capital gain or long term capital gain. Under Section 70(3) of the Act, the long term capital loss can be set off against other long term capital gain.

Under Section 74 of the Act, the unabsorbed short term capital loss can be carried forward and set off against capital gains (whether short term or long term) of subsequent years (upto 8 years). Unabsorbed long term capital loss can be carried forward and set off against long term capital gains only in of subsequent years (upto 8 years). However, the unabsorbed capital loss can be carried forward only when the return of income has been filed within the time prescribed under Section 139(1) of the Act.

5.4. Income from Business Profits

As per Section 36(1) (xv) of the Act, the STT paid by the tax payer in respect of the taxable securities transactions entered into in the course of business during the FINANCIAL YEAR will be allowable as deduction, if the income arising from such taxable securities transactions is included in the income computed under the head 'Profits and gains of business or profession'.

5.5. Taxability as per DTAA

5.5.1 The tax rates and consequent taxation mentioned above will be further subject to any benefits available under the DTAA, if any, between India and the country or any specified territory in which the non-resident has fiscal domicile.

As per the provisions of Section 90(2) of the Act, where the Central Government has entered into an agreement with the Government of any country outside India or specified territory outside India, as the case may be, under sub-Section (1) of Section 90 of the Act for granting relief of tax ,or as the case may be, avoidance of double taxation, then, in relation to the assessee to whom such agreement applies, the provisions of the Act shall apply to the extent they are more beneficial to the assessee.

5.5.2 As per provisions of Section 90(4) of the Act, a non-resident, shall not be entitled to claim any relief under DTAA, unless a certificate of his being a resident in any country outside India or specified territory outside India, as the case may be has been obtained by him from the government of that country or specified territory. In other words, the non-resident tax payers shall be entitled to be governed by the provisions of the DTAA only when they obtain a tax residency certificate from the government of their country of residence.

In addition, as per the provisions of Section 90(5) of the Act, a non-resident shall also provide prescribed documents.

5.6. No capital gain tax under MAT

In case of FII being a foreign company and liable to MAT in India, any capital gains arising from transaction of shares, on which Income-tax payable as per the provisions of the Act is at a rate less than the rate specified for MAT (currently at 18.5%), shall be excluded from the computation of "book profit" for the purposes of computation of MAT under Section 115JB of the Act.

6. Benefits available to Mutual Funds under the Act

As per the provisions of Section 10(23D) of the Act, any income of:

- A mutual fund registered under the Securities and Exchange Board of India Act, 1992 or regulations made there under;

- Mutual Funds set up by public sector banks or public financial institutions or Authorised by the Reserve Bank of India;

would be exempt from income-tax, subject to the conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

However, the Mutual Funds would be required to pay tax on distributed income to unit holders as per the provisions of Section 115R of the Act.

7. Benefits available to Venture Capital Companies/Funds

7.1. Under Section 10(23FB) of the Act, any income of Venture Capital Companies or Venture Capital Funds registered with the Securities and Exchange Board of India, from investment in a venture capital undertaking would be exempt from income tax, subject to conditions specified therein. 'Venture capital undertaking' means:

- A venture capital undertaking as defined in clause (n) of the regulation 2 of Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 or

- A venture capital undertaking as defined in clause (aa) of sub regulation (1) of regulation 2 of Alternate Investment Fund Regulations.

7.1 According to Section 115U of the Act, any income accruing or arising to or received by a person from his investment in venture capital companies/ funds would be taxable in his hands in the same manner as if it were the income accruing/ arising/ received by such person had the investments been made directly in the venture capital undertaking.

7.2 Further, as per Section 115U(5) of the Act, the income accruing or arising to or received by the Venture Capital Company/ Funds from investments made in a Venture Capital Undertaking if not paid or credited to a person (who has made investments in a Venture Capital Company/ Fund) shall be deemed to have been credited to the account of the said person on the last day of the previous year in the same proportion in which such person would have been entitled to receive the income had it been paid in the previous year.

8. Benefits available to Investment Funds

8.1. Under Section 10(23FBA) of the Act, any income except for income under the head "Profits and Gains of Business/ Profession" of Investment fund, registered as category-I or category-II Alternative Investment Fund under the Securities and Exchange Board of India (Alternate Investment Fund) regulations, 2012 would be exempt from income tax, subject to conditions specified therein.

8.2. According to Section 115UB of the Act, any income accruing or arising to or received by a person from his investment in investment funds would be taxable in his hands in the same manner as if it were the income accruing/ arising/ received by such person had the investments been made directly in the company.

8.3. Further, as per Section 115UB(6) of the Act, the income accruing or arising to or received by the Investment Fund if not paid or credited to a person (who has made investments in an Investment Fund) shall be deemed to have been credited to the account of the said person on the last day of the previous year in the same proportion in which such person would have been entitled to receive the income had it been paid in the previous year.

9. Loss under the head 'Capital Gains'

In general terms, loss arising from transfer of a capital asset in India can only be set off against capital gains. Long term capital loss arising on sale of equity shares not subjected to STT during a year is allowed to be set-off only against long term capital gains. A short term capital loss can be set off against capital gains whether short term or long term. To the extent that the loss is not absorbed in the year of transfer, it may be carried forward for a period of 8 years immediately succeeding the year for which the loss was first determined and may be set off against the capital gains assessable for such subsequent years. In order to set off a capital loss as above, the investor (resident/ non- resident) is required to file appropriate and timely income-tax returns in India.

10. Tax Deduction at Source

No income-tax is deductible at source from income by way of capital gains under the present provisions of the IT Act, in case of residents. However, as per the provisions of section 195 of the IT Act, any income by way of capital gains, payable to non residents (except long-term capital gains exempt under section 10(38) of the IT Act), may fall within the ambit of with-holding tax provisions, subject to the provisions of the relevant tax treaty. Accordingly income tax may have to be deducted at source in the case of a non- resident at the rate under the domestic tax laws or under the tax treaty, whichever is beneficial to the assessee unless a lower withholding tax certificate is obtained from the tax authorities.

As per Section 206AA of the Act, with effect from April 1, 2010, every person who is entitled to receive any sum or income or amount on which tax is deductible at source, is required to furnish a Permanent Account Number (PAN) to the person responsible for deducting such tax, failing which tax shall be deducted at the rates as per the Act or the rates in force or 20% whichever is higher. The provisions of Section 206AA shall apply on capital gains payable to non-residents.

Notes:

1) The above Statement of Possible Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares;

2) The above Statement of Possible Direct Tax Benefits sets out the possible tax benefits available to the Company

and its shareholders under the current Tax Laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant Tax Laws;

3) This Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing Tax Laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue;

4) In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any, between India and the country/specified territory (outside India) in which the non-resident has fiscal domicile; and

5) The stated benefits will be available only to the sole/first named holder in case the shares are held by joint shareholders.

6) The tax rates (including rates for tax deduction at source) mentioned in this Statement are applicable for financial year 2016-17 (AY 2017-18).

LEGAL PROCEEDINGS

Except as described below, our Company is not involved in any legal proceedings and disputes, and no proceedings are threatened, which may have, or have had, a material adverse effect on the business, financial condition, cash flows or operations of our Company. Our Company believes that the number of proceedings and disputes in which our Company is involved is not unusual for a company of its size in the context of doing business in India and in international markets. Civil cases involving an amount of ₹ 10 million or more have been disclosed below. Additionally all material cases pertaining to our Company involving public interest litigations, environmental cases and criminal cases, amongst others, have also been disclosed below.

Litigation filed against our Company:

Civil cases

1. Mr. Dharamvir Singh (**"Petitioner No. 1"**), Mr. Ompal Singh (**"Petitioner No. 2"**) and Mr. Ram Singh ("**Petitioner No. 3"**) filed a proceeding bearing No. 185 on March 10, 2006 (**"Proceeding"**), against our Company before the Special Land Acquisition Officer **("S.L.A.O")**, Bijnor, under section 4(1) of the Land Acquisition Act 1894 (**"Land Acquisition Act"**) alleging that the compensation awarded to the Petitioner in relation to the land situated near the abadi, Rajupura, acquired from the Petitioner by our Company for its distillery, was below the market value of the land. Hence, the Petitioner No. 1 claimed an amount of ₹ 6,270,742, the Petitioner No. 2 claimed and amount of ₹19,733,869 and Petitioner No. 3 claimed an amount of ₹ 11,325,592 on the basis of the alleged difference in valuation of land along with interest payable under the Land Acquisition Act. Our Company filed a written statement on May 15, 2007 before the Additional District Judge, Bijnor Court No.3 denying the allegations contained in Proceeding. There was a final hearing before the Additional District Judge, Bijnor on March 23, 2015. The matter is currently pending.

2. Ion Exchange India Limited (**"Claimant"**) filed Civil Miscellaneous Application No. 56 of 2013 and Application No. 57 of 2013 on September 23, 2013 against our Company before the Hon'ble High Court of Allahabad (**"High Court"**), under section 11(6) of the Arbitration and Conciliation Act, 1996, (**"Arbitration Act"**) in relation to non-fulfillment of certain contractual terms of two Purchase Orders (**"PO's"**), issued by our Company to the Claimant. Since the Claimant failed to fulfill certain obligations under the PO's within the time agreed upon, our Company withheld the amount payable to the Claimant. Hence, the Claimant requested for the appointment of a sole arbitrator before the High Court and claimed a total amount of ₹ 7.00 million, while our Company demanded a sum of ₹ 14.09 million on the grounds of liquidated damages. Our Company filed an Original Miscellaneous Case bearing No. 148 and 149 of 2015, on May 22, 2015, before the District Judge, Bijnor objecting on the appointment of the sole Arbitrator under section 14 of the Arbitration and Conciliation Act 1996 being as appointment of Arbitrator is beyond the limitation period of 3 years. Our Company filed an application under section 34 of the Arbitration Act, to the District and Session Judge (South District) Saket Courts, New Delhi, for setting aside an order dated November 28, 2015 passed by way of Interim Award upon the preliminary point of Limitation passed by the sole Arbitrator. The matter is currently adjourned to await the outcome of the objections made by our Company under Section 34 of the Arbitration Act.

3. Texmaco Limited (**"Petitioner"**) filed a winding up petition (**"Petition"**) bearing No. 2 of 2009 against our Company before the Hon'ble High Court of Allahabad under sections 433 (e), (f) and 434 of the Companies Act, 1956 alleging that our Company is indebted to the Petitioner as on October 31, 2008 for a sum of ₹ 28,295,947 along with further interest at the rate of 18% p.a. calculated from October 31, 2008 until the payment of the same to the Petitioner. The disputed amount is alleged to be paid by our Company to the Petitioner in connection with the design, manufacture and supply of the cane milling plant, two 60 TPH boilers and one 22 TPH boiler (**"Equipment"**) by the Petitioner for our units located at Dwarikesh Puram and Dwarikesh Nagar. Our Company replied vide a counter affidavit before the High Court of Allahabad denying the allegations contained in Petition. The matter is currently pending hearing.

Supreme Court of India

1. East U.P Sugar Mills Association and various sugar companies (**"Petitioners"**) filed a Special Leave Petition (**"SLP"**) bearing No. 18681/2008 on July 30, 2008, against our Company, The State of U.P and Others (**"Respondents"**), before the Supreme Court of India, under Article 136 of the Constitution of India against the judgement and final order dated July 7, 2008 (**"the Order"**) passed by the Hon'ble High Court of Allahabad **("High Court"**), Lucknow Bench. By the Order, the High Court upheld the price of ₹ 125 per quintal of sugar for the Season 2007-08 and directed that the difference between this price and the interim price of ₹ 100 per quintal fixed by the High Court by its Interim Order dated November 15, 2007 be paid within two months. The SLP was filed before the Supreme Court of India for it to decide whether the State of U. P has the authority to fix the State Advised Price, which is required to be paid over and above the minimum

price fixed by the Central Government. The matter is currently pending.

Tax cases

Indirect Tax cases

1. The Hon'ble Commissioner of Customs, Central Excise & Service Tax, Meerut, issued a Show Cause Notice (**"SCN"**) dated April 7, 2010, to our Company, by which it was alleged that an aggregate amount of ₹ 25,136,108 (**"duty"**) was payable by our Company under Explanation III to rule 6(3)/rule 6(3A) read with Rule 14 of the CENVAT Credit Rules, 2004 and proviso to sub-section (1) of section 11A of the Central Excise Act, 1944, for availing CENVAT credit for the electricity sold to Uttar Pradesh Power Corporation Limited during the period of April 2005 to December 2009, and additionally a penalty was to be levied on our Company. Our Company has denied the allegations contained in the SCN, by replies dated November 29, 2010, February 9, 2011 and February 25, 2011 to the Commissioner (CX & ST), LTU, Mumbai, and also reversed an amount of ₹ 802,420 against the duty payable. The matter is currently pending before the Hon'ble Commissioner of Customs, Central Excise & Service Tax, Meerut.

2. The Hon'ble Commissioner of Customs, Central Excise & Service Tax, Meerut, issued a Show Cause Notice (**"SCN"**) dated May 6, 2015 to our Company, by which it was alleged that our Company did not maintain separate records of inventory, receipt and consumption of inputs nor followed the procedure of CENVAT Credit Rules, 2004 (**"CENVAT Rules"**). Therefore it was alleged that the duty payable by our Company under Rule 14 of CENVAT Rules read with proviso to section 11A(1) and section 11A(4) of the Central Excise Act, 1944 was ₹ 28,300,520 (**"duty"**) which is a cumulative of 5% or 6% on the sale of electricity during the period of April 2010 to March 2015 which was valued at ₹ 503,281,745. Further, our Company was allegedly liable for payment of interest on the duty, along with penal action under the CENVAT Rules. Our Company has denied the allegations contained in the SCN by a reply dated September 7, 2015 to the Hon'ble Commissioner of Customs, Central Excise & Service Tax, Meerut and also reversed the amount of ₹ 1,325,079 against the duty payable The matter is currently pending before the Hon'ble Commissioner of Customs, Central Excise & Service Tax, Meerut.

3. The Hon'ble Commissioner of Customs, Central Excise & Service Tax, Meerut, issued a Show Cause Notice (**"SCN"**) dated July 22, 2016 to our Company, by which it was alleged that our Company did not maintain separate records of inventory, receipt and consumption of inputs nor followed the procedure of CENVAT Credit Rules, 2004 (**"CENVAT Rules"**). Hence, the duty required to be payable by our Company under Rule 14 of CENVAT Rules read with proviso to section 11A(1) and section 11A(4) of the Central Excise Act, 1944 is ₹ 71,019,894 (**"duty"**) which was a cumulative of 5% or 6% on the sale of electricity during the period of October 2010 to March 2015 which was valued at ₹ 1,456,237,825. Further, our Company was allegedly liable for payment of interest on the duty, along with penal action under the CENVAT Rules. Our Company has denied the allegations contained in the SCN and also reversed the amount of ₹ 3,034,892 against the duty payable. The matter is currently pending before the Hon'ble Commissioner of Customs, Central Excise & Service Tax, Meerut.

4. The Hon'ble Commissioner of Customs, Central Excise & Service Tax, Meerut, on June 5, 2015, issued a Show Cause Notice (**"SCN"**) through which it was alleged that our Company did not maintain separate records of inventory, receipt and consumption of inputs nor followed the procedure of CENVAT Credit Rules, 2004 (**"CENVAT Rules"**). Hence, the duty required to be payable by our Company under Rule 14 of CENVAT Rules read with proviso to section 11A(1) and section 11A(4) of the Central Excise Act, 1944 is ₹ 87,374,270 (**"duty"**) which was a cumulative of 5% or 6% on the sale of electricity during the period of April 2010 to March 2014, which was valued at ₹ 1,456,237,825. Further, our Company was allegedly liable for payment of interest on the duty, along with penal action under the CENVAT Rules. Our Company has denied the allegations contained in the SCN and also reversed the amount of ₹ 3,002,178 against the duty payable. The matter is currently pending before the Hon'ble Commissioner of Customs, Central Excise & Service Tax, Meerut.

5. The Hon'ble Commissioner of Customs, Central Excise & Service Tax, Meerut, issued Show Cause Notice (**"SCN"**) dated July 7, 2008, to our Company, by which it was alleged that an aggregate amount of ₹ 14,214,346 (**"duty"**) was payable by our Company under Rules 14 of the CENVAT Credit Rules, 2004 (**"CENVAT Rules"**) read with proviso to section 11A(1) of the Central Excise Act, 1994, on disallowance of Cenvat on TMT Bar, Dement, Color Coated Profile Sheets, MS Angle, MS Plates etc. Further, our Company was allegedly liable for payment of interest on the duty, alongwith penal action under the CENVAT Rules. Our Company filed a reply dated December 24, 2008 to the Commissioner of Central Excise, LTU, Mumbai, denying the allegations contained in the SCN and also reversed the amount of ₹ 7,795,735 against the duty payable. Further, on October 22, 2010 Shri K. Anantha Padmanabhan, Commissioner, LTU, Mumbai passed an order directing our Company to pay the aforementioned amount. Our Company

applied for a stay order dated November 2, 2011 for waiver of the pre-deposit of duty, interest and penalties. The stay order was allowed and presently the final hearing on the matter is pending.

6. The Hon'ble Commissioner of Customs, Central Excise & Service Tax, Meerut, issued Show Cause Notice (**"SCN"**) dated March 27, 2009 to our Company, by which it was alleged that an aggregate amount of ₹ 14,213,827 was payable by our Company under Rules 14 of the CENVAT Credit Rules, 2004 (**"CENVAT Rules"**) read with proviso to section 11A(1) of the Central Excise Act, 1994,on disallowance of Cenvat on TMT Bar, Dement, Color Coated Profile Sheets, MS Angle, MS Plates etc. Additionally, our Company was allegedly liable for payment of interest on the duty, alongwith penal action under the CENVAT Credit Rules, 2004. Our Company filed a reply dated May 11, 2009 to the Commissioner of Central Excise, LTU, Mumbai, denying the allegations. Further, on October 27, 2010, Shri K. Anantha Padmanabhan, Commissioner, LTU, Mumbai passed an order directing our Company to pay the aforementioned amount. Our Company denied the allegations contained in the SCN and also reversed the amount of ₹ 7,795,617 against the duty payable and the matter is currently pending before the Hon'ble Commissioner of Customs, Central Excise & Service Tax, Meerut.

Direct Tax cases

1. Our Company filed an appeal (**"the Appeal"**) on April 18, 2016 against the Assessment Order dated March 25, 2016 (**"AO"**), for the Assessment Year 2013-14 (**"AY 2013-14"**), passed by the Assistant Commissioner of Income Tax, Mumbai. During the course of assessment of income of our company for the AY 2013-14, the Income Tax Department reputed that our Company had failed to furnish correct particulars of income by considering society commission of ₹ 42,553,711 for the month of February 2012 and March 2012 as prior period expenditure for computation of income in assessment year 2012-13 and not expenditure for the AY 2013-14, hence committing default within the meaning of the Income Tax Act, 1961 (**"IT Act"**). Further, The Assistant Commissioner of Income Tax, Mumbai sent a notice dated March 25, 2016 to our Company, demanding a sum of ₹ 12,280,660. The demand of ₹ 12,280,660 was raised as the disallowance was wrongly added in the computation of book profit under section 115JB of the IT Act, which was also rectified by Our Company on March 31, 2016 and the demand was reduced to NIL. Currently, our Company has refuted the allegations contained in the AO and the Appeal is pending before the Commissioner of Income Tax (Appeals), Mumbai.

Litigations filed by our Company:

1. Our Company filed a criminal complaint bearing number 1555/15 on July 28, 2014 against Kashi Prasad Gadia (**"Respondent"**) before the Additional Chief Judicial Magistrate-III, Bijnor under sections 420, 467, 408, 409, 352 of the IPC. The criminal complaint was filed by our Company on grounds of embezzlement in the sales of molasses and bagasses. The police submitted its chargesheet on February 8, 2015 before the Additional Chief Judicial Magistrate. Our Company has filed an application to amend the charges against the Respondent. The claim sought by our Company pertains to pertains to lodge the FIR against accused and investigate the matter. Our Company has moved an application to amend the charges against the accused. The matter is fixed for disposal of application to amendment of charges.
2. Our Company filed a FIR against Pankaj Kumar ("**Accused**") at P.S. Kiratpur under sections 352, 408, 504 and 506 of the IPC in relation to misbehavior of the Accused towards other officers of our Company. After investigation the police submitted a chargesheet. The Accused did not deliver cane purchase receipts in the factory nor did he hand over the charge after the suspension of Weightment License by the Assistant Sugar Cane Commission and Sugarcane officer. Further the Accused misbehaved with the Company officers. The Accused was acquitted by Judicial Magistrate Ist Class, Najibabad, Bijnor. Our Company filed an appeal before the District Judge Bijnor. The matter is currently pending hearing.
3. Our Company filed a FIR against Mukul Kumar at P.S. Afzalgarh under]section 408 of IPC in relation to deficit in supply of sugarcane to our Dwarikesh Puram unit. The matter is fixed for hearing
4. Our Company filed a FIR against Anchal Kumar at P.S. Nagina Dehat under section 138 of the NI Act in relation to deficit in supply of sugarcane to our Dwarikesh Puram unit. The matter is fixed for hearing
5. Our Company had filed a criminal complaint bearing number 750/2008 on September 20, 2008 against S.K. Bangur (**"Respondent"**) before Judicial Magistrate-II, Nagina under sections 420, 406 and 120 B of the IPC. The complaint was filed by our Company for supplying an electricity supply cable which was of poor quality which burst during a plant operation and which the Respondent refused to replace. The claim sought by our Company pertained to punishment of the Respondent. A stay order was passed in an order dated October 8, 2009 before the Hon'ble High Court, Allahabad. The matter is currently pending hearing.

6. Our Company had filed a criminal complaint bearing number 811/2009 on December 17, 2009 against National Steel and Agro Industries Limited (**"Respondent"**) before the Judicial Magistrate-II, Nagina ("**Magistrate**") under sections 420, 417 and 120 B of the IPC. The complaint was filed by our Company for bad quality sheets which the Respondent refused to replace. The claim sought by our Company pertained to punishment of the Respondent. A stay order was passed in an order dated August 8, 2014 before the Hon'ble High Court, Allahabad. The matter is currently pending hearing.

7. Our Company had filed a criminal complaint bearing number 328/10 on April 28, 2010 against M. Gunashekaran and others (**"Respondents"**) before the Judicial Magistrate-II, Nagina under sections 420, 417 and 120 B of the IPC. The complaint was filed by our Company for supplying poor quality of sugar bagging machines. The claim sought by our Company pertained to punishment of the Respondents. The matter is currently pending hearing.

8. Our Company filed a criminal complaint bearing number 198/13 on March 14, 2013 against Nain Singh ("**Respondent**") before the Judicial Magistrate-II, Nagina under Section 500 of the IPC. The criminal complaint was filed by our Company as the Respondent defamed our Company's officers. The claim sought by our Company pertained to punishment of the Respondent. The matter is currently pending hearing.

9. Our Company filed a criminal complaint bearing number 244/13 on April 1, 2013 against Begraj ("**Respondent**") before the Judicial Magistrate-II, Nagina under Section 500 of the IPC. The criminal complaint was filed by our Company as the Respondent defamed our Company's officers. The claim sought by our Company pertained to punishment of the Respondent. The matter is currently pending hearing.

10. Our Company filed a criminal complaint bearing number 547/2013 on July 15, 2013 against Kuldeep ("**Respondent**") before the Judicial Magistrate-II, Nagina under sections 417, 420 and 427 of IPC. The criminal complaint was filed by our Company for supplying a GS roller with low quality reshelling of lotus roller at our Dwaarikesh Dham unit**.** The claim sought by our Company pertained to punishment of the Respondent. The matter is currently pending for hearing.

11. Our Company had filed a criminal complaint bearing number 672/2013 on October 10, 2013 against Sudhirn Engineering Works ("**Respondent**") before the Judicial Magistrate-II, Nagina under sections 420 and 406 0f the IPC. The criminal complaint was filed by our Company for failure in installing a tubewell in our Dwarikesh Nagar unit after taking the token money. The claim sought by our Company pertained to punishment of the Respondent. The matter is currently pending summons.

12. Our Company filed a criminal complaint bearing number 3866/ 2001 on February 16, 2001 against Jagdiesh (**"Respondent"**) before the Judicial Magistrate-II, Nagina under sections 379 and 411 of the IPC. The criminal complaint was filed by our Company for theft of iron. The claim sought by our Company pertained to punishment of the Respondent. The matter is currently pending hearing.

13. Our Company filed a criminal complaint bearing number 1280/2007 on February 23, 2007 against Rishipal and others ("**Respondents**") before the Judicial Magistrate-II, Nagina under sections 294, 352 and 504 of the IPC. The criminal complaint was filed by our Company for nuisance in our Company campus. The claim sought by our Company pertained to punishment of the Respondent. The matter is currently pending hearing.

14. Our Company filed a criminal complaint bearing number 255/2003 on December 11, 2000 against Preetam Singh ("**Respondent**") before the Judicial Magistrate-II, Nagina under sections 147, 148 and 447 of IPC and section 30 of the Arms Act, 1959. Our Company filed a complaint against the Respondent for forcefully entering the factory premises with weapons to create nuisance in the factory premises. The claim sought by our Company pertained to punishment of the Respondent. The matter is currently pending hearing.

15. Our Company filed a criminal complaint bearing number 603/2007 on July 6, 2007 against Mr. Mukul Kumar (**"Respondent"**) before the Judicial Magistrate-II, Nagina ("**Magistrate**") under section 138 of the Negotiable Instruments Act. The complaint was filed by our Company in relation to dishonor of his cheque for a sum of ₹ 70,683/- towards his short supply of cane during the crushing season 2006-2007. The claim sought by our Company pertained to punishment of the Respondent and payment of the claimed amount. The Respondent was summoned before the Magistrate and granted bail on October 29, 2007. The judgement to the matter is currently pending.

16. Our Company filed a criminal complaint bearing number 1799/2011 dated December 23, 2011 against Begraj and others (**"Respondents"**) before the Additional Chief Judicial Magistrate, Nagina under sections 420,467,468,471,500,506,120B, and 182 of the IPC. The criminal complaint was filed by our Company for cheating our Company by way of sale of land. The claim sought by our Company pertained to punishement of the Respondent. The matter is currently pending hearing.

17. Our Company filed a criminal complaint bearing number 39/2015 on February 10, 2015 against Mr. Kashi Prasad Gadiya (**"Respondent"**) before the Additional Chief Judicial Magistrate, Nagina, (**"ACJM"**) under sections 420,467,408,352,504 and 506 of the IPC. The criminal complaint was filed by our Company for misappropriation of money. The claim sought by our Company pertained to punishment of the Respondent. The matter is currently pending hearing.

Supreme Court of India

1. Our Company (**"Petitioner"**) filed a Special Leave Petition (**"SLP"**) bearing No. 29016/12 on September 19, 2012 against the State of U.P and Others (**"Respondent"**), before the Supreme Court of India, under Article 136 of the Constitution of India. The SLP was filed against the judgment and order passed by the Hon'ble High Court of Allahabad (**"High Court"**) in Civil Miscellaneous Writ Petition (Tax) No. 754 of 2012 dated August 31, 2012 (**"Impugned Order"**). By the Impugned Order, the High Court upheld the power of State Government to reserve molasses for country liquor. Our Company filed SLP against the Impugned Order and also sought permission for sale and dispatch of unreserved molasses in open market without insisting on maintaining the ratio between unreserved and reserved molasses. The Respondent file their counter affidavit on January 12, 2014 denying the averments made by our Company and prayed for dismissal of the SLP. The matter is to be listed for final arguments.

2. Our Company (**"Petitioner"**) filed a Civil Appeal bearing No. 971/16 on January 29, 2016, against Uttar Pradesh Power Corporation Limited and Others (**"Respondents"**), before the Supreme Court of India, under Section 125 of the Electricity Act, 2003, against the order dated December 4, 2015, passed by the Hon'ble Appellate Tribunal for Electricity at New Delhi (**"APTEL"**) whereby APTEL dismissed an appeal filed by Our Company and held that the Clause 35(2) of the Uttar Pradesh Electricity Commission Regulation 2005 (**"CNCE Regulation, 2005"**) which states that that a generating company can approach the Uttar Pradesh Electricity Regulatory Commission (**"Commission"**) for sharing of incremental cost of transmission line, bay, etc by distribution licensee or STU, was not applicable in our case. Our Company spent ₹ 125,400,000 as total cost of construction, ₹ 65,400,000 being the incremental cost towards equipment at its generating facility, and thus this amount ought to have been equally divided between our Company and the Commission and should have been included in the incremental cost to be shared between our Company and the Commission. A notice was issued by the Supreme Court of India in relation to the matter on July 5, 2016 and the pleadings (filing of counter and rejoinder) are yet to be completed. The matter is currently pending.

Competition Commission

1. Our Company (**"the Informant"**) filed a complaint/Information bearing No. 47/2014 (**"Complaint"**) dated July 14, 2014, against Wave Distilleries and 9 other distilleries in the State of Uttar Pradesh (**"Respondents"**), before the Competition Commission of India (**"Commission"**), under Section 19 of the Competition Act 2002 (**"The Act"**), for violation of the provisions of Section 3 and 4 of the Act. This complaint was filed in order to restrain the Respondents from abusing their dominant position by implementing their anti-competitive prices for reserved Molasses and to pay the prevailing market price as is for the unreserved Molasses in the open market. Our Company urged that for the period between December 1, 2010 to May 15, 2014, the acts of the Respondents caused a loss of about ₹ 148,277,047 to our Company since it dispatched reserved Molasses to the country liquor manufacturers and on this account, our Company continues to suffer further losses. Hence, by the Complaint, our Company urged the Respondents to pay ₹ 148,277,047 towards the losses incurred by our Company, along with interest at 18% till the actual realization of the amount. Our Company filed an application dated July 14, 2016 (**"Application"**) before the Commission seeking expedited investigation into the matter and accordingly, the Director General of the Commission has been directed to expedite the investigation and submit the investigation report within 60 from the date of the Application. The matter is currently pending.

Delhi High Court

1. Our Company (**"Petitioner"**) filed a Writ Petition No. 5746 of 2015 dated May 23, 2015 against the Union of India (**"Respondent"**), before the Delhi High Court (**"High Court"**) and sought that the Respondent should adopt the hybrid approach to determine prices of sugarcane i.e Revenue Sharing Formula or Fair Revenue Price (**"FRP"**) whichever is higher, as recommended by Commission for Agricultural Costs and Prices 2015-16 and to take measures to bridge the gap between FRP and price which the sugar mills of our Company are in a position to pay. The Respondent filed a counter affidavit in November, 2015 and denied the allegations made by our Company, and sought for the High Court to dismiss the petition with heavy costs. By an order dated May 17, 2016 the High Court directed the matter to be listed on September 15, 2016. The matter is currently pending.

Consumer Court

1. Our Company (**"Complainant"**) filed a Consumer Complaint (**"Complaint"**) bearing No. 220 of 2014 dated July 11, 2014, against Gokuldham Real Estate Development Company Private Limited (**"Respondent"**), before the Hon'ble National Consumer Disputes Redressal Commission (**"NCDRC"**). The Complaint was filed under Section 21 (a)(i) of the Consumer Protection Act. 1986, for the possession of a flat, for which our Company had deposited an amount of ₹ 16,779,693 since 2011 but was yet to receive possession. The Respondent filed reply to the complaint on November 22, 2014 denying the allegations made by our Company. Thereafter, our Company filed a rejoinder affidavit in February 2015. By a letter dated January 19, 2016, our Company got the possession of the said flat. The letter was apprised to the NCDRC in which it was stated that the issue of compensation for the delay in delivering the possession is pending before the NCDRC. By an order dated April 18, 2016, the NCDRC directed our Company to submit an affidavit of evidence within 4 weeks, which our Company filed in June 2016. The matter is to be listed on November 17, 2016 for final hearing.

Litigation involving the Directors/Promoters:

1. Mr. A.K Singh, District. Excise Officer, Meerut ("**Complainant"**) filed a FIR bearing No. 40/2010 dated January 23, 2010 against Shri. G.R. Morarka, Dr. R.S. Hooda, S.S. Arya, C.L. Shukla, Mr. Neeraj Sharma, and Mr. Manoj Saxena ("**Company Officials"**), before the Additional Chief Judicial Magistrate- Bareilly,("**ACJM"**) under sections 8, 11 and 12 of The Uttar Pradesh Sheera Niyantran Adhiniyam Act, 1964 and sections 405, 418, 420 and 120 B of the Indian Penal Code, 1860, alleging that our Company wrongly mentioned the quantity of molasses in its possession, with the intention to evade taxes which would have been originally payable on the undisclosed quantity of molasses which was allegedly in our Company's possession. The Police filed the Final Investigation Report bearing No. 1018/2011 on December 12, 2012 before the ACJM during the course of which no evidence was found against the Company Officials. Since the Complainant was not present at the time of the hearing and a summon was issued for the acceptance of the Final Investigation Report. Currently the Final Investigation Report has been filed and the matter is pending for hearing of Complainant.

2. Mr. Virendra Singh (ex-bagasse contractor at Dwarikesh Puram unit) ("**Complainant**") filed a Criminal Complaint (**"CC"**) bearing No. 2809/2015 on August 12, 2015 against G. R. Morarka and S. S. Arya before the Additional Chief Judicial Magistrate-II, Nagina ("**Magistrate**") under sections 406, 420,504 and 506 of the Indian Penal Code, 1860. In the CC, it was alleged by the Complainant that our Company forfeited his security amount towards the bagasse purchased by our Company. Thereafter, the Complainant filed a transfer application before the Chief Judicial Magistrate, Bijnor, requesting transfer of the case from the Magistrate to a Fast Track Court, Bijnor. The transfer application was accepted and the matter is currently pending.

3. Mr. Dev Singh Rana ("**Complainant"**) filed a FIR bearing No. 36, dated December 23, 2010 against Shri. G.R. Morarka, R. S Hooda and R.S Sachan, ("**Company Officials"**) before the Additional Chief Judicial Magistrate-Bareilly,("**ACJM"**) under section 22 of the U. P Sugarcane (Regulation of Supply &Purchase) Act, 1953 ; sections 3, 7 of the Essential Commodities Act, 1955 and sections 471, 468, 420, 418, 417, 120 and 120 B of the Indian Penal Code, 1860, alleging that our Company used defective weighbridges on the mill gate in its premises and directly purchased cane from outside the area of the factory. Currently, the Final Investigation Report bearing No. 6/2011 has been filed before the ACJM and the matter is pending.

4. Mr. Surendra Pal ("**Complainant"**) filed a FIR bearing No. 108/2013, dated February, 11, 2013, against Shri SS. Arya, Shri Ramesh Parshurampuriya, Late Shri Gauri Shanker and Shri G.R. Morarka ("**Company Officials"**) before the Judicial Magistrate, Nagina ("**JM"**) under sections 392, 147, 504, 506, 386, 511, 364 of the Indian Penal Code, 1860 and section 3 (1) of The SC and the ST (Prevention Of Atrocities) Act, 1989, alleging that the Company Officials committed the offences of denuding the Complainant of his money and also beating and insulting the Complainant. The Police at Kotwali Dehat registered a Crime Case no. 108/13 against our Company and submitted a Final Report bearing No. 9/14 on February 19, 2014 before the JM. The case is fixed for evidence under section 200 of the Criminal Procedure Code, 1973 and the matter is currently pending.

Material fraud committed against our Company

No material frauds have been committed against our Company in the last three years.

Details of default

As on date there are no outstanding undisputed statutory dues i.e. statutory dues which are not disputed by the company. As on date there are no default in repayment of debentures and interest thereon. As on date there are no default in repayment of deposits and interest thereon in respect of deposits which are matured and lodged for repayment. As on date there are no default in repayment of loan from any bank or financial institution and interest thereon.

Details of inquiries, inspection or investigation under the Companies Act, 2013 or any previous companies law

There has been no inquiry, inspections or investigations initiated or conducted under the Companies Act, 2013 or any previous companies law in the last three years immediately preceding the date of this Preliminary Placement Document against our Company. Further, there have been no prosecutions filed, fines imposed or compounding of offences in the last three years immediately preceding the date of this Preliminary Placement Document involving our Company.

Litigation or legal action against our Promoters taken by any ministry, department of Government or any statutory authority

Except as disclosed below, there are no litigations or legal actions pending or taken by any ministry; or department of the Government; or any statutory authority against the Promoters during the last three years immediately preceding the year of the circulation of this Preliminary Placement Document and no directions have been issued by such ministry; or department of the Government; or statutory authority upon conclusion of such litigation or legal action.

Neither our Company, nor any of our Promoters or Directors have been identified as willful defaulters, as defined in the SEBI Regulations.

STATUTORY AUDITORS

SS. Kothari Mehta & Co., Chartered Accountants, Firm Registration No. 000756N, are our Company's Statutory Auditors as required by the Companies Act. SS. Kothari Mehta & Co., have audited the financial statements of our Company as at and for the financial years ended March 31, 2016, 18 month period ended March 31, 2015 and 12 month period ended September 30, 2013 and the Limited Review Financial Statements for the quarter ended June 30, 2016. The examination reports to financial statements with respect to FY 2016, FY 2015 and FY2013; and limited review report for the quarter ended June 30, 2016 are included in this Preliminary Placement Document.

GENERAL INFORMATION

1. Our Company was incorporated on November 1, 1993 under the Companies Act, 1956. The Registered Office of our Company is located at Dwarikesh Nagar- 246 762, District Bijnor, Uttar Pradesh and the Corporate Office of our Company is located at 511, Maker Chambers- V, 221, Nariman Point, Mumbai 400 021 and the CIN of our Company is L15421UP1993PLC018642.

2. Our authorised share capital is ₹ 540 million consisting of 22,500,000 Equity Shares, 150,000 Preference Shares (Series-I), 1,500,000 Preference Shares (Series-II), 1,000,000 Preference Shares (Series-III) and 500,000 Preference Shares (Series-IV). As of the date of this Preliminary Placement Document, the outstanding paid-up equity share capital of our Company is ₹ 163,146,760 consisting of 16,314,676 Equity Shares and our outstanding preference share capital is ₹ 311,000,000 consisting of 110,000 Preference Shares (Series-I), 1,500,000 Preference Shares (Series-II), 1,000,000 Preference Shares (Series-III) and 500,000 Preference Shares (Series-IV)

3. The Equity Shares of our Company are listed on the BSE and the NSE.

4. This Issue was authorised and approved by the Board of Directors on May 24, 2016 (the relevant intimation in compliance with Regulation 29(1) of the SEBI LODR Regulations, 2015 to the Stock Exchanges was made on May 16, 2016) and approved by the shareholders of our Company through a special resolution on August 5, 2016 (the relevant intimation in compliance with Section 101(1) of the Companies Act, 2013 to the Stock Exchanges was made on July 8, 2016).

5. We have received in-principle approvals to list the Equity Shares to be issued pursuant to this Issue, from each of the BSE and the NSE on [●], 2016.

6. For the main objects of our Company, please refer to Memorandum of Association. Copies of our Memorandum and Articles of Association will be available for inspection between 10 am to 5 pm on any weekday (except Saturdays, Sundays and public holidays) at our Registered Office.

7. There has been no material change in our financial or trading position since March 31, 2016, the date of the last Audited Financial Statements of our Company prepared in accordance with Indian GAAP included in this Preliminary Placement Document, except as disclosed herein.

8. Except as disclosed in this Preliminary Placement Document, there are no litigation or arbitration proceedings against or affecting us, or our assets or revenues, nor are we aware of any pending or threatened litigation or arbitration proceedings, which are or might be material in the context of this Issue.

9. We confirm that we are in compliance with the minimum public shareholding requirements as specified in the SCRR and as required under the Listing Regulations.

10. The Floor Price is ₹ [●] per Equity Share, calculated in accordance with the provisions of Chapter VIII of the SEBI Regulations.

11. Our Company may offer a discount of not more than 5% on the Floor Price of ₹ [●] per Equity Share in terms of Regulation 85 of the SEBI Regulations.

12. Our Company accepts no responsibility for statements made otherwise than in this Preliminary Placement Document and anyone placing reliance on any other source of information, including our website, would be doing it at his or her own risk.

FINANCIAL STATEMENTS

S S KOTHARI MEHTA & CO

CHARTERED ACCOUNTANTS

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Limited Review Report for the quarter ended June 30, 2016

To
The Board of Directors
Dwarikesh Sugar Industries Limited
Bijnore, Uttar Pradesh, India

1. We have reviewed the accompanying statement of unaudited financial results ("the Statement") of Dwarikesh Sugar Industries Limited ('the Company') for the quarter ended June 30, 2016. The statement has been prepared by the company pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations, 2015"), which has been initialed by us for identification purposes. The Statement is the responsibility of the Company's management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.

2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, 'Review of Interim Financial Information performed by the Independent Auditor of the Entity' issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement.

3. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

4. Based on our review conducted, nothing has come to our attention, read with note no. 3 of foot notes to the statement wherein no provision for income tax, deferred tax and commission and ex-gratia to Managing Director, if any, has been considered, the same would be accounted for at the end of the financial year, that causes us to believe that the accompanying Statement has not been prepared in all material respects in accordance with the applicable Accounting Standards prescribed under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and other recognized accounting practices and policies, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

For S.S. Kothari Mehta & Co.
Chartered Accountants
Firm Registration No. 000756N

NEW DELHI

Kamal Kishore
Partner
Membership No. 078017
Place: New Delhi
Date: August 3, 2016

We will either find a way or make one ...

DWARIKESH SUGAR INDUSTRIES LIMITED

(Registered Office: Dwarikesh Nagar-246762, District Bijnor, Uttar Pradesh)

Tel : +91 022 22832468, Fax no. : +91 022 22047288, email : investors@dwarikesh.com website : www.dwarikesh.com

CIN NO. L15421UP1993PLC018642

STATEMENT OF UNAUDITED RESULTS FOR THE QUARTER ENDED 30TH JUNE, 2016

(₹ In Lacs)

Sr.No.	Particulars	Quarter ended			Year ended
		June 30, 2016 Unaudited	March 31, 2016 Audited	June 30, 2015 Unaudited	March 31, 2016 Audited
1	**Income from operations**				
	(a) Net sales/income from operations (Net of excise duty)	28,594.07	23,029.44	19,650.70	79,385.13
	(b) Other Operating Income	32.60	20.88	10.84	49.00
	Total income from operations (net)	**28,626.67**	**23,050.32**	**19,661.54**	**79,434.13**
2	Expenses				
	(a) Cost of materials consumed	3,076.92	41,545.18	7,019.53	61,717.19
	(b) Purchases of stock-in-trade	-	-	-	-
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade (net of excise duty)	18,310.72	(29,175.76)	14,975.59	(2,856.33)
	(d) Employee benefits expense	1,091.55	1,507.79	1,016.63	4,967.68
	(e) Depreciation and amortisation expense	748.17	638.72	774.04	3,076.46
	(f) Other expenses	916.32	1,956.34	710.93	4,784.68
	Total Expenses	**24,143.68**	**16,472.27**	**24,496.72**	**71,689.68**
3	Profit/(Loss) from operations before other income, finance costs and exceptional items (1-2)	4,482.99	6,578.05	(4,835.18)	7,744.45
4	Other Income	175.24	(370.96)	854.82	862.13
5	Profit/(Loss) from ordinary activities before finance costs and exceptional items (3+4)	4,658.23	6,207.09	(3,980.36)	8,606.58
6	Finance costs	1,465.12	1,373.78	1,640.09	5,159.02
7	Profit/(Loss) from ordinary activities after finance costs but before exceptional items (5-6)	3,193.11	4,833.31	(5,620.45)	3,447.56
8	Exceptional Items				
	Remission of cane commission liability relating to earlier years (net of taxes)	-	491.83	-	491.83
9	**Profit/(Loss) from ordinary activities before tax (7+8)**	**3,193.11**	**5,325.14**	**(5,620.45)**	**3,939.39**
10	Tax expenses				
	- Current year (Net of MAT credit entitlement)	-	9.55	-	9.55
	- Previous year	-	-	-	-
	- Deferred tax	-	33.21	-	33.21
11	**Net Profit /(Loss) from ordinary activities after tax (9-10)**	3,193.11	5,282.38	(5,620.45)	3,896.63
12	Extraordinary items (net of tax expense ₹)	-	-	-	-
13	Net Profit/ (Loss) for the period (11-12)	3,193.11	5,282.38	(5,620.45)	3,896.63
14	Paid up equity share capital (Face value of ₹ 10 each)	1,631.47	1,631.47	1,631.47	1,631.47
15	Reserves excluding Revaluation Reserves as per balance sheet of previous accounting year				6,959.98
16.i	Earnings Per Share (before extraordinary items) (of ₹ 10 each) (not annualised):				
	(a) Basic (₹)	19.11	31.91	(34.94)	22.02
	(b) Diluted (₹)	19.11	31.91	(34.94)	22.02
16.ii	Earnings Per Share (after extraordinary items) (of ₹ 10 each) (not annualised):				
	(a) Basic (₹)	19.11	31.91	(34.94)	22.02
	(b) Diluted (₹)	19.11	31.91	(34.94)	22.02

S.S. KOTHARI MEHTA & CO. NEW DELHI

SEGMENT WISE REVENUE, RESULTS AND CAPITAL EMPLOYED FOR THE QUARTER ENDED 30TH JUNE, 2016

(₹ In Lacs)

Sr.No.	Particulars	Quarter ended			Year ended
		June 30, 2016 Unaudited	March 31, 2016 Audited	June 30, 2015 Unaudited	March 31, 2016 Audited
1	Segment Revenue				
a)	Sugar	27,891.66	18,658.32	18,484.63	71,480.46
b)	Co Generation	488.15	6,741.21	1,010.19	10,590.95
c)	Distillery	1,034.08	633.71	827.77	2,158.40
	Total	29,413.89	26,033.24	20,322.59	84,229.81
	Less: Inter Segment Revenue				
	Sugar	551.50	509.91	224.85	923.52
	Co Generation	235.72	2,473.01	436.20	3,872.16
	Net sales/ Income from Operations	28,626.67	23,050.32	19,661.54	79,434.13
2	Segment Results Profit (+)/Loss(-) before tax, interest and exceptional items from each segment				
a)	Sugar	3,984.67	555.20	(4,816.52)	(329.08)
b)	Co Generation	241.80	5,329.91	614.00	8,186.11
c)	Distillery	431.76	321.98	222.16	749.55
	Total	4,658.23	6,207.09	(3,980.36)	8,606.58
	Add: Exceptional Item : Remission of cane commission liability relating to earlier year (net of tax)	-	491.83	-	491.83
	Less: Interest	1,465.12	1,373.78	1,640.09	5,159.02
	Total Profit Before Tax	3,193.11	5,325.14	(5,620.45)	3,939.39
3	Capital Employed (Segment assets - Segment liabilities)				
a)	Sugar	49,355.51	60,562.82	44,410.43	60,562.82
b)	Co Generation	11,266.51	12,808.37	10,372.40	12,808.37
c)	Distillery	2,293.81	2,119.55	1,351.34	2,119.55
	Total	62,915.83	75,490.74	56,134.17	75,490.74

The Company does not have any exports, hence reporting on Secondary segment does not arise.

Notes:-

1 The above financial results were approved in the meeting of the Board of Directors held on Wednesday, August 3, 2016 after being reviewed and recommended by the Audit Committee. The results have been subjected to limited review by the company's statutory auditors.

2 Figures for the quarter ended March 31,2016 represent the difference between the audited figures in respect of the year

ended March 31,2016 and the published figures of the nine months ended December 31, 2015 as regrouped.

3 Given the seasonal nature of the industry, the results of any quarter may not be a true and /or proportionate reflection of the annual performance of the company. The provision for commission and ex-gratia to Managing Director, tax and deferred tax, if any, will therefore be made at the end of financial year.

4 Previous period figures have been regrouped and reclassified wherever necessary, for the purpose of comparison.

S.S. KOTHARI MEHTA & CO. NEW DELHI

Vijay S Banka
Whole Time Director & CFO
DIN 00963355

Place : Mumbai
Date : August 3, 2016

INDEPENDENT AUDITORS' REPORT

To The Members of **Dwarikesh Sugar Industries Limited,**

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **Dwarikesh Sugar Industries Limited** (**"the Company"**), which comprise the balance sheet as at 31st March, 2016, the statement of profit and loss, the cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone 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 standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the 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 standalone 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 standalone financial statements based on 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.

We conducted our audit 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 standalone financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of the material misstatement of the standalone 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 standalone 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 standalone financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 31st March, 2016, and its profit and its cash flows for the year ended on that date.

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 purpose 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, the statement of profit and loss, and the cash flow statement dealt with by this Report are in agreement with the books of account;

   d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

   e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 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" to this report.

   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, 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 standalone financial statements – Refer Note 29 B to the standalone financial statements;

      ii. 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.

For **S. S. Kothari Mehta & Co**
Chartered Accountants
Firm's Registration No. 000756N

Kamal Kishore
Partner
Membership No: 078017

Place : New Delhi.
Date: May 24, 2016.

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DWARIKESH SUGAR INDUSTRIES LIMITED DATED MAY 24, 2016.

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 Companies Act, 2013. 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 Companies Act, 2013 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, employees' state insurance, 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. 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 & records examined by us, there are no dues of income tax or sales tax or service tax or duty of custom or duty of excise or value added tax which have not been deposited on account of any dispute except the following in respect of duty of excise, service tax and sales tax along with the forum where the dispute is pending:

Name of the statue	Nature of dues	Amount (in (₹)	Period to which the amount pertains	Forum where dispute is pending
Central Excise Act, 1944	Excise duty and penalty	18,831,735	Jan-05 to Dec-05, Apr-06 to Dec-06, Apr-06 to Dec-07, Jan-07 to Feb-07, Mar-07, Jun-07 to Nov-07, Jun-07 to Aug-08, Nov-07 to Aug-08, Jan-08 to Dec-08, Jan-07 to Oct-07, Oct-10 to Mar-11, Apr-10 to Sep-10, June-07 to Nov -07	CESTAT, Mumbai
Central Excise Act, 1944	Excise duty	121,211	Jun-05 to Mar-06	CESTAT, Delhi
Finance Act, 1994	Service Tax and Penalty	2,657,124	Jul-05 to Jan-08	CESTAT, Mumbai
Finance Act, 1994	Service Tax duty and penalty	16,149,123	Jun-07 to Jan-09	CESTAT, Delhi
Finance Act, 1994	Service tax	2,866,157	Jan-14 to Aug-14, Apr-09 to Dec-13	CESTAT, Allahabad
Finance Act, 1994	Service Tax	9,689,998	Dec-09 to Aug-14, Sep-12 to Dec-13	Commissioner (Appeals), Meerut
Uttar Pradesh Tax On Entry of Goods into Local Areas Act, 2007	Entry tax on Iron Steel Purchases	85,000	2013-14	Additional Commissioner (appeal),Bjnor (U.P.)

(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 during the financial year, and the terms loans raised by the Company have been applied for the purpose for which they are were obtained. Where such end use has been stipulated by the lender(s).

(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 Companies Act, 2013.

(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 Companies Act, 2013, as applicable and the details have been disclosed in these financial statements as required by the applicable accounting standards.

(xiv) As the Company has not made any preferential allotment and private placement of shares or fully & partly convertible debentures during the year under review, the requirement of section 42 of the Companies Act, 2013 are not applicable.

(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 Companies Act, 2013 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 **S. S. Kothari Mehta & Co**
Chartered Accountants
Firm's Registration No. 000756N

Kamal Kishore
Partner
Membership No: 078017

Place: New Delhi.
Date: May 24, 2016.

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DWARIKESH SUGAR INDUSTRIES LIMITED DATED MAY 24, 2016.

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 2(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, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management 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 Companies Act, 2013.

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 Companies Act, 2013, 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.

Our 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 judgment, 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 company's 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 company's 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, 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, 2016, 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 **S. S. Kothari Mehta & Co**
Chartered Accountants
Firm's Registration No. 000756N

Kamal Kishore
Partner
Membership No: 078017

Place: New Delhi
Date: May 24, 2016

BALANCE SHEET

AS AT 31ST MARCH, 2016

(Amount in ₹)

	Note No.	As at 31/03/2016		As at 31/03/2015	
I. EQUITY AND LIABILITIES					
(1) Shareholders' Funds					
(a) Share capital	1	474,146,760		474,146,760	
(b) Reserves and surplus	2	695,998,122		564,432,260	
			1,170,144,882		**1,038,579,020**
(2) Non-Current Liabilities					
(a) Long-term borrowings	3	2,370,610,327		1,887,478,995	
(b) Other long term liabilities	4	43,778,241		43,148,370	
(c) Long term provisions	5	123,193,118		106,235,466	
			2,537,581,686		**2,036,862,831**
(3) Current Liabilities					
(a) Short-term borrowings	6	3,542,040,912		3,528,174,202	
(b) Trade payables	7	1,426,319,898		2,010,404,999	
(c) Other current liabilities	8				
Current maturities of long term debts		643,514,900		827,903,576	
Others		658,273,449		523,554,355	
(d) Short-term provisions	9	34,455,857		22,000,872	
			6,304,605,016		**6,912,038,004**
TOTAL			**10,012,331,584**		**9,987,479,855**
II. ASSETS					
(1) Non-current assets					
(a) Fixed assets	10				
(i) Tangible assets		3,563,759,860		3,985,718,038	
(ii) Intangible assets		---		---	
(iii) Capital work-in-progress		2,390,178		405,041	
(iv) Intangible assets under development		450,000		---	
		3,566,600,038		3,986,123,079	
(b) Non-current investments	11	2,000,000		2,400,000	
(c) Deferred Tax assets (net)	12	170,715,769		200,066,514	
(d) Long term loans and advances	13	94,275,201		96,355,890	
(e) Other non-current assets	14	6,259,766		6,088,251	
			3,839,850,774		**4,291,033,734**
(2) Current assets					
(a) Current investments	15	400,000		---	
(b) Inventories	16	5,365,616,175		4,910,722,446	
(c) Trade receivables	17	642,556,272		427,975,524	
(d) Cash and bank balances	18	48,224,577		8,207,666	
(e) Short-term loans and advances	19	50,787,346		31,399,805	
(f) Other current assets	20	64,896,440		318,140,680	
			6,172,480,810		**5,696,446,121**
TOTAL			**10,012,331,584**		**9,987,479,855**

See accompanying notes to financial statements

As per our report of even date

For **S.S.Kothari Mehta & Co.**
Chartered Accountants
Firm Regn. No. 000756N

Kamal Kishore
Partner
Membership No. 078017

Place: New Delhi.
Date: 24th May, 2016.

For and on behalf of Dwarikesh Sugar Industries Limited

G. R. Morarka
Managing Director
DIN: 00002078

B. J. Maheshwari
Whole Time Director & Company Secretary
cum Chief Compliance Officer
DIN: 00002075

Vijay S. Banka
Whole Time Director & Chief Financial Officer
DIN: 00963355

Place: Mumbai.
Date: 24th May, 2016.

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31ST MARCH, 2016

(Amount in ₹)

		Note No.		Year ended 31/03/2016		Eighteen months period ended 31/03/2015
	REVENUE:					
I.	Revenue from operations (Gross)	**21**		8,315,104,580		11,687,440,079
	Less: Excise duty			371,691,706		403,559,720
	Revenue from operations (Net)			7,943,412,874		11,283,880,359
II.	Other income	**22**		86,212,642		103,410,408
III.	**Total Revenue (I +II)**			**8,029,625,516**		**11,387,290,767**
IV.	**EXPENSES:**					
	Cost of materials consumed	**23**		6,171,718,550		11,997,765,688
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	**24**		(285,632,818)		(2,822,845,443)
	Employee benefit expenses	**25**		496,767,519		714,367,574
	Finance cost	**26**		515,902,314		752,097,675
	Depreciation and amortization expenses	**27**	565,742,983		472,463,759	
	Less: Appropriation from General Reserve		258,096,981	307,646,002	---	472,463,759
	Other expenses	**28**		478,468,209		539,345,592
V.	**Total Expenses**			**7,684,869,776**		**11,653,194,845**
VI.	**Profit/(Loss) before exceptional item and tax (III - V)**			**344,755,740**		**(265,904,078)**
VII.	**Exceptional Item**					
	Remission of cane commission liability relating to earlier year (net of tax) (Refer note.7 of note no.29 B)			49,183,132		---
VIII.	**Profit/(Loss) before tax (VI+VII)**			**393,938,872**		**(265,904,078)**
IX.	**Tax expense:**					
	(1) Current tax					
	Current period			14,499,843		---
	Less: MAT credit entitlement			(13,544,925)		---
	(2) Deferred tax			3,321,111		(98,402,376)
X.	**Net Profit/(Loss) for the period after tax (VIII - IX)**			**389,662,843**		**(167,501,702)**
XI.	Earning per equity share (Nominal value ₹ 10 per share)					
	(1) Basic			22.02		(13.19)
	(2) Diluted			22.02		(13.19)

See accompanying notes to financial statements

As per our report of even date

For **S.S.Kothari Mehta & Co.**
Chartered Accountants
Firm Regn. No. 000756N

Kamal Kishore
Partner
Membership No. 078017

Place: New Delhi.
Date: 24th May, 2016.

For and on behalf of Dwarikesh Sugar Industries Limited

G. R. Morarka
Managing Director
DIN: 00002078

B. J. Maheshwari
Whole Time Director & Company Secretary cum Chief Compliance Officer
DIN: 00002075

Vijay S. Banka
Whole Time Director & Chief Financial Officer
DIN: 00963355

Place: Mumbai.
Date: 24th May, 2016.

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2016

(Amount in ₹)

	Year ended March 31, 2016		Eighteen months period ended March 31, 2015	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net profit before tax		**393,938,872**		(265,904,078)
Adjustments for :				
Depreciation/Obsolescence	307,646,002		472,463,759	
Loss on sale of fixed assets	818,113		(172,743)	
Finance cost	515,902,314		752,097,675	
Interest income	(209,757)		(2,779,986)	
Dividend income	(200,000)		(200,000)	
Tax impact on remission of cane commission liability	26,029,634		---	
Provision for wealth tax	---	**849,986,306**	505,608	**1,221,914,313**
Operating profit before working capital changes		**1,243,925,178**		**956,010,235**
Adjustments for changes in Working Capital :				
(Increase)/Decrease in Inventories	(454,893,729)		(2,991,174,130)	
(Increase)/Decrease in Trade Receivables	(214,580,748)		(407,926,490)	
(Increase)/Decrease in Other Receivables	219,385,870		(323,641,154)	
Increase/(Decrease) in Trade Payables	(584,093,606)		1,029,442,917	
Increase/(Decrease) in Other Payables	157,833,300	**(876,348,913)**	231,059,277	**(2,462,239,580)**
Cash generated from operations		**367,576,265**		**(1,506,229,345)**
Direct taxes paid		**(196,145)**		**(538,340)**
Net cash from operating activities		**367,380,120**		**(1,506,767,685)**
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets (including capital advances)	(132,358,096)		(49,300,442)	
Interest received	209,757		2,779,986	
Dividend income	200,000		200,000	
Sale of fixed assets	1,700,044		2,457,241	
Net cash from investing activities		**(130,248,295)**		**(43,863,215)**

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2016

(Amount in ₹)

	Year ended March 31, 2016		Eighteen months period ended March 31, 2015	
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from long term borrowings	1,127,100,000		1,567,300,000	
Repayment of long term borrowings	(828,357,344)		(1,250,200,563)	
Increase/(Decrease) in short term borrowings including cash credit	13,866,710		2,004,485,824	
Finance cost paid	(509,724,280)		(783,832,767)	
Net cash from financing activities		**(197,114,914)**		**1,537,752,494**
Net increase in cash and bank balances (A + B + C)		**40,016,911**		**(12,878,406)**
Opening balance of cash and bank balances		**8,207,666**		**21,086,072**
Closing balance of cash and bank balances		**48,224,577**		**8,207,666**
Notes:				
1. Closing Cash and bank balances Comprise:				
a. Cash & Cash Equivalents				
i) Current accounts	40,426,541		1,343,524	
ii) Cash on hand	4,434,477		4,810,806	
b. Other bank balances				
i) Earmarked balance for unpaid dividend	457,661		462,081	
ii) Earmarked balance in current account	2,905,898		1,591,255	
(as per Uttar Pradesh State Molasses Control Rules, 1974)				
Total		**48,224,577**		**8,207,666**

2. Figures in bracket indicate cash outflow.

3. The above cash flow statement has been prepared under the indirect method set out in AS-3.

4. Previous period figures have been regrouped and recasted wherever necessary to conform to the current year's classification.

As per our report of even date

For **S.S.Kothari Mehta & Co.**
Chartered Accountants
Firm Regn. No. 000756N

Kamal Kishore
Partner
Membership No. 078017

Place: New Delhi.
Date: 24th May, 2016.

For and on behalf of Dwarikesh Sugar Industries Limited

G. R. Morarka
Managing Director
DIN: 00002078

B. J. Maheshwari
Whole Time Director & Company Secretary cum Chief Compliance Officer
DIN: 00002075

Vijay S. Banka
Whole Time Director & Chief Financial Officer
DIN: 00963355

Place: Mumbai.
Date: 24th May, 2016.

NOTES TO FINANCIAL STATEMENTS

AS AT 31ST MARCH, 2016

(Amount in ₹)

Note No.		As at 31/03/2016	As at 31/03/2015
1	**SHARE CAPITAL**		
	AUTHORISED:		
	1,75,00,000 (previous period 1,75,00,000) equity shares of ₹ 10 each	175,000,000	175,000,000
	12% 1,50,000 (previous period 1,50,000) cumulative redeemable preference shares of ₹ 100 each (Series I)	15,000,000	15,000,000
	8% 15,00,000 (previous period 15,00,000) cumulative redeemable preference shares of ₹ 100 each (Series II)	150,000,000	150,000,000
	8% 10,00,000 (previous period 10,00,000) cumulative redeemable preference shares of ₹ 100 each (Series III)	100,000,000	100,000,000
	8% 10,00,000 (previous period 10,00,000) cumulative redeemable preference shares of ₹ 100 each (Series IV)	100,000,000	100,000,000
		540,000,000	**540,000,000**
	ISSUED:		
	1,63,14,676 (previous period 1,63,14,676) equity shares of ₹ 10 each paid up	163,146,760	163,146,760
	12% 1,10,000 (previous period 1,10,000) cumulative redeemable preference shares of ₹ 100 each paid up (Series I)	11,000,000	11,000,000
	8% 15,00,000 (previous period 15,00,000) cumulative redeemable preference shares of ₹ 100 each paid up (Series II)	150,000,000	150,000,000
	8% 10,00,000 (previous period 10,00,000) cumulative redeemable preference shares of ₹ 100 each (Series III)	100,000,000	100,000,000
	8% 5,00,000 (previous period 5,00,000) cumulative redeemable preference shares of ₹ 100 each (Series IV)	50,000,000	50,000,000
		474,146,760	**474,146,760**
	SUBSCRIBED AND FULLY PAID UP:		
	1,63,14,676 (previous period 1,63,14,676) equity shares of ₹ 10 each paid up	163,146,760	163,146,760
	12% 1,10,000 (previous period 1,10,000) cumulative redeemable preference shares of ₹ 100 each paid up (Series I)	11,000,000	11,000,000
	8% 15,00,000 (previous period 15,00,000) cumulative redeemable preference shares of ₹ 100 each paid up (Series II)	150,000,000	150,000,000
	8% 10,00,000 (previous period 10,00,000) cumulative redeemable preference shares of ₹ 100 each (Series III)	100,000,000	100,000,000
	8% 5,00,000 (previous period 5,00,000) cumulative redeemable preference shares of ₹ 100 each (Series IV)	50,000,000	50,000,000
	Total Share Capital	**474,146,760**	**474,146,760**

A Reconciliation of shares outstanding at the beginning and at the end of the reporting period is set out below:

	AS AT MARCH 31, 2016		AS AT MARCH 31, 2015	
	No of shares	Amount in ₹	No of shares	Amount in ₹
AUTHORISED:				
a) Equity Shares:-				
At the beginning of the period	17,500,000	175,000,000	17,500,000	175,000,000
Change during the period	---	---	---	---
Outstanding at the end of the period	17,500,000	175,000,000	17,500,000	175,000,000
b) Preference Shares:-				
12% cumulative redeemable preference shares of ₹ 100 each (Series I)				
At the beginning of the period	150,000	15,000,000	150,000	15,000,000
Change during the period	---	---	---	---
Outstanding at the end of the period	150,000	15,000,000	150,000	15,000,000
8% cumulative redeemable preference shares of ₹ 100 each (Series II)				
At the beginning of the period	1,500,000	150,000,000	1,500,000	150,000,000
Change during the period	---	---	---	---
Outstanding at the end of the period	1,500,000	150,000,000	1,500,000	150,000,000
8% cumulative redeemable preference shares of ₹ 100 each (Series III)				
At the beginning of the period	1,000,000	100,000,000	1,000,000	100,000,000
Change during the period	---	---	---	---
Outstanding at the end of the period	1,000,000	100,000,000	1,000,000	100,000,000
8% cumulative redeemable preference shares of ₹ 100 each (Series IV)				
At the beginning of the period	1,000,000	100,000,000	1,000,000	100,000,000
Change during the period	---	---	---	---
Outstanding at the end of the period	1,000,000	100,000,000	1,000,000	100,000,000
ISSUED:				
a) Equity Shares:-				
At the beginning of the period	16,314,676	163,146,760	16,314,676	163,146,760
Change during the period	---	---	---	---
Outstanding at the end of the period	16,314,676	163,146,760	16,314,676	163,146,760
b) Preference Shares:-				
12% cumulative redeemable preference shares of ₹ 100 each (Series I)				
At the beginning of the period	110,000	11,000,000	110,000	11,000,000
Change during the period	---	---	---	---
Outstanding at the end of the period	110,000	11,000,000	110,000	11,000,000
8% cumulative redeemable preference shares of ₹ 100 each (Series II)				
At the beginning of the period	1,500,000	150,000,000	1,500,000	150,000,000
Change during the period	---	---	---	---
Outstanding at the end of the period	1,500,000	150,000,000	1,500,000	150,000,000

NOTES TO FINANCIAL STATEMENTS

AS AT 31ST MARCH, 2016

	As at 31/03/2016		As at 31/03/2015	
	No of shares	Amount in ₹	No of shares	Amount in ₹
8% cumulative redeemable preference shares of ₹ 100 each (Series III)				
At the beginning of the period	1,000,000	100,000,000	1,000,000	100,000,000
Change during the period	---	---	---	---
Outstanding at the end of the period	1,000,000	100,000,000	1,000,000	100,000,000
8% cumulative redeemable preference shares of ₹ 100 each (Series IV)				
At the beginning of the period	500,000	50,000,000	1,000,000	100,000,000
Change during the period	---	---	(500,000)	(50,000,000)
Outstanding at the end of the period	500,000	50,000,000	500,000	50,000,000
SUBSCRIBED AND FULLY PAID UP:				
a) **Equity Shares:-**				
At the beginning of the period	16,314,676	163,146,760	16,314,676	163,146,760
Change during the period	---	---	---	---
Outstanding at the end of the period	16,314,676	163,146,760	16,314,676	163,146,760
b) **Preference Shares:-**				
12% cumulative redeemable preference shares of ₹ 100 each (Series I)				
At the beginning of the period	110,000	11,000,000	110,000	11,000,000
Change during the period	---	---	---	---
Outstanding at the end of the period	110,000	11,000,000	110,000	11,000,000
8% cumulative redeemable preference shares of ₹ 100 each (Series II)				
At the beginning of the period	1,500,000	150,000,000	1,500,000	150,000,000
Change during the period	---	---	---	---
Outstanding at the end of the period	1,500,000	150,000,000	1,500,000	150,000,000
8% cumulative redeemable preference shares of ₹ 100 each (Series III)				
At the beginning of the period	1,000,000	100,000,000	1,000,000	100,000,000
Change during the period	---	---	---	---
Outstanding at the end of the period	1,000,000	100,000,000	1,000,000	100,000,000
8% cumulative redeemable preference shares of ₹ 100 each (Series IV)				
At the beginning of the period	500,000	50,000,000	500,000	50,000,000
Change during the period	---	---	---	---
Outstanding at the end of the period	500,000	50,000,000	500,000	50,000,000

B Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company:

	As at 31/03/2016		As at 31/03/2015	
	No of shares	% holding	No of shares	% holding
a) Equity Shares:-				
Dwarikesh Trading Company Limited	2,624,889	16.09%	2,624,889	16.09%
Morarka Finance Limited	2,159,118	13.23%	2,159,118	13.23%
Param Capital Research Private Limited	---	---	815,077	5.00%
Mukul Mahavirprasad Agrawal	900,000	5.52%	---	---
Gautam R Morarka	2,826,659	17.33%	2,826,659	17.33%
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.				
b) Preference Shares:-				
12% Cumulative Redeemable Preference Shares (Series I)				
Dwarikesh Trading Company Limited	105,500	95.91%	105,500	95.91%
8% Cumulative Redeemable Preference Shares (Series II)				
Bimla Devi Poddar	600,000	40.00%	600,000	40.00%
Krishna Neotia	200,000	13.33%	200,000	13.33%
Madhu Neotia	---	---	300,000	20.00%
Harshvardhan Neotia	---	---	200,000	13.34%
Harshvardhan Neotia, Karta of Suresh Kumar Vinod Kumar (HUF)	100,000	6.67%	---	---
Harshvardhan Neotia, Karta of Vinod Kumar Harshvardhan (HUF)	400,000	26.67%	---	---
Likhami Commercial Company Limited	200,000	13.33%	200,000	13.33%
8% Cumulative Redeemable Preference Shares (Series III)				
Bimla Devi Poddar	750,000	75.00%	750,000	75.00%
Madhu Neotia	---	---	250,000	25.00%
Harshvardhan Neotia, Karta of Vinod Kumar Harshvardhan (HUF)	250,000	25.00%	---	---
8% Cumulative Redeemable Preference Shares (Series IV)				
Harshvardhan Neotia	---	---	500,000	100.00%
Harshvardhan Neotia, Karta of Suresh Kumar Vinod Kumar (HUF)	500,000	100.00%	---	---

C Rights & restrictions attached to various classes of shares are as under:

a) Equity Shares:-

The Company has one class of equity shares having a par value of ₹ 10 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.

b) **Preference Shares:-**

12% cumulative redeemable preference shares (Series I):
1,10,000, 12% cumulative redeemable preference shares of ₹ 100 each were issued in September 1998. These preference shares were to be redeemed at par in September,2011 which has been originally extended to September,2014 is now further extended to 01/08/2018 by virtue of the resolution passed in preference shareholders meeting held on 16/08/2014 wherein the consent is obtained from the concerned shareholders.

8% cumulative redeemable preference shares (Series II):
1,500,000, 8% cumulative redeemable preference shares of ₹ 100 each were issued in August,2007. These preference shares were to be redeemed at par in August 2015 which has now been extended to August, 2020 by virtue of consent obtained from the concerned shareholders.

8% cumulative redeemable preference shares (Series III):
1,000,000, 8% cumulative redeemable preference shares of ₹ 100 each were issued in October 2012. These preference shares shall be redeemed at par in September, 2017.

8% cumulative redeemable preference shares (Series IV):
500,000, 8% cumulative redeemable preference shares of ₹ 100 each were allotted in April 2013. These preference shares shall be redeemed at par in March, 2018.

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

(Amount in ₹)

Note No.		As at 31/03/2016	As at 31/03/2015
2	RESERVES AND SURPLUS		
	a) Capital reserve		
	Opening balance	5,986,500	5,986,500
	Changes during the period	---	---
	Closing balance	5,986,500	5,986,500
	b) Capital redemption reserve		
	Opening balance	75,200,000	75,200,000
	Changes during the period	---	---
	Closing balance	75,200,000	75,200,000
	c) Securities premium reserve		
	Opening balance	900,038,192	900,038,192
	Changes during the period	---	---
	Closing balance	900,038,192	900,038,192
	d) Other reserves		
	General reserve		
	Opening balance	270,854,154	270,854,154
	Appropriation relating to fixed assets *	(258,096,981)	---
	Closing balance	12,757,173	270,854,154
	e) Deficit in Statement of Profit and Loss		
	Opening balance	(687,646,586)	(520,144,884)
	Add: profit/(loss) during the period	389,662,843	(167,501,702)
	Less: appropriations	---	---
	Closing balance of Deficit in Statement of Profit and Loss	(297,983,743)	(687,646,586)
	Total Reserves & Surplus	**695,998,122**	**564,432,260**

*Appropriation due to the transitional adjustments to carrying value of tangible assets whose revised useful life has expired. (Refer note no. 10 to the Financial Statements)

NOTES TO FINANCIAL STATEMENTS

AS AT 31ST MARCH, 2016

(Amount in ₹)

Note No.		AS AT MARCH 31, 2016	AS AT MARCH 31, 2015
3	**LONG-TERM BORROWINGS**		
	(Refer note.1 of note no.29 B)		
	SECURED		
	Term loans		
	From banks	2,044,957,127	1,461,348,595
	From others	25,653,200	126,130,400
	From companies	300,000,000	300,000,000
	Total Secured Long term borrowings	**2,370,610,327**	**1,887,478,995**
4	**OTHER LONG TERM LIABILITIES**		
	a) Trade payables	215,074	223,579
	b) Capital Supplier payable	31,583,057	31,583,057
	c) Other payables		
	Security/Retention money	11,980,110	11,341,734
	Total Other Long Term Liabilities	**43,778,241**	**43,148,370**
5	**LONG-TERM PROVISIONS**		
	Provision for employee benefits		
	Gratuity	93,813,177	79,443,884
	Leave encashment	29,379,941	26,791,582
	Total Long Term Provisions	**123,193,118**	**106,235,466**
6	**SHORT-TERM BORROWINGS**		
	(Refer note.1 of note no.29 B)		
	a) Secured		
	Cash credit from banks	3,541,190,644	3,527,322,158
		3,541,190,644	3,527,322,158
	b) Unsecured		
	Loan & advances from related parties		
	(Refer note.17 of note no.29 B)		
	due to director	653,794	653,794
	inter corporate deposits	196,474	198,250
	{including interest accrued thereon ₹ Nil (previous period ₹ Nil)}		
		850,268	**852,044**
	Total Short Term Borrowings	**3,542,040,912**	**3,528,174,202**
7	**TRADE PAYABLES**		
	a) Micro, small and medium enterprises*	2,549,533	2,615,307
	b) Others	1,423,770,365	2,007,789,692
	Total Trade Payables	**1,426,319,898**	**2,010,404,999**

* There are no outstanding amounts payable beyond the agreed period to Micro, Small and Medium 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.

NOTES TO FINANCIAL STATEMENTS

AS AT 31ST MARCH, 2016

(Amount in ₹)

Note No.		As at 31/03/2016	As at 31/03/2015
8	**OTHER CURRENT LIABILITIES**		
	a) Current maturities of long term debts		
	(Refer note.1 of note no.29 B)		
	Term loans		
	From banks	543,037,700	727,426,376
	From others	100,477,200	100,477,200
	Total Current maturities of long term debts	**643,514,900**	**827,903,576**
	b) Interest accrued but not due on borrowings	16,492,691	10,314,657
	c) Advance from customer and others	108,277,472	88,778,574
	d) Unpaid dividend*	457,661	462,081
	e) Other payables		
	Statutory dues payable	24,976,782	11,974,851
	(Including TDS, Purchase tax, PF and Excise duty)		
	Salary & wages payable	49,870,425	35,434,483
	Remuneration-due to directors	10,446,826	1,052,606
	Excise duty payable on stock	365,391,131	204,487,504
	Forward premium principal payable	---	9,003,836
	Security/Retention money payable	12,692,915	14,511,105
	Others	69,667,546	147,534,658
	{Including amount payable to related parties of ₹ 11,97,528 (previous period ₹ 11,40,388)}		
	Total Others	**658,273,449**	**523,554,355**
	Total Other Current Liabilities	**1,301,788,349**	**1,351,457,931**
*	There are no amounts outstanding in respect of unpaid dividend for more than seven years to be transferred to Investor Education and Protection Fund.		
9	**SHORT TERM PROVISIONS**		
	a) Provision for employee benefits		
	Gratuity	9,901,100	11,614,586
	Leave encashment	10,098,301	10,386,286
	b) Other provisions		
	Provision for taxes	14,456,456	---
	{net of advance tax of ₹ 43,387 (previous period ₹ Nil)}		
	Total Short Term Provisions	**34,455,857**	**22,000,872**

NOTES TO FINANCIAL STATEMENTS

AS AT 31ST MARCH, 2016

Note No.		GROSS CARRYING VALUE				DEPRECIATION/AMORTISATION				NET CARRYING VALUE	
		As at 01/04/2015 ₹	Added during the period ₹	Disposals ₹	**As at 31/03/2016** ₹	Up to 01/04/2015 ₹	For the period ₹	Disposals ₹	**Up to 31/03/2016** ₹	As at 31/03/2015 ₹	**As at 31/03/2016** ₹
10	<u>FIXED ASSETS</u>										
i	**Tangible Assets**										
	Freehold land	77,224,710	---	---	77,224,710	---	---	---	---	77,224,710	77,224,710
		(77,224,710)	---	---	(77,224,710)	---	---	---	---	(77,224,710)	(77,224,710)
	Buildings	1,101,864,254	21,504,750	3,048,579	1,120,320,425	283,476,667	155,685,785	1,177,379	437,985,073	818,387,587	682,335,352
		(1,088,190,427)	(13,673,827)	---	(1,101,864,254)	(240,286,157)	(43,190,510)	---	(283,476,667)	(847,904,270)	(818,387,587)
	Plant and Equipment	5,647,955,844	108,903,133	17,617,362	5,739,241,615	2,596,193,982	390,517,156	8,806,422	2,977,904,716	3,051,761,862	2,761,336,899
		(5,624,129,737)	(23,844,771)	(18,664)	(5,647,955,844)	(2,182,294,173)	(413,902,177)	(2,368)	(2,596,193,982)	(3,441,835,564)	(3,051,761,862)
	Furniture and Fixtures	38,440,418	1,379,030	281,028	39,538,420	25,554,723	1,886,918	248,655	27,192,986	12,885,695	12,345,434
		(38,172,414)	(1,073,982)	(805,978)	(38,440,418)	(23,139,095)	(2,776,526)	(360,898)	(25,554,723)	(15,033,319)	(12,885,695)
	Vehicles	39,091,332	11,326,510	5,296,292	45,121,550	20,192,060	3,618,834	3,323,111	20,487,783	18,899,272	24,633,767
		(34,504,516)	(9,911,803)	(5,324,987)	(39,091,332)	(18,881,289)	(4,797,037)	(3,486,266)	(20,192,060)	(15,623,227)	(18,899,272)
	Office equipment	14,378,407	251,811	94,502	14,535,716	7,819,495	857,199	24,676	8,652,018	6,558,912	5,883,698
		(13,334,951)	(1,088,406)	(44,950)	(14,378,407)	(6,547,924)	(1,284,456)	(12,885)	(7,819,495)	(6,787,027)	(6,558,912)
	Others (Computers)	35,074,497	2,410,217	8,000	37,476,714	35,074,497	2,410,217	8,000	37,476,714	---	---
		(34,556,129)	(2,266,015)	(1,747,647)	(35,074,497)	(34,556,129)	(2,266,015)	(1,747,647)	(35,074,497)	---	---
	Total (i)	**6,954,029,462**	**145,775,451**	**26,345,763**	**7,073,459,150**	**2,968,311,424**	**554,976,109**	**13,588,243**	**3,509,699,290**	**3,985,718,038**	**3,563,759,860**
ii)	**Intangible Assets**										
	Computer Softwares (Bought out)	9,872,859	527,511	---	10,400,370	9,872,859	527,511	---	10,400,370	---	---
		(5,673,485)	(4,199,374)	---	(9,872,859)	(5,673,485)	(4,199,374)	---	(9,872,859)	---	---
	Total (ii)	**9,872,859**	**527,511**	**---**	**10,400,370**	**9,872,859**	**527,511**	**---**	**10,400,370**	**---**	**---**
	Grand Total (i + ii)	**6,963,902,321**	**146,302,962**	**26,345,763**	**7,083,859,520**	**2,978,184,283**	**555,503,620**	**13,588,243**	**3,520,099,660**	**3,985,718,038**	**3,563,759,860**
	Previous Year	(6,915,786,369)	(56,058,178)	(7,942,226)	(6,963,902,321)	(2,511,378,252)	(472,416,095)	(5,610,064)	(2,978,184,283)	(4,404,408,117)	(3,985,718,038)

1. Acquisition through business combination, other adjustments and impairment/revaluation are not applicable as no such transactions occurred during the year and in the corresponding previous period.
2. Due to the enactment of the Companies Act, 2013 (the Act) and its applicability to the Company for accounting period commencing on 1 April 2015, the Company has re-worked depreciation with reference to the estimated economic lives of fixed assets in the manner prescribed by Schedule II to the Act . In case of assets whose useful life is completed at the beginning of the year, the carrying value, net of residual value, as at 1 April 2015 amounting to ₹ 25,80,96,981 has been appropriated from the General Reserve and in other cases the carrying value has been depreciated over the remaining revised useful life of the assets and recognised in the Statement of Profit and Loss. There is no material impact of the depreciation charged for the year as compared to the depreciation rates charged during the previous year as per the schedule XIV of the Companies Act, 1956.

Note:-Figures in the brackets are for the previous period.

(Amount in ₹)

Note No.		As at 31/03/2016	As at 31/03/2015
11	**NON-CURRENT INVESTMENTS**		
	Other investments-Associate companies		
	Unquoted investments (valued at cost except for permanent diminution in value)		
	a) Investment in equity shares		
	(previous period 20,000) equity shares of ₹ 10 each fully paid up in 'Dwarikesh Informatics Limited'	---	200,000
	(previous period 20,000) equity shares of ₹ 10 each fully paid up in 'Faridpur Sugars Limited'	---	200,000
	b) Investments in preference shares		
	20,000 (previous period 20,000) 10% preference shares of ₹ 100 each fully paid up in 'Dwarikesh Informatics Limited'	2,000,000	2,000,000
	Total Non-Current Investments	**2,000,000**	**2,400,000**
	Aggregate amount of unquoted investments	2,000,000	2,400,000
	Aggregate provision for diminution in the value of investments	---	---

		As at 31/03/2016		As at 31/03/2015	
		Deferred Tax Asset	Deferred Tax Liability	Deferred Tax Asset	Deferred Tax Liability
12	**DEFERRED TAX LIABILITIES (NET):**				
	a) Difference between book depreciation and tax depreciation		826,529,235		957,073,717
	b) Disallowances under section 43B of the Income Tax Act, 1961	182,262,424		117,562,139	
	c) Unabsorbed depreciation and business loss	814,982,580		1,039,578,092	
	Total	**997,245,004**	**826,529,235**	**1,157,140,231**	**957,073,717**
	Net Deferred Tax Asset /(Liability)*		**170,715,769**		**200,066,514**

Deferred tax assets in respect of brought forward losses and depreciation have been recognized owing to reasonable certainty of availability of future taxable income to realize such assets.

* Difference in deferred tax liability at the end of both the periods includes ₹ 2,60,29,634 being deferred tax liability netted off against exceptional item.

NOTES TO FINANCIAL STATEMENTS

AS AT 31ST MARCH, 2016

(Amount in ₹)

Note No.		As at 31/03/2016	As at 31/03/2015
13	LONG TERM LOANS & ADVANCES		
	unsecured, considered good		
	a) Capital advances	4,131,052	20,511,055
	b) Security deposits	2,078,575	1,959,775
	c) Others		
	MAT credit entitlement	73,283,602	59,738,677
	Advance taxes and Tax deducted at source including Wealth tax {net of provisions of ₹ 15,03,801 (previous period ₹ 15,03,801)}	252,451	99,693
	Advances recoverable in cash or in kind or for value to be received		
	Considered good	14,529,521	14,046,690
	Considered doubtful	---	---
	Less: provision for bad and doubtful advances	---	---
	Total Long Term Loans & Advances	**94,275,201**	**96,355,890**
14	OTHER NON-CURRENT ASSETS		
	Unsecured, considered good		
	(a) Trade receivables*		
	Considered good	3,378,609	3,378,609
	Considered doubtful	---	---
	Less: provision for bad and doubtful debts	---	---
		3,378,609	**3,378,609**
	(b) Other receivables		
	i) Fixed deposit account (having maturity of more than 12 months) {as margin money for bank guarantees / pledged with government departments including net interest accrued thereon ₹ 7,64,528 (previous period ₹ 5,90,054)}	2,264,528	2,090,054
	ii) Others	616,629	619,588
	Total Non-Current Assets	**6,259,766**	**6,088,251**
*	Since the matter is in litigation, management considers the same as non current.		
15	CURRENT INVESTMENTS		
	Other investments-Associate companies		
	Unquoted investments (valued at lower of cost and fair value)		
	Investment in equity shares		
	20,000 (previous period Nil) equity shares of ₹ 10 each fully paid up in 'Dwarikesh Informatics Limited'	200,000	---
	20,000 (previous period Nil) equity shares of ₹ 10 each fully paid up in 'Faridpur Sugars Limited'	200,000	---
	Total Current Investments	**400,000**	**---**
	Aggregate amount of unquoted investments	400,000	---
	Aggregate provision for diminution in the value of investments	---	---

1. As at Balance Sheet date the investments that are intended to be held for not more than one year are reclassified as in order to comply with the requirements of Schedule III of the Companies Act, 2013.
2. Company is having investment in associate companies namely 'Dwarikesh Informatics Limited' and 'Faridpur Sugars Limited' and the accounts of these companies are required to be consolidated as per the section 129 (3) of the Companies Act, 2013. In view of the intention of the management to dispose the same in part or in full in the near future, the investment in these associates companies is considered temporary, and therefore, the consolidation of accounts with above mentioned companies is not required as enunciated in Accounting Standard AS-21 'Consolidated Financial Statement' specified under section 133 of the Companies Act, 2013 read with Rule 7 of the Company (Accounts) Rules, 2014.

NOTES TO FINANCIAL STATEMENTS

AS AT 31ST MARCH, 2016

(Amount in ₹)

Note No.		As at 31/03/2016	As at 31/03/2015
16	INVENTORIES		
	(As taken, valued and certified by the Management)		
	Valued at or below cost: (Refer note.6 of note no.29 A)		
	a) Raw materials	3,824,642	6,475,931
	b) Work-in-progress (Refer note.5 A (b) (ii) of note no.29 B)	29,690,177	35,898,928
	c) Finished goods (Refer note.5 A (b) (i) of note no.29 B)	5,179,290,347	4,726,545,151
	d) Stores and spares	146,125,405	134,478,678
	e) Chemicals	2,611,205	3,552,539
	f) Packing material	4,074,399	3,771,219
	Total Inventories	**5,365,616,175**	**4,910,722,446**
17	TRADE RECEIVABLES		
	unsecured, considered good		
	a) Outstanding for more than six months from the due date	---	---
	b) Others		
	Considered good	642,556,272	427,975,524
	{Includes unbilled revenue of ₹ 9,36,11,324 (previous period ₹ 13,60,01,174)}		
	Total Trade Receivable	**642,556,272**	**427,975,524**
18	CASH & BANK BALANCES		
	a) Cash & Cash Equivalents		
	Balance with scheduled banks		
	Current accounts	40,426,541	1,343,524
	Cash on hand	4,434,477	4,810,806
		44,861,018	**6,154,330**
	b) Other bank balances		
	i) Earmarked balance for unpaid dividend	457,661	462,081
	ii) Earmarked balance in current account	2,905,898	1,591,255
	(as per Uttar Pradesh State Molasses Control Rules, 1974)		
	Total Cash & Bank Balances	**48,224,577**	**8,207,666**
19	SHORT TERM LOANS & ADVANCES		
	unsecured, considered good		
	Others		
	Security Deposit	---	500,000
	Balances with government authorities	34,705,906	16,774,861
	Advances recoverable in cash or in kind or for value to be received	16,081,440	14,124,944
	Total Short Term Loans & Advances	**50,787,346**	**31,399,805**
20	OTHER CURRENT ASSETS		
	a) Interest subvention receivable	4,681,018	---
	b) Interest receivable and others	78,325	117,000
	c) Claim for reimbursement of subsidy	---	179,965,764
	d) Claim for reimbursement of cane commission	60,137,097	138,057,916
	Total Other Current Assets	**64,896,440**	**318,140,680**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2016

(Amount in ₹)

Note No.		Year ended 31/03/2016	Eighteen months ended 31/03/2015
21	**REVENUE FROM OPERATIONS**		
	(Refer note.5 A (a) of note no.29 B)		
	a) Sale of products*	8,310,204,441	11,682,985,792
	b) Other operating revenues	4,900,139	4,454,287
	Gross Revenue From Operations	8,315,104,580	11,687,440,079
	c) Less: excise duty on sale of products	371,691,706	403,559,720
	Total Net Revenue From Operations	**7,943,412,874**	**11,283,880,359**
	* Includes unbilled revenue of ₹ 9,36,11,324 (previous period ₹ 13,60,01,174) against sale of power.		
22	**OTHER INCOME**		
	a) Interest income		
	on current deposits	15,896	2,563,215
	on non current deposits with banks	193,861	216,771
	b) Dividend income from non current investment	200,000	200,000
	c) Other non operating income*	85,802,885	100,430,422
	Total Other Income	**86,212,642**	**103,410,408**
	* Includes ₹ 7,94,73,000 (previous period ₹ 7,68,64,500) being the amount received towards sale of REC.		
23	**COST OF MATERIALS CONSUMED**		
	a) Raw material consumed		
	Sugar cane*		
	Opening stock	6,475,931	---
	Add: purchases	6,025,154,731	11,705,913,020
	Less: closing stock	3,824,642	6,475,931
		6,027,806,020	11,699,437,089
	b) Other materials consumed		
	i) Chemicals		
	Opening stock	3,552,539	3,586,568
	Add: purchases	49,051,406	99,334,394
	Less: closing stock	2,611,205	3,552,539
		49,992,740	99,368,423
	ii) Packing Material consumed		
	Opening stock	3,771,219	1,611,907
	Add: purchases	94,222,970	201,119,488
	Less: closing stock	4,074,399	3,771,219
		93,919,790	198,960,176
	Total Cost Of Materials Consumed	**6,171,718,550**	**11,997,765,688**

* For sugar season 2014-15, the Government of Uttar Pradesh announced certain financial assistance including ₹ 28.60 per quintal of cane linked to average threshold selling price of sugar and its by products during 1st October, 2014 to 31st May, 2015. Out of the above, part assistance @ ₹ 8.60 was accounted earlier on accrual basis but balance financial assistance @ ₹ 20.00 per quintal of cane for the entire season 2014-15 was accounted after notification by the Government on 26th August,2015 and has been reduced from the cost of material consumed. This includes an amount of ₹ 4,185.25 lacs (@ ₹ 20.00 per quintal of cane purchased up to 31st March, 2015) .

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2016

(Amount in ₹)

Note No.		Year ended 31/03/2016	Eighteen months ended 31/03/2015
24	**(INCREASE)/DECREASE IN STOCKS**		
	(Refer note.5.A (b) of note no.29 B)		
	Closing stock		
	Finished goods	5,179,290,347	4,726,545,151
	Work in progress	29,690,177	35,898,928
		5,208,980,524	4,762,444,079
	Opening stock		
	Finished goods	4,726,545,151	1,792,262,838
	Work in progress	35,898,928	378,273
		4,762,444,079	1,792,641,111
	NET (INCREASE)/DECREASE IN STOCK	(446,536,445)	(2,969,802,968)
	Excise duty on account of increase/(decrease) on stock of finished goods	160,903,627	146,957,525
	Total (Increase)/Decrease In Stocks	**(285,632,818)**	**(2,822,845,443)**
25	**EMPLOYEE BENEFIT EXPENSES**		
	a) Salary and wages		
	Salary and wages	406,947,334	600,041,752
	Bonus	18,072,248	1,846,120
	Leave encashment	9,884,588	17,434,438
	Gratuity (Refer note.6 b (ii) of note no.29 B)	18,186,160	30,483,806
		453,090,330	649,806,116
	b) Contribution to provident and other funds		
	Provident fund	35,383,025	52,065,182
	c) Staff welfare expenses	8,294,164	12,496,276
	Total Employee Benefit Expenses	**496,767,519**	**714,367,574**
26	**FINANCE COST**		
	a) Interest expense		
	i) Interest on fixed loans :		
	Term loans	150,102,938	264,208,498
	Others {including paid to directors ₹ 65,558 (previous period ₹ 97,979)}	46,308,873	62,777,081
		196,411,811	326,985,579
	ii) Interest on cash credit	254,793,771	309,093,180
	b) Other borrowing costs	12,282,578	20,851,036
	c) (Gain) / loss on foreign exchange transactions	52,414,154	95,167,880
	Total Finance Cost	**515,902,314**	**752,097,675**

(Amount in ₹)

Note No.		Year ended 31/03/2016	Eighteen months ended 31/03/2015
27	**DEPRECIATION AND AMORTIZATION EXPENSES**		
	a) Depreciation		
	Depreciation of tangible assets	554,976,109	468,216,721
	Obsolescence	10,239,363	47,664
		565,215,472	468,264,385
	b) Amortization of intangible assets	527,511	4,199,374
	Total Depreciation and Amortization Expenses	**565,742,983**	**472,463,759**
28	**OTHER EXPENSES**		
	Power and fuel		
	Power	10,035,568	15,019,029
	{Net of ₹ 54,00,063 power banked with UPPCL (previous period ₹ 56,92,750)}		
	Fuel	2,872,431	2,633,379
	Other manufacturing expenses	67,182,859	98,625,730
	Repairs to buildings	10,457,481	22,213,125
	Repairs to machinery		
	Consumption of stores & spare parts	94,071,652	129,721,302
	Plant & machinery	28,774,776	43,821,229
	Rent	6,475,698	7,535,252
	Insurance	6,371,692	10,684,070
	Rates and taxes*	6,286,743	6,162,643
	Travelling & conveyance	12,274,078	19,956,954
	Postage, telephone & telex	2,297,177	3,219,808
	Printing & stationery	3,063,194	4,934,058
	Sugar sales promotion expenses	28,220,180	34,670,492
	Freight and forwarding (net of recovery from customers)	28,107,803	41,953,159
	Donations & charity	808,260	45,500
	Repairs & maintenance - others	6,140,273	8,340,023
	Loss on sale of fixed assets	818,113	(172,743)
	Payment to the auditors		
	Audit fees	1,651,500	1,950,000
	Taxation matters	200,000	300,000
	Other Law Matters	35,125	40,000
	Reimbursement of expenses	157,256	287,686
	Export Facilitation Charges	80,776,875	---
	Miscellaneous expenses	81,389,475	87,404,896
	Total Other Expenses	**478,468,209**	**539,345,592**

* Includes provision for wealth tax of ₹ Nil (previous period ₹ 5,05,608) as per the provisions of Wealth Tax Act, 1957.

NOTE "29 A"

GENERAL INFORMATION

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.

Currently equity shares of the company are listed at BSE and NSE.

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.).

Registration details

Registration No. CIN No. L15421 UP1993 PLC 018642

State code 20

Generic name of principal product of the Company

Item code No. (ITC Code) 170111.09

Product Description Cane Sugar

SIGNIFICANT ACCOUNTING POLICIES

1. ACCOUNTING CONVENTION

The Financial statements of the Company are prepared under the historical cost convention using accrual method of accounting and comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Company (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 unless stated otherwise hereinafter. Accounting Policies not specifically referred to, are consistent with Generally Accepted Accounting Principles in India.

2. USE OF ESTIMATES

The preparation of financial statements requires the use of estimates and assumptions to be made that affect the reported amount of assets, liabilities and disclosure of contingent liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

3. FIXED ASSETS

Fixed assets are capitalised at cost of acquisition including directly attributable costs such as freight, insurance and specific installation charges for bringing the assets to their working condition for intended use.

Emergency machinery spares of irregular use and critical insurance machinery spares are capitalised as part of relevant plant & machinery.

Pre-operative expenditure incurred upto the date of commencement of commercial production is capitalized as part of fixed assets.

4. INVESTMENTS

Current investments are stated at lower of cost and fair value. Long-term investments are stated at cost after providing for diminution in value where in the opinion of the management such diminution is not temporary in nature.

5. DEPRECIATION/AMORTISATION

A. Depreciation on Tangible Assets

Depreciation on tangible assets is provided on straight line method over the useful life of assets estimated by the Management. Depreciation for assets purchased/ sold during the period is charged proportionately. The management estimates the useful life for fixed assets as follows:

Factory Buildings (1)	28.50 years
Non Factory Building (1)	58.25 years
Plant and Machinery other than Sugar Rollers(1)	18 to 20 years
Plant and Machinery – Rollers (1)	1 year
Office equipment (1)	13.50 years
Furniture and Fixture (1)	15 years
Vehicles (1)	10 years

(1) 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.

B. Amortisation of 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. Computers software are depreciated fully in the year of addition.

6. INVENTORY VALUATION

Inventories are valued at lower of cost or net realisable value except in case of scrap which is taken at net realizable value. Cost for various items of inventory is determined as under:

a.	Raw materials (including those in transit)	:	Purchase cost including incidental expenses on FIFO basis.
b.	Chemicals, Packing material, other Stores and spares (including those in transit)	:	Purchase cost including incidental expenses on weighted average basis.
c.	Work-in-process	:	At raw material cost including proportionate production overheads.
d.	Finished goods i) Sugar	:	At raw material cost including proportionate production overheads.
	ii) Molasses	:	At average net realisable price.
	iii) Industrial Alcohol	:	At value of molasses as determined above plus proportionate production overheads in distillery.
	iv) Traded goods	:	Purchase cost including incidental expenses on FIFO basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost necessary to make the sale.

7. 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.

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.

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.

Power generated at co-gen plants is primarily consumed by the manufacturing units and excess power is sold to State Electricity Board (SEB) at rate stipulated by SEB's.

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.

8. CONTINGENCIES AND EVENTS OCCURING AFTER THE BALANCE SHEET DATE

Events occurring after the date of the Balance sheet, which provide further evidence of conditions that existed at the Balance Sheet date or that arose subsequently, are considered upto the date of approval of accounts by the Board of Directors, where material.

9. GOVERNMENT GRANTS

Grants relating to specific fixed assets are deducted from the original cost of specified assets.

10. EMPLOYEES BENEFITS

a) Provident Fund

Company's contribution to provident fund, being in the nature of defined contribution plan, are being charged to Statement of Profit & Loss in the period during which services are rendered by employees.

b) Gratuity & Leave Encashment

Provision for gratuity and leave encashment in the nature of defined benefit obligation is considered on the basis of Accounting Standard AS-15 on actuarial valuation using projected unit credit method. The discount rate and other financial assumptions are based on the parameters defined in the accounting standard.

c) Other Short term benefits

Expenses in respect of other short term benefits are recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee.

11. EXCISE DUTY

Excise duty in respect of finished goods (including molasses) is accounted for at the end of period and is included in the value of closing stock as per 'Guidance Note on Accounting Treatment of Excise Duty' issued by the Institute of Chartered Accountants of India.

12. INTANGIBLE ASSETS

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.

13. BORROWING COSTS

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalized as part of cost of such assets. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognized as an expense in the period in which they are incurred.

14. FOREIGN CURRENCY TRANSACTIONS

Transactions denominated in foreign currency are accounted for at the exchange rate prevailing on the date of transaction. Exchange differences arising on account of forward contracts are dealt with in the Statement of Profit & Loss over the period of the contracts. Monetary assets and liabilities relating to foreign currency transactions are converted at the year-end rate or at forward contract rate, as applicable. Gains or losses arising on cross currency forex swap transactions are accounted for over the period of contract.

15. TAXES ON INCOME

Tax on income for the current period is determined on the basis of taxable income & tax credits computed in accordance with the provisions of the Income Tax Act 1961, and based on expected outcome of assessments/ appeals.

Deferred Tax is recognized on timing differences between the accounting income and the taxable income for the year and reversal/adjustment of earlier year deferred tax assets / liabilities which are quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets on account of unabsorbed losses and depreciation are recognized and carried forward to the extent that there is a virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are reassessed at each Balance Sheet date.

MAT credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

16. IMPAIRMENT OF ASSETS

Where the recoverable amount of the fixed asset is lower than its carrying amount, a provision is made for the impairment loss. Post impairment, depreciation is provided for on the revised carrying value of the asset over its remaining useful life. The impairment loss recognized in prior accounting period is reversed if there is a favorable change in the estimate of recoverable amount.

17. PROVISIONS, CONTINGENT LIABILITIES & CONTINGENT ASSETS

Contingent liabilities, if material, are disclosed by way of notes, contingent assets are not recognized or disclosed in the financial statements. A provision is recognized when an enterprise has a present obligation as a result of past event(s) and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation(s), in respect of which a reliable estimate can be made for the amount of obligation.

18. EARNING PER SHARE (EPS)

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.

19. LEASES

Where the Company is the lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

Where the Company is the lessor

Assets subject to operating leases are included in fixed assets. Lease income is recognised in the Statement of Profit and Loss on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Statement of Profit and Loss.

20. SEGMENT ACCOUNTING & REPORTING

Identification of segments

The company's operating business are organized and managed separately according to the nature of products manufactured and services provided, with each segment representing a strategic business unit that offers different products.

Allocation of common costs

Common allocable costs are allocated to each segment on reasonable basis.

Unallocated Items

Unallocable assets & liabilities represent the assets & liabilities not allocable to any segment as identified as per the Accounting Standard.

Segment Policies

The company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

21. CASH & CASH EQUIVALENTS

Cash & Cash Equivalents includes cash in hand, demand deposit with banks, other short-term highly liquid investment with original maturities of three months or less.

"29 B" – OTHER NOTES

1. SECURITIES FOR BORROWINGS:

Value in ₹

Abbreviations:	
DN - Dwarikesh Nagar Unit	PNB - Punjab National Bank
DP - Dwarikesh Puram Unit	IDBI - IDBI Bank Limited
DD - Dwarikesh Dham Unit	SUPGB - Sarva U.P.Gramin Bank
ROI - Rate of interest	DCB- District Co-Operative Bank (Zila Sahkari Bank)
O/S - Amount outstanding	SDF-Sugar Development Fund
Qtly. - Quarterly	

Bank/FI, amount sanctioned and outstanding as on reporting Date	Current (₹)	Non-Current (₹)	Security	Repayment Schedule of amount outstanding and ROI on the reporting date
i) Long Term Borrowings				
IDBI Sanctioned - 16,00,00,000 O/S - Nil (80,00,000)	--- (80,00,000)	--- (---)	Fully repaid	- Fully repaid
PNB Sanctioned - 90,00,00,000 O/S - Nil (9,51,22,989)	--- (9,51,22,989)	--- (---)	Fully repaid	- Fully repaid
PNB # Sanctioned - 94,00,00,000 O/S - 4,97,18,763 (24,86,38,763)	4,97,18,763 (19,89,20,000)	--- (4,97,18,763)	Pari-passu Charge on fixed assets: -1st on DD -2nd on DN -3rd on DP	-ROI-12.60% -Final installment of ₹ 4,97,18,763 payable in April,2016.
PNB # Sanctioned-56,00,00,000 O/S -2,96,20,681 (12,00,00,000)	2,96,20,681 (9,03,79,319)	--- (2,96,20,681)	Pari-passu Charge on fixed assets: -1st on DP 24 MW Co-gen assets -2nd on DN -3rd on DD	-ROI-12.60% -Final installment of ₹ 2,96,20,681 payable in April, 2016
PNB Sanctioned - 50,00,00,000 O/S - 5,00,00,000 (15,00,00,000)	5,00,00,000 (10,00,00,000)	--- (5,00,00,000)	Pari-passu Charge on fixed assets: -1st on DN -2nd on DP -2ndon DD	-ROI-12.60% -2qtly installments of ₹ 2,50,00,000 each payable inApril, 2016 and onwards.
PNB Sanctioned- 1,00,00,00,000 O/S - 10,00,00,001 (29,99,99,982)	10,00,00,001 (20,00,00,000)	--- (9,99,99,982)	Pari-passu Charge on fixed assets: -1st on DN, DP and DD	-ROI-12.60% -2qtly installment of ₹ 5,00,00,000 payable in June, 2016 and onwards.
PNB Sanctioned - 65,00,00,000 O/S - 65,00,00,000 (65,00,00,000)	10,83,33,334 (---)	54,16,66,666 (65,00,00,000)	Pari-passu Charge on fixed assets: -1st on DN, DP and DD	-ROI-12.60% -12 qtly installments of ₹ 5,41,66,667 each payable in December, 2016 and onwards.
PNB [SEFASU 2014] Sanctioned – 61,08,00,000 O/S - 57,68,66,666 (61,08,00,000)	20,36,00,004 (3,39,33,334)	37,32,66,662 (57,68,66,666)	Pari-passu Charge on fixed assets: - 3rdt on DN, DP and DD	-ROI-12.00% [total subvention from the Govt. of India] -34 monthly installments of ₹ 1, 69, 66,667each payable in April, 2016 and onwards.

PNB Sanctioned –7,20,00,000 O/S - 7,20,00,000 (---)	--- (---)	7,20,00,000 (---)	Pari-passu Charge on fixed assets: -1st on DN	ROI-12.60% -20 qtly installments of ₹ 36,00,000 each payable from December, 2017 onwards.
PNB Sanctioned –105,00,00,000 O/S - 1,05,00,00,000 (---)	--- (---)	1,05,00,00,000 (---)	Pari-passu Charge on fixed assets: -1st on DN, DP and DD	ROI-12.60% [subvention @ 10% on ₹ 56,28,69,600 for the first year from the Govt. of India] -20 qtly installments of ₹ 5,25,00,000 each payable from September, 2017 onwards.
PNB [car loan] Sanctioned - 65,00,000 O/S - 49,87,494 (62,13,237)	12,09,408 (10,70,734)	37,78,086 (51,42,503)	Hypothecation of car	-ROI-10.65% -EMI of ₹ 1,40,200 each [including interest] payable in April, 2016 and onwards.
PNB [car loan] Sanctioned - 51,00,000 O/S - 48,01,222 (---)	5,55,509 (---)	42,45,713 (---)	Hypothecation of car	-ROI-10.40% -EMI of ₹ 85,724 each [including interest] payable in April, 2015 and onwards.
Total term loans from Banks **O/S - 2,58,79,94,827** (2,18,87,74,971)	**54,30,37,700** (72,74,26,376)	**2,04,49,57,127** (1,46,13,48,595)		
SDF Sanctioned -27,50,00,000 O/S–7,69,59,600 (12,82,66,000)	5,13,06,400 (5,13,06,400)	2,56,53,200 (7,69,59,600)	Pari-passu Charge on fixed assets: -1st on DP	-ROI- 4% -3 half yearly Installments of ₹ 2,56,53,200 each payable in May, 2016 and onwards.
SDF Sanctioned- 26,50,00,000 O/S –4,91,70,800 (9,83,41,600)	4,91,70,800 (4,91,70,800)	--- (4,91,70,800)	Pari-passu Charge on fixed assets: -1st on DD	-ROI- 4% -2 half yearly Installments of ₹ 2,45,85,400 each payable in May, 2016 and onwards.
Total term Loans from others **O/S –12,61,30,400** (22,66,07,600)	**10,04,77,200** (10,04,77,200)	**2,56,53,200** (12,61,30,400)		
From Companies **O/S – 30,00,00,000** (30,00,00,000)	**---** (---)	**30,00,00,000** (30,00,00,000)	Residual Charge on fixed assets of DN, DP & DD	-ROI- 13% - Payable in May, 2017
Total long term borrowings **O/S - 3,01,41,25,227** (2,71,53,82,571)	**64,35,14,900** (82,79,03,576)	**2,37,06,10,327** (1,88,74,78,995)		

ii) Short Term Borrowings:				
a. Cash Credit				
PNB Sanctioned- 2,60,00,00,000	2,29,20,14,042 (2,44,19,84,444)	--- (---)	-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- 12.10%
SUPGB Sanctioned- 10,00,00,000	9,95,82,331 (9,96,08,163)	--- (---)		-ROI- 11.85%
DCB Sanctioned- 1,15,00,00,000	1,14,95,94,271 (98,57,29,551)	--- (---)		-ROI- 11.25%
Total cash credit	**3,54,11,90,644** (3,52,73,22,158)	**---** (---)		

b. Loans & advances from related parties	**8,50,268** (8,52,044)	**---** (---)	Unsecured	-ROI- 10% - Payable on demand
Total short term borrowings	**3,54,20,40,912** (3,52,81,74,202)			

Term Loans from PNB and Cash credit from all the banks aggregating to ₹ 6,12,91,85,471 (previous period ₹ 5,71,60,97,129) are personally guaranteed by the Managing Director of the company out of which the company has given Counter guarantees of ₹ 5,00,23,84,249 (previous period ₹3,82,33,54,341) to him to secure all these personal guarantees excluding PNB term loan outstanding of ₹ 1,12,68,01,222 (previous period ₹ 1,26,70,13,237) and part CC outstanding of ₹ Nil of DCB (previous period ₹ 62,57,29,551). PNB Term Loans marked with # are collaterally secured by second pari-passu charge on entire current assets of the company.

2. Contingent liabilities not provided for

Particulars	As at 31st March 16 ₹	As at 31st March 15 ₹
(a) Claims not acknowledged as debts by the company.	20,76,408	20,76,408
(b) 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 ₹ 2,45,31,119 (previousperiod ₹ 2,40,72,147)].	7,47,98,484	5,45,34,998
(c) 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 ₹ 3,73,494 (previous period ₹3,76,453)].	85,000	Nil
(d) Guarantees issued by the bankers on behalf of the Company.	1,45,03,925	69,68,525

3. Estimated amount of contracts remaining to be executed on capital account, net of advance of ₹ 41,31,052 (previous period ₹ 2,05,11,055) and not provided for is ₹ 37,09,872 (previous period ₹ 10,53,344). Other Commitments ₹ Nil (previous period` Nil).

4. Dividend not provided for on cumulative preference shares: -

Particulars	As at 31st March 16 ₹	As at 31st March 15 ₹
12% 1,10,000 (previous period 1,10,000) cumulative redeemable preference shares (Series I)	85,80,000 ₹ 78per share	72,60,000 ₹ 66 per share
8% 15,00,000 (previous period 15,00,000)cumulative redeemable preference shares (Series II)	7,80,00,000 ₹ 52 per share	6,60,00,000 ₹ 44 per share
8% 10,00,000 (previous period 10,00,000) cumulative redeemable preference shares (Series III)	2,80,00,000 ₹ 28per share	2,00,00,000 ₹ 20per share
8% 5,00,000 (previous period 5,00,000) cumulative redeemable preference shares (Series IV)	1,20,00,000 ₹ 24per share	80,00,000 ₹ 16per share

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 dividends are in arrears for more than 2 years.

5.(A) Particulars of Revenue from operations & Inventory

a) Revenue from operations:

Class of Goods	Amount (₹)
i) Sugar	7,02,10,73,359 (9,74,30,50,171)
ii) Molasses	34,93,85,495 (46,54,45,908)
iii) Power	67,18,79,647 (1,26,84,41,756)
iv) Industrial Alcohol	
-Spirit	3,10,00,500 (13,20,96,508)
-Ethanol	20,25,04,231 (1,23,22,801)
v) Miscellaneous sale	3,43,61,209 (6,16,28,648)

i) Other operating Revenue	49,00,139 (44,54,287)
Total Revenue from operations	8,31,51,04,580 (11,68,74,40,079)

b) Inventories

i) Finished Goods

Class of goods		Opening Stock	Closing Stock
		Amount (₹)	
i)	Sugar	4,47,67,39,615 (1,78,84,33,082)	4,98,92,34,405 (4,47,67,39,615)
ii)	Molasses	21,34,32,075 (4,23,829)	16,13,98,235 (21,34,32,075)
iii)	Industrial Alcohol		
	- Spirit	2,80,36,098 (27,618)	33,57,785 (2,80,36,098)
	-Ethanol	83,37,363 (33,78,309)	2,52,99,922 (83,37,363)

ii) Work-in-progress

Class of goods		Opening Stock	Closing Stock
		Amount (₹)	
i)	Sugar	3,21,72,240 (3,13,576)	2,49,98,675 (3,21,72,240)
ii)	Molasses	36,52,402 (28,909)	46,42,034 (36,52,402)
iii)	Industrial Alcohol	74,286 (35,788)	49,468 (74,286)

(B) Raw Material & Chemicals Consumed

	Particulars	%	Amount (₹)
a)	Sugar Cane		6,02,78,06,020 (11,69,94,37,089)
b)	Chemicals		4,99,92,740 (9,93,68,423)
	Indigenous	100 (100)	6,07,77,98,760 (11,79,88,05,512)
	Imported	Nil (Nil)	Nil (Nil)
	Total	100 (100)	6,07,77,98,760 (11,79,88,05,512)
c)	C I F VALUE OF IMPORTS		Nil (Nil)
d)	EXPENDITURE IN FOREIGN CURRENCY(on accrual basis) Interest on Foreign Currency Term Loans		4,60,50,549 (5,98,58,697)
e)	EARNINGS IN FOREIGN CURRENCY		Nil (Nil)

Note: -Figures in the brackets are for the previous period.

6. 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 Accounting Standard AS-15. Since the liability has not been funded through a Trust or Insurer, there are no plan assets.

b)

i) Defined Contribution Plans:

Employer's Contribution to Provident Fund ₹ 3,53,83,025 (previous period ₹ 5,20,65,182).

ii) Defined Benefits Plans:

Liability for Gratuity is determined on actuarial basis using projected unit credit method. The details are as under:

	As at 31st March 16 ₹	As at 31st March 15 ₹
Change in defined benefit obligation:		
Opening defined benefit obligation	9,10,58,470	6,50,60,864
Current service cost	88,75,310	96,92,361
Interest cost	75,30,119	92,86,197
Actuarial loss/ (gain)	17,80,731	1,15,05,248
Past service cost	---	---
Benefit paid	(55,30,353)	(44,86,200)
Closing defined benefit obligation	10,37,14,277	9,10,58,470
Change in fair value of assets :		
Contribution by employer	55,30,353	44,86,200
Benefit paid	(55,30,353)	(44,86,200)
Change in fair value of plan assets	---	---
Expense recognized in Statement of Profit & Loss		
Current service cost	88,75,310	96,92,361
Interest cost	75,30,119	92,86,197
Net actuarial losses / (gain)	17,80,731	1,15,05,248
Past service cost	---	---
Expense recognized in Statement of Profit & Loss	1,81,86,160	3,04,83,806
Financial Assumptions at the valuation date		
Discount rate	7.85%	8.00%
Expected rate of return on assets (p.a.)	---	---
Salary escalation	6.00%	6.00%

Amount for the current and previous four periods in respect of gratuity are as follows: -

Period Ended					
Particulars	31-March-16	31-March-15	30-Sep-13	30-Sep-12	30-Sep-11
(Amount in ₹)					
Defined Benefit Obligation	10,37,14,277	9,10,58,470	6,50,60,864	5,86,08,985	4,73,69,283
Plan Assets	---	---	---	---	---
Surplus/(Deficit)	(10,37,14,277)	(9,10,58,470)	(6,50,60,864)	(5,86,08,985)	(4,73,69,283)
Exp. Adj. on Plan Liabilities	5,58,871	32,48,848	26,74,548	17,63,251	41,07,428
Exp. Adj. on Plan Assets	---	---	---	---	---

7. During the year the State Government of Uttar Pradesh has granted part remission of the commission payable to Cane Societies on cane purchased during the crushing season 2012-13. The remission was granted to improve the viability of sugar industry in Uttar Pradesh. Hence an amount of ₹ 4,91,83,132 (net of taxes) is shown as an exceptional in the Statement of Profit and Loss.

8. During the year, the company has sold Renewal Energy Certificates (RECs) for a consideration of ₹ 7,94,73,000 and incurred ₹ 1,78,61,217 as expenditure on such sale. The Company has not incurred any cost to earn the RECs. These RECs have been generated due to environmental concerns and allotted to the company as per Regulation on Renewal Energy Certificate, notified by Central Electricity Regulatory Commission. Recent judgements of the various hon'ble courts have held that such credits are not an off shoot of business but an off shoot of environmental concerns and hence, the net gain from such sale has been 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 ₹ 6,16,11,783 is treated as capital receipt for computation of the income tax (including MAT computation) and the Company has accordingly revised its income tax returns of the earlier years.

9. Trade Receivable/Payables and Loans and Advances balances are subject to confirmation and reconciliation.

10. As per the Accounting Standard AS-28 'Impairment of Assets', the company has tested impairment to identify the impairment loss, if any. Based on the assessment of the existing assets, the realizable amount for all the units is higher than the carrying values of such units. Accordingly, no impairment is required to be recognized during the current period.

11. The company has not taken/given any assets on finance/ operating lease. Accordingly, Accounting Standard AS-19 on leases is not applicable. The company has taken various office/ residential premises and office equipment's on cancellable leases which are renewable on expiry of the respective lease period.

12. Derivative instruments and foreign currency exposures:

    (a) During the year Rupee term loans of ₹ 4,100 lacs (previous period ₹ 15,000 lacs) were converted into foreign currency loan of USD 64,85,289.46 (previous period USD 2,44,40,305.80) out of which ₹ 4,100 lacs equivalent to USD 64,85,289.46 (previous period ₹ 10,000 lacs equivalent to USD 1,65,70,008.30) was reinstated as Rupees term loan during the year/period itself. The above loans are hedged by forward contracts and there is no foreign currency exposure outstanding as at the Balance Sheet date.

    (b) Particulars of un-hedged foreign currency exposures as at the Balance Sheet date are ₹ Nil (Previous period ₹ Nil).

13. There are no present obligations requiring provision in accordance with the guiding principles as enunciated in Accounting Standard AS-29 as it is not probable that an outflow of resources embodying economic benefit will be required.

14. Previous period figures have been regrouped and recasted wherever considered necessary. However, the same are not strictly comparable as the previous period figures are for the period from 01.10.2013 to 31.03.2015(18 months) whereas the current period figures are for the period from 01.04.2015 to 31.03.2016 (12 months).

15. Segment information for the year ended 31st March, 2016

(i) Information about Primary Business segment

(Amount in ₹)

Particulars	Sugar	Co-Generation	Distillery	Adjustment	Total
Revenue					
External Revenue	7,055,693,299 (9,886,790,902)	671,879,647 (1,268,441,756)	215,839,928 (128,647,701)		7,943,412,874 (11,283,880,359)
Internal Revenue	92,352,898 (108,244,789)	387,215,747 (659,865,581)	--- ---	(479,568,645) (-76,81,10,370)	--- ---
Total Revenue	**7,148,046,197**	**1,059,095,394**	**215,839,928**	**(479,568,645)**	**7,943,412,874**
Results					
Segment Results	(32,908,737) (-1,00,74,29,461)	818,611,356 (1,461,821,928)	74,955,435 (31,801,130)		860,658,054 (486,193,597)
Less: Unallocated Expenditure (net of income)					
Interest					515,902,314 (752,097,675)
Profit/(Loss) before exceptional item and tax					**344,755,740** **(-26,59,04,078)**
Exceptional Item					49,183,132 (Nil)
Profit/(Loss) before tax					**393,938,872** **(-26,59,04,078)**
Tax expense					**4,276,029** **(-9,84,02,376)**
Net Profit/(Loss) for the period after tax					**389,662,843** **(-16,75,01,702)**
Other Information					
Segment Assets	8,338,929,263 (8,386,694,597)	1,281,689,613 (1,216,223,064)	214,475,709 (163,579,584)		9,835,094,585 (9,766,497,245)
Segment Liabilities	2,282,647,255 (2,703,834,657)	852,339 (802,650)	2,520,969 (706,755)		2,286,020,563 (2,705,344,062)
Capital Expenditure	65,097,792 (54,527,010)	209,100 (1,480,611)	80,996,070 (50,557)		146,302,962 (56,058,178)
Depreciation/Obsolescence	236,212,146 (359,904,499)	61,556,295 (100,308,595)	9,877,561 (12,250,665)		307,646,002 (472,463,759)

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.

16. Earning per share:

(Amount in ₹)

	Year ended 31/03/2016	Eighteen months period ended 31/03/2015
Profit after tax	389,662,843	(167,501,702)
Less: Preference dividend including corporate dividend tax	30,474,646	47,690,202
Profit attributable to Equity Share holders	359,188,197	(215,191,904)
Number of equity shares outstanding during the period (weighted average)	16,314,676	16,314,676
Nominal value of equity shares (₹)	10	10
Earning per share (₹) Basic	22.02	(13.19)
Earning per share (₹) Diluted	22.02	(13.19)

17 Related party disclosures as required by Accounting Standard AS-18 for the year ended 31st March, 2016

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 (Associate Company)
- -Dwarikesh Agriculture Research Institute
- -Faridpur Sugars Limited (Associate Company)

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
- -Smt. Smriti G. Morarka (Wife)
- -Ms. Priyanka G. Morarka (Daughter)
- -Shri Pranay G. Morarka (Son)

b) Details of Transactions

Sl. No.	Name of Related Party	Nature of Transaction	Volume of Transaction (₹)	Amount due to (₹)	Amount due from (₹)	Investment (₹)
1	Dwarikesh Trading Co. Ltd.	Inter Corporate Deposit Repaid	1,776 (1,225)	70,263 (72,039)		
		Interest Paid	7,144 (10,724)			
		Rent Paid (Car)	Nil (3,37,500)			
		Rent Received	2,40,000 (3,60,000)			
		Advance Rent		40,000 (40,000)		
2	Dwarikesh Informatics Ltd.	Services Purchased	27,35,440 (40,44,960)	11,97,528 (11,40,388)		22,00,000 (22,00,000)
		Dividend Received	2,00,000 (2,00,000)			
3	Dwarikesh Agriculture Research Institute (Formerly Dwarikesh Sugarcane Research Institute)	Interest Paid	12,656 (18,914)	1,26,211 (1,26,211)		
4	Faridpur Sugars Limited		Nil (Nil)	Nil (Nil)		2,00,000 (2,00,000)
5	Morarka Finance Limited	Rent Paid	17,65,120 (24,58,626)	Nil (Nil)		
		Management Consultancy Paid	1,14,500 (Nil)			
6	Shri G.R.Morarka	Interest Paid	65,558 (97,979)	6,53,794 (6,53,794)		
		Remuneration	1,07,52,000 (1,61,28,000)			
		Ex-gratia/Interim Bonus	92,50,567 (Nil)			

Sl. No.	Name of Related Party	Nature of Transaction	Volume of Transaction (₹)	Amount due to (₹)	Amount due from (₹)	Investment (₹)
7	Shri B.J. Maheshwari	Remuneration	63,28,608 (77,83,521)			
		Ex-gratia/Interim Bonus	5,248 (2,81,491)			
		Leave Encashment	4,68,468 (Nil)			
8	Shri Vijay S. Banka	Remuneration	62,90,244 (80,19,972)			
		Ex-gratia/Interim Bonus	5,248 (2,58,325)			
		Leave Encashment	2,91,119 (Nil)			
9	Ms. Priyanka G. Morarka	Remuneration	9,00,000 (13,50,000)			
		Ex-gratia/Interim Bonus	5,248 (90,124)			
		Leave Encashment	21,175 (44,275)			

As per our report of even date

For S.S.Kothari Mehta & Co.
Chartered Accountants
Firm Regn. No. 000756N

Kamal Kishore
Partner
Membership No. 078017

Place: New Delhi.
Date: May 24, 2016.

For and on behalf of Dwarikesh Sugar Industries Limited

G. R. Morarka
Managing Director
DIN: 00002078

B. J. Maheshwari
Whole Time Director & Company Secretary
cum Chief Compliance Officer
DIN: 00002075

Vijay S. Banka
Whole Time Director & Chief Financial Officer
DIN: 00963355

Place: Mumbai
Date: May 24, 2016

INDEPENDENT AUDITORS' REPORT

TO,

THE MEMBERS OF DWARIKESH SUGAR INDUSTRIES LIMITED

Report On the Financial Statements

We have audited the accompanying Financial Statements of Dwarikesh Sugar Industries Limited ("the Company") which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the eighteen months then ended, and a summary of Significant Accounting Policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") which, as per a clarification issued by the Ministry of Corporate Affairs, continue to apply under section 133 of the Companies Act , 2013 (which has superseded section 211(3C) of the Companies Act 1956 w.e.f 12th September 2013). This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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:

(a) in the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2015;

(b) in the case of Statement of Profit and Loss, of the loss for the eighteen months ended on that date; and

(c) in the case of Cash Flow Statement, of the cash flows for the eighteen months ended on that date.

Emphasis of Matter

We draw attention to note no. 12 of the financial statements wherein the company has recognised deferred tax assets on unabsorbed depreciation and business losses. Continuing losses in the last few years indicate the condition of an uncertainty as regards realisation of such deferred tax assets. In view of the reasons explained in the said note, such deferred tax assets continue to be treated as realisable.

Our opinion is not qualified in respect of this matter.

Other Matters

The Ministry of Corporate Affairs had on 1st April, 2014, vide its General Circular No. 07/2014, Dissemination of Information with Regards to the Provision of the Companies Act, 2013 as Notified Till date vis a vis Corresponding Provisions of the Companies Act 1956, identified such sections of the Companies Act, 1956 that would cease /continue to have effect from 1st April 2014.

Accordingly, in terms of the aforesaid Circular, our reporting in respect of section 227(3)(f) of the Companies Act, 1956, and clauses (iii), (v)(a) and (b), (vi), (viii), (xiv),(xviii) of the Companies (Auditor's Report) Order, 2003, (dealing with section 49, 58A, 58AA, 209(1)(d) and 301 of the Companies Act , 1956) is only for the period beginning from October 1, 2013, till March 31, 2014 since as per the aforementioned MCA Circular these sections have ceased to have effect from 1st April, 2014."

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2003 (as amended) ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (Superseded by section 143(11) of the Companies Act, 2013), we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

1. As required by section 227(3) of the Act (Superseded by section 143(3) of the Companies Act, 2013), we report that:

   (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   (b) In our opinion proper books of account, as required by law, have been kept by the Company so far as appears from our examination of those books;

   (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act, which, as per a clarification issued by the Ministry of Corporate Affairs, continue to apply under section 133 of the Companies Act 2013 (which has superseded section 211(3C) of the Companies Act 1956 w.e.f 12th September 2013); and

   (e) On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act (Superseded by section 164(2) of the Companies Act, 2013).

For S. S. KOTHARI MEHTA & CO.
Chartered Accountants
Firm Regn. No. 000756N

ARUN K. TULSIAN
Partner
Membership No.89907

Place: New Delhi
Date: May 29, 2015

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT OF DWARIKESH SUGAR INDUSTRIES LIMITED

(Referred to in paragraph 1 under the heading "Report on the Legal and Regulatory requirements "of our report of even date.)

i) a) The Company is maintaining proper records to show full particulars including quantitative details and situation of fixed assets.

b) Physical verification of fixed assets is being conducted by the management based on a programme designed to cover all assets over a period of three years, which, in our opinion, is reasonable having regard to the size of the company and nature of its business. Discrepancies noticed on such verification as compared to book records were not material and have been properly adjusted in the books of account.

c) During the eighteen months period, the Company has not disposed off substantial part of the fixed assets.

ii) a) The inventories have been physically verified by the management during the eighteen months period at all its locations. In our opinion, the frequency of such verification is reasonable.

b) 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.

c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stock and the book records were not material and have been properly dealt with in the books of account.

iii) a) The Company has taken unsecured loans from a company and Managing Director covered in the register maintained under section 301 of the Act(Superseded by Section 189 of the Companies Act, 2013), maximum balance outstanding against these loans is ₹8,74,736 and eighteen months period end balance is ₹ 8,52,044.

b) In our opinion, the rate of interest and other terms & conditions on which these loans have been taken are not, prima facie, prejudicial to the interest of the Company.

c) These loans are repayable on demand; therefore, there are no overdue amounts at the period end.

d) The company has not granted any loan, secured or unsecured, to companies, firms and other parties covered in the register maintained under section 301 of the Act (Superseded by Section 189 of the Companies Act, 2013).

e) Since there are no such loans, comments regarding terms & conditions, repayment of the principal amount & interest due thereon and overdue amounts are not required.

iv) According to the information and explanations given to us, there seems to be adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory & fixed assets and with regard to sale of goods & services. Further, on the basis of our examination of the books & records of the company, carried out in accordance with the generally accepted auditing practices in India, we have neither come across nor have we been informed of any instances of major weaknesses in the aforesaid internal control systems.

v) a) To the best of our knowledge and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered into the register maintained under section 301 of the Act (Superseded by Section 189 of the Companies Act, 2013), have been so entered.

b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Act (Superseded by Section 189 of the Companies Act, 2013), and exceeding the value of rupees five lacs in respect of each party during the eighteen months period have been made at prices which are reasonable having regard to prevailing market prices at the relevant time where such market prices are available.

vi) The company has not accepted any deposits from the public within the meaning of provisions of Section 58A, 58AA of the Act (Superseded by Section 73 to 76 of the Companies Act, 2013) & any other relevant provisions of the Act, including the Companies (Acceptance of Deposits) Rules, 1975.

vii) In our opinion, the Company has an internal audit system which is commensurate with the size of the company and the nature of its business.

viii) We have broadly reviewed the cost accounting records maintained by the Company as prescribed by the Government of India under Section 209 (1) (d) of the Act (Superseded by Section 148(1) of the Companies Act, 2013). We are of the opinion that, prima facie, the prescribed records have been made and maintained by the company. However, we are not required to make a detailed examination of such records.

ix) a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident fund, Investor Education and Protection fund, Employees state insurance, Income tax, Sales tax, Wealth tax, Service tax, Custom duty, Excise duty, Cess and any other statutory dues applicable to it. There are no arrears of such dues outstanding as at the period 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 & records examined by us, there are no dues of Income tax, Wealth tax, Trade tax, Service tax, Custom duty and Cess which have not been deposited on account of any dispute except the following in respect of Excise duty along with the forum where the dispute is pending:

Name of the statue	Nature of dues	Amount (in ₹)	Period to which the amount pertains	Forum where dispute is pending
Central Excise Act, 1944	Excise duty and penalty	6,10,905	Oct-95	CESTAT, Delhi
Central Excise Act, 1944	Excise duty and penalty	1,52,136	Dec-95	CESTAT, Delhi
Central Excise Act, 1944	Excise duty and penalty	86,749	Jan-96 to Apr-96	CESTAT, Delhi
Central Excise Act, 1944	Excise duty and penalty	73,500	Jul-97	CESTAT, Delhi
Central Excise Act, 1944	Excise duty and penalty	1,23,473	Aug-97 to Oct-97	CESTAT, Delhi
Central Excise Act, 1944	Excise duty and penalty	13,47,590	Jan-05 to Dec-05	CESTAT, Mumbai
Central Excise Act, 1944	Excise duty	1,21,211	Jun-05 to Mar-06	CESTAT, Delhi
Finance Act, 1994	Service Tax and Penalty	26,57,124	Jul-05 to Jan-08	CESTAT, Mumbai
Central Excise Act, 1944	Excise duty and penalty	9,29,966	Apr-06 to Dec-06	CESTAT, Mumbai
Central Excise Act, 1944	Excise duty and penalty	17,14,285	Apr-06 to Dec-07	CESTAT, Mumbai
Central Excise Act, 1944	Excise duty and penalty	4,06,466	Jan-07 to Feb-07	CESTAT, Mumbai
Central Excise Act, 1944	Excise duty and penalty	1,52,728	Mar-07	CESTAT, Mumbai
Central Excise Act, 1944	Excise duty	1,28,37,340	Jun-07 to Nov-07	CESTAT, Mumbai
Central Excise Act, 1944	Excise duty and penalty	12,15,845	Jun-07 to Aug-08	CESTAT, Mumbai
Finance Act, 1994	Service Tax duty and penalty	1,61,49,123	Jun-07 to Jan-09	CESTAT, Delhi
Central Excise Act, 1944	Excise duty and penalty	2,02,460	Jul-07 to Oct-07	CESTAT, Mumbai
Central Excise Act, 1944	Excise duty and penalty	6,455	Nov-07 to Aug-08	CESTAT, Mumbai
Central Excise Act, 1944	Excise duty and penalty	89,957	Jan-08 to Dec-08	CESTAT, Mumbai
Finance Act, 1994	Service Tax	1,09,430	2010-11 to 2011-12	Commissioner (Appeals), Meerut

x) The accumulated losses as at the end of the financial eighteen months period are less than fifty percent of the net worth. Further, the Company has not incurred cash losses in the current eighteen months period and in the immediately preceding financial year.

xi) 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 repayment of dues to any financial institution or banks.

xii) According to the information & explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

xiii) In our opinion, the Company is not a chit fund or nidhi/mutual benefit fund/ society. Therefore the relevant reporting requirements of the Order are not applicable.

xiv) According to the information and explanations given by the management, the Company is not dealing in or trading in shares, securities, debentures and other investments and hence the related reporting requirements of the Order are not applicable.

xv) The company has not given any guarantees for loans taken by others from banks or financial institutions.

xvi) Based on the information and explanations given to us by the management, term loans were generally applied for the purpose for which the loans were obtained where such end use has been stipulated by the lenders.

xvii) According to the information and explanations given to us and on the basis of an overall examination of the balance sheet of the Company, *the funds raised by the Company on short-term basis have been applied for long-term investment to the extent of ₹ 25,50,72,543/-.*

xviii) During the period, the company has not made any preferential allotment of shares to companies and parties covered in the register maintained under section 301 of the Act (Superseded by Section 189 of the Companies Act, 2013).

xix) During the financial period, the Company has not issued any debentures nor has any outstanding debentures.

xx) The company has not raised any monies by way of public issues during the eighteen months period.

xxi) During the course of our examination of the books & records of the company carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the company, noticed and reported during the eighteen months period, nor have we been informed of such case by the management.

For S. S. KOTHARI MEHTA & CO.
Chartered Accountants
Firm Regn. No. 000756N

ARUN K. TULSIAN
Partner
Membership No.89907

Place: New Delhi
Date: May 29, 2015

BALANCE SHEET AS AT 31ST MARCH, 2015

(Amount in ₹)

	Note No.	As at 31/03/2015		As at 30/09/2013	
I. EQUITY AND LIABILITIES					
(1) **Shareholders' Funds**					
(a) Share capital	1	**47,41,46,760**		47,41,46,760	
(b) Reserves and surplus	2	**56,44,32,260**		73,19,33,962	
			1,03,85,79,020		1,20,60,80,722
(2) **Non-Current Liabilities**					
(a) Long-term borrowings	3	**1,88,74,78,995**		1,56,71,73,934	
(b) Other long term liabilities	4	**4,31,48,370**		4,73,84,721	
(c) Long term provisions	5	**10,62,35,466**		7,62,75,512	
			2,03,68,62,831		1,69,08,34,167
(3) **Current Liabilities**					
(a) Short-term borrowings	6	**3,52,81,74,202**		1,52,36,88,378	
(b) Trade payables	7	**2,01,04,04,999**		98,05,12,111	
(c) Other current liabilities	8				
Current maturities of long term debts		**82,79,03,576**		83,11,09,200	
Others		**52,35,54,355**		35,48,05,744	
(d) Short-term provisions	9	**2,20,00,872**		1,76,31,604	
			6,91,20,38,004		3,70,77,47,037
TOTAL			**9,98,74,79,855**		6,60,46,61,926
II. ASSETS					
(1) **Non-current assets**					
(a) Fixed assets	10				
(i) Tangible assets		**3,98,57,18,038**		4,40,44,08,117	
(ii) Intangible assets		---		---	
(iii) Capital work-in-progress		**4,05,041**		---	
		3,98,61,23,079		4,40,44,08,117	
(b) Non-current investments	11	**24,00,000**		24,00,000	
(c) Deferred Tax assets (net)	12	**20,00,66,514**		10,16,64,138	
(d) Long term loans and advances	13	**9,63,55,890**		10,54,84,601	
(e) Other non-current assets	14	**60,88,251**		70,89,766	
			4,29,10,33,734		4,62,10,46,622
(2) **Current assets**					
(a) Inventories	15	**4,91,07,22,446**		1,91,95,48,316	
(b) Trade receivables	16	**42,79,75,524**		2,00,49,034	
(c) Cash and bank balances	17	**82,07,666**		2,10,86,072	
(d) Short-term loans and advances	18	**3,13,99,805**		2,28,98,124	
(e) Other current assets	19	**31,81,40,680**		33,758	
			5,69,64,46,121		1,98,36,15,304
TOTAL			**9,98,74,79,855**		6,60,46,61,926
See accompanying notes to the financial statements					

As per our report of even date
For S.S.Kothari Mehta & Co.
Chartered Accountants

Arun K. Tulsian
Partner
Membership No. 89907

Place: New Delhi
Date: 29th May, 2015

G. R. Morarka
Managing Director

B. J. Maheshwari
Whole Time Director & Company Secretary
cum Chief Compliance Officer

Vijay S. Banka
Whole Time Director & Chief Financial Officer
Place: Mumbai
Date: 28th May, 2015

STATEMENT OF PROFIT AND LOSS FOR THE EIGHTEEN MONTHS PERIOD ENDED 31ST MARCH, 2015

(Amount in ₹)

		Note No.	Eighteen months period ended 31/03/2015	Year ended 30/09/2013
	REVENUE:			
I.	Revenue from operations (Gross)	20	**11,76,43,04,579**	9,62,82,38,022
	Less: Excise duty		**40,35,59,720**	35,20,88,521
	Revenue from operations (Net)		**11,36,07,44,859**	9,27,61,49,501
II.	Other income	21	**2,65,45,908**	13,10,37,638
III.	**Total Revenue (I +II)**		**11,38,72,90,767**	9,40,71,87,139
IV.	**EXPENSES:**			
	Cost of materials consumed	22	**11,99,77,65,688**	7,42,47,47,921
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	23	**(2,82,28,45,443)**	45,10,60,768
	Employee benefit expenses	24	**71,43,67,574**	40,29,57,112
	Finance cost	25	**75,20,97,675**	70,56,09,489
	Depreciation and amortization expenses	26	**47,24,63,759**	33,18,52,043
	Other expenses	27	**53,93,45,592**	41,01,38,929
V.	**Total Expenses**		**11,65,31,94,845**	9,72,63,66,262
VI.	**Loss before tax (III - V)**		**(26,59,04,078)**	(31,91,79,123)
VII.	Tax expense:			
	(1) Current tax			
	Current period		---	9,98,193
	(2) Deferred tax		**(9,84,02,376)**	(12,65,74,282)
VIII.	**Net Loss for the period/year after tax**		**(16,75,01,702)**	(19,36,03,034)
IX.	Earning per equity share (Nominal value ₹ 10 per share)			
	(1) Basic		**(13.19)**	(13.54)
	(2) Diluted		**(13.19)**	(13.54)
	See accompanying notes to the financial statements			

As per our report of even date
For S.S.Kothari Mehta & Co.
Chartered Accountants

Arun K. Tulsian
Partner
Membership No. 89907

Place: New Delhi
Date: 29th May, 2015

G. R. Morarka
Managing Director

B. J. Maheshwari
Whole Time Director & Company Secretary
cum Chief Compliance Officer

Vijay S. Banka
Whole Time Director & Chief Financial Officer
Place: Mumbai
Date: 28th May, 2015

CASH FLOW STATEMENT FOR THE EIGHTEEN MONTHS PERIOD ENDED 31ST MARCH,2015

(Amount in ₹)

		Eighteen months period ended March 31, 2015		Year ended September 30, 2013	
A.	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Net profit before tax		**(26,59,04,078)**		(31,91,79,123)
	Adjustments for :				
	Depreciation/Obsolescence	**47,24,63,759**		33,18,52,043	
	Loss on sale of fixed assets	**(1,72,743)**		4,02,763	
	Bad debts written off	---		8,03,55,167	
	Other operating revenue	---		(3,51,23,452)	
	Finance cost	**75,20,97,675**		70,56,09,489	
	Interest income	**(27,79,986)**		(9,35,873)	
	Dividend income	**(2,00,000)**		(2,00,000)	
	Provision for wealth tax	**5,05,608**	**1,22,19,14,313**	2,60,009	1,08,22,20,146
	Operating profit before working capital changes		**95,60,10,235**		76,30,41,023
	Adjustments for changes in Working Capital :				
	(Increase)/Decrease in Inventories	**(2,99,11,74,130)**		47,39,71,016	
	(Increase)/Decrease in Trade Receivables	**(40,79,26,490)**		19,29,73,876	
	(Increase)/Decrease in Other Receivables	**(32,36,41,154)**		1,92,39,908	
	Increase/(Decrease) in Trade Payables	**1,02,94,42,917**		88,82,11,652	
	Increase/(Decrease) in Other Payables	**23,10,59,277**	**(2,46,22,39,580)**	(30,30,54,114)	1,27,13,42,338
	Cash generated from operations		**(1,50,62,29,345)**		2,03,43,83,361
	Direct taxes paid		**(5,38,340)**		(10,69,187)
	Net cash from operating activities		**(1,50,67,67,685)**		2,03,33,14,174
B.	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Purchase of fixed assets (including capital advances)	**(4,93,00,442)**		(3,74,95,403)	
	Interest received	**27,79,986**		9,35,873	
	Dividend income	**2,00,000**		2,00,000	
	Sale of fixed assets	**24,57,241**		5,00,246	
	Net cash from investing activities		**(4,38,63,215)**		(3,58,59,284)

CASH FLOW STATEMENT FOR THE EIGHTEEN MONTHS PERIOD ENDED 31ST MARCH,2015

(Amount in ₹)

		Eighteen months period ended March 31, 2015		Year ended September 30, 2013	
C.	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Share application money pending allotment	---		(10,00,00,000)	
	Increase in share capital	---		15,00,00,000	
	Proceeds from long term borrowings	**1,56,73,00,000**		---	
	Repayment of long term borrowings	**(1,25,02,00,563)**		(91,86,35,556)	
	Increase/(Decrease) in short term borrowings including cash credit	**2,00,44,85,824**		(40,96,80,913)	
	Finance cost paid	**(78,38,32,767)**		(71,13,84,029)	
	Net cash from financing activities		**1,53,77,52,494**		(1,98,97,00,498)
	Net increase in cash and bank balances (a+b+c)		**(1,28,78,406)**		77,54,392
	Opening balance of cash and bank balances		**2,10,86,072**		1,33,31,680
	Closing balance of cash and bank balances		**82,07,666**		2,10,86,072

Notes:

1. Closing Cash and bank balances Comprise :

a. Cash & Cash Equivalents				
i) Current accounts	**13,43,524**		40,91,528	
ii) Cash on hand	**48,10,806**		8,38,197	
b. Other bank balances				
i) Earmarked balance for unpaid dividend	**4,62,081**		9,05,597	
ii) Earmarked balance in current account (as per Uttar Pradesh State Molasses Control Rules, 1974)	**15,91,255**		52,21,759	
iii) Fixed deposit account (having maturity more than 3 months to 12 months)	---		1,00,28,991	
Total		**82,07,666**		2,10,86,072

2. **Figures in bracket indicate cash outflow.**

3. **The above cash flow statement has been prepared under the indirect method set out in AS-3 notified pursuant to the Companies (Accounting Standards) Rules,2006.**

4. **Previous year figures have been regrouped and recasted wherever necessary to conform to the current year's classification.**

As per our report of even date
For S.S.Kothari Mehta & Co.
Chartered Accountants

Arun K. Tulsian
Partner
Membership No. 89907

Place: New Delhi
Date: 29th May, 2015

G. R. Morarka
Managing Director

B. J. Maheshwari
Whole Time Director & Company Secretary
cum Chief Compliance Officer

Vijay S. Banka
Whole Time Director & Chief Financial Officer
Place: Mumbai
Date: 28th May, 2015

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED 31ST MARCH, 2015

(Amount in ₹)

Note No.		As at 31/03/2015	As at 30/09/2013
1	**SHARE CAPITAL**		
	AUTHORISED:		
	1,75,00,000 (previous year 1,75,00,000) equity shares of ₹ 10 each	**17,50,00,000**	17,50,00,000
	12% 1,50,000 (previous year 1,50,000) cumulative redeemable preference shares of ₹ 100 each (Series I)	**1,50,00,000**	1,50,00,000
	8% 15,00,000 (previous year 15,00,000) cumulative redeemable preference shares of ₹ 100 each (Series II)	**15,00,00,000**	15,00,00,000
	8% 10,00,000 (previous year 10,00,000) cumulative redeemable preference shares of ₹ 100 each (Series III)	**10,00,00,000**	10,00,00,000
	8% 10,00,000 (previous year 10,00,000) cumulative redeemable preference shares of ₹ 100 each (Series IV)	**10,00,00,000**	10,00,00,000
		54,00,00,000	54,00,00,000
	ISSUED:		
	1,63,14,676 (previous year 1,63,14,676) equity shares of ₹ 10 each paid up	**16,31,46,760**	16,31,46,760
	12% 1,10,000 (previous year 1,10,000) cumulative redeemable preference shares of ₹ 100 each paid up (Series I)	**1,10,00,000**	1,10,00,000
	8% 15,00,000 (previous year 15,00,000) cumulative redeemable preference shares of ₹ 100 each paid up (Series II)	**15,00,00,000**	15,00,00,000
	8% 10,00,000 (previous year 10,00,000) cumulative redeemable preference shares of ₹ 100 each (Series III)	**10,00,00,000**	10,00,00,000
	8% 5,00,000 (previous year 10,00,000) cumulative redeemable preference shares of ₹ 100 each (Series IV)	**5,00,00,000**	10,00,00,000
		47,41,46,760	52,41,46,760
	SUBSCRIBED AND FULLY PAID UP:		
	1,63,14,676 (previous year 1,63,14,676) equity shares of ₹ 10 each paid up	**16,31,46,760**	16,31,46,760
	12% 1,10,000 (previous year 1,10,000) cumulative redeemable preference shares of ₹ 100 each paid up (Series I)	**1,10,00,000**	1,10,00,000
	8% 15,00,000 (previous year 15,00,000) cumulative redeemable preference shares of ₹ 100 each paid up (Series II)	**15,00,00,000**	15,00,00,000
	8% 10,00,000 (previous year 10,00,000) cumulative redeemable preference shares of ₹ 100 each (Series III)	**10,00,00,000**	10,00,00,000
	8% 5,00,000 (previous year 5,00,000) cumulative redeemable preference shares of ₹ 100 each (Series IV)	**5,00,00,000**	5,00,00,000
	Total Share Capital	**47,41,46,760**	47,41,46,760

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED 31ST MARCH, 2015

A Reconciliation of shares outstanding at the beginning and at the end of the reporting period is set out below:

	As at 31/03/2015		As at 30/09/2013	
	No of shares	**Amount in ₹**	No of shares	Amount in ₹
AUTHORISED:				
a) Equity Shares:-				
At the beginning of the period	**1,75,00,000**	**17,50,00,000**	1,75,00,000	17,50,00,000
Reclassified into preference shares	**---**	**---**	---	---
Addition during the period	**---**	**---**	---	---
Outstanding at the end of the period	**1,75,00,000**	**17,50,00,000**	1,75,00,000	17,50,00,000
b) Preference Shares:-				
12% cumulative redeemable preference shares of ₹ 100 each (Series I)				
At the beginning of the period	**1,50,000**	**1,50,00,000**	1,50,000	1,50,00,000
Change during the period	**---**	**---**	---	---
Outstanding at the end of the period	**1,50,000**	**1,50,00,000**	1,50,000	1,50,00,000
8% cumulative redeemable preference shares of ₹ 100 each (Series II)				
At the beginning of the period	**15,00,000**	**15,00,00,000**	15,00,000	15,00,00,000
Change during the period	**---**	**---**	---	---
Outstanding at the end of the period	**15,00,000**	**15,00,00,000**	15,00,000	15,00,00,000
8% cumulative redeemable preference shares of ₹ 100 each (Series III)				
At the beginning of the period	**10,00,000**	**10,00,00,000**	10,00,000	10,00,00,000
Reclassified from equity shares	**---**	**---**	---	---
Outstanding at the end of the period	**10,00,000**	**10,00,00,000**	10,00,000	10,00,00,000
8% cumulative redeemable preference shares of ₹ 100 each (Series IV)				
At the beginning of the period	**10,00,000**	**10,00,00,000**	---	---
Change during the period	**---**	**---**	10,00,000	10,00,00,000
Outstanding at the end of the period	**10,00,000**	**10,00,00,000**	10,00,000	10,00,00,000
ISSUED:				
a) Equity Shares:-				
At the beginning of the period	**1,63,14,676**	**16,31,46,760**	1,63,14,676	16,31,46,760
Change during the period	**---**	**---**	---	---
Outstanding at the end of the period	**1,63,14,676**	**16,31,46,760**	1,63,14,676	16,31,46,760
b) Preference Shares:-				
12% cumulative redeemable preference shares of ₹ 100 each (Series I)				
At the beginning of the period	**1,10,000**	**1,10,00,000**	1,10,000	1,10,00,000
Change during the period	**---**	**---**	---	---
Outstanding at the end of the period	**1,10,000**	**1,10,00,000**	1,10,000	1,10,00,000
8% cumulative redeemable preference shares of ₹ 100 each (Series II)				
At the beginning of the period	**15,00,000**	**15,00,00,000**	15,00,000	15,00,00,000
Change during the period	**---**	**---**	---	---
Outstanding at the end of the period				
8% cumulative redeemable preference shares of ₹ 100 each (Series III)	**15,00,000**	**15,00,00,000**	15,00,000	15,00,00,000

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED 31ST MARCH, 2015

	As at 31/03/2015		As at 30/09/2013	
	No of shares	**Amount in ₹**	No of shares	Amount in ₹
At the beginning of the period	**10,00,000**	**10,00,00,000**	10,00,000	10,00,00,000
Change during the period	**---**	**---**	---	---
Outstanding at the end of the period	**10,00,000**	**10,00,00,000**	10,00,000	10,00,00,000
8% cumulative redeemable preference shares of ₹ 100 each (Series IV)				
At the beginning of the period	**10,00,000**	**10,00,00,000**	---	---
Change during the period	**(5,00,000)**	**(5,00,00,000)**	10,00,000	10,00,00,000
Outstanding at the end of the period	**5,00,000**	**5,00,00,000**	10,00,000	10,00,00,000
SUBSCRIBED AND FULLY PAID UP:				
a) Equity Shares:-				
At the beginning of the period	**1,63,14,676**	**16,31,46,760**	1,63,14,676	16,31,46,760
Change during the period	**---**	**---**	---	---
Outstanding at the end of the period	**1,63,14,676**	**16,31,46,760**	1,63,14,676	16,31,46,760
b) Preference Shares:-				
12% cumulative redeemable preference shares of ₹ 100 each (Series I)				
At the beginning of the period	**1,10,000**	**1,10,00,000**	1,10,000	1,10,00,000
Change during the period	**---**	**---**	---	---
Outstanding at the end of the period	**1,10,000**	**1,10,00,000**	1,10,000	1,10,00,000
8% cumulative redeemable preference shares of ₹ 100 each (Series II)				
At the beginning of the period	**15,00,000**	**15,00,00,000**	15,00,000	15,00,00,000
Change during the period	**---**	**---**	---	---
Outstanding at the end of the period	**15,00,000**	**15,00,00,000**	15,00,000	15,00,00,000
8% cumulative redeemable preference shares of ₹ 100 each (Series III)				
At the beginning of the period	**10,00,000**	**10,00,00,000**	---	---
Change during the period	**---**	**---**	10,00,000	10,00,00,000
Outstanding at the end of the period	**10,00,000**	**10,00,00,000**	10,00,000	10,00,00,000
8% cumulative redeemable preference shares of ₹ 100 each (Series IV)				
At the beginning of the period	**5,00,000**	**5,00,00,000**	---	---
Change during the period	**---**	**---**	5,00,000	5,00,00,000
Outstanding at the end of the period	**5,00,000**	**5,00,00,000**	5,00,000	5,00,00,000

B Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company:

	No of shares	**% holding**	No of shares	% holding
a) Equity Shares:-				
Dwarikesh Trading Company Limited	**26,24,889**	**16.09%**	26,24,889	16.09%
Morarka Finance Limited	**21,59,118**	**13.23%**	21,59,118	13.23%
Param Capital Research Private Limited	**8,15,077**	**5.00%**	8,65,237	5.30%
Gautam R Morarka	**28,26,659**	**17.33%**	28,14,385	17.25%

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 THE FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED 31ST MARCH, 2015

		No of shares	% holding	No of shares	% holding
b)	**Preference Shares:-**				
	12% Cumulative Redeemable Preference Shares (Series I)				
	Dwarikesh Trading Company Limited	**1,05,500**	**95.91%**	1,10,000	100.00%
	8% Cumulative Redeemable Preference Shares (Series II)				
	Bimla Devi Poddar	**6,00,000**	**40.00%**	2,00,000	13.33%
	Krishna Neotia	**2,00,000**	**13.33%**	2,00,000	13.33%
	Gayatri Neotia	---	---	2,00,000	13.33%
	Suresh Kumar Neotia	---	---	2,00,000	13.33%
	Madhu Neotia	**3,00,000**	**20.00%**	3,00,000	20.00%
	Harshvardhan Neotia	**2,00,000**	**13.34%**	2,00,000	13.34%
	Govind Commercial Company Limited	---	---	1,00,000	6.67%
	Likhami Commercial Company Limited	**2,00,000**	**13.33%**	1,00,000	6.67%
	8% Cumulative Redeemable Preference Shares (Series III)				
	Bimla Devi Poddar	**7,50,000**	**75.00%**	7,50,000	75.00%
	Madhu Neotia	**2,50,000**	**25.00%**	2,50,000	25.00%
	8% Cumulative Redeemable Preference Shares (Series IV)				
	Harshvardhan Neotia	**5,00,000**	**100.00%**	5,00,000	100.00%

C Rights & restrictions attached to various classes of shares are as under:

a) Equity Shares:-

The Company has one class of equity shares having a par value of ₹ 10 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.

b) Preference Shares:-

12% cumulative redeemable preference shares (Series I):

1,10,000, 12% cumulative redeemable preference shares of ₹ 100 each were issued in September 1998. These preference shares were to be redeemed at par in September,2011 which has been originally extended to September,2014 is now further extended to 01/08/2018 by virtue of the resolution passed in preference share holders meeting wherein the consent is obtained from the concerned shareholders and committee of board.

8% cumulative redeemable preference shares (Series II):

15,00,000, 8% cumulative redeemable preference shares of ₹ 100 each were issued in August,2007. These preference shares were to be redeemed at par in August, 2012,which has been extended to August, 2015 by virtue of consent obtained from the concerned shareholders.

8% cumulative redeemable preference shares (Series III):

10,00,000, 8% cumulative redeemable preference shares of ₹ 100 each were issued in October 2012. These preference shares shall be redeemed at par in September,2017.

8% cumulative redeemable preference shares (Series IV):

50,00,00, 8% cumulative redeemable preference shares of ₹ 100 each were allotted in April 2013. These preference shares shall be redeemed at par in March,2018.

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

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED 31ST MARCH, 2015 **Amount in ₹**

Note No.		As at 31/03/2015	As at 30/09/2013
2	RESERVES AND SURPLUS		
	a) Capital reserve		
	As per last account	**59,86,500**	59,86,500
	Changes during the period	**---**	---
	Closing balance	**59,86,500**	59,86,500
	b) Capital redemption reserve		
	As per last account	**7,52,00,000**	7,52,00,000
	Changes during the period	**---**	---
	Closing balance	**7,52,00,000**	7,52,00,000
	c) Securities premium reserve		
	As per last account	**90,00,38,192**	90,00,38,192
	Changes during the period	**---**	---
	Closing balance	**90,00,38,192**	90,00,38,192
	d) Other reserves		
	General reserve		
	As per last account	**27,08,54,154**	27,08,54,154
	Changes during the period	**---**	---
	Closing balance	**27,08,54,154**	27,08,54,154
	e) Deficit in Statement of Profit and Loss		
	As per last account	**(52,01,44,884)**	(32,65,41,850)
	Add: loss during the period	**(16,75,01,702)**	(19,36,03,034)
	Less: appropriations	**---**	---
	Closing balance of Deficit in Statement of Profit and Loss	**(68,76,46,586)**	(52,01,44,884)
	Total Reserves & Surplus	**56,44,32,260**	73,19,33,962

3	LONG-TERM BORROWINGS		
	(Refer note.1 of note no.28B)		
	SECURED		
	Term loans		
	From banks	**1,46,13,48,595**	1,29,03,27,734
	From others	**12,61,30,400**	27,68,46,200
	From companies	**30,00,00,000**	---
	Total Secured Long term borrowings	**1,88,74,78,995**	1,56,71,73,934

4	OTHER LONG TERM LIABILITIES		
	a) Trade payables	**2,23,579**	6,73,550
	b) Capital Supplier payable	**3,15,83,057**	3,41,98,057
	c) Other payables		
	Security/Retention money	**1,13,41,734**	1,25,13,114
	Total Other Long Term Liabilities	**4,31,48,370**	4,73,84,721

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED 31ST MARCH, 2015 **Amount in ₹**

Note No.		As at 31/03/2015	As at 30/09/2013
5	**LONG-TERM PROVISIONS**		
	Provision for employee benefits		
	Gratuity	**7,94,43,884**	5,58,71,076
	Leave encashment	**2,67,91,582**	2,04,04,436
	Total Long Term Provisions	**10,62,35,466**	7,62,75,512

6	**SHORT-TERM BORROWINGS**		
	(Refer note.1 of note no.28B)		
	a) Secured		
	Cash credit from banks	**3,52,73,22,158**	1,52,28,35,109
		3,52,73,22,158	1,52,28,35,109
	b) Unsecured		
	Loan & advances from related parties		
	(Refer note.16 of note no.28B)		
	due to director	**6,53,794**	6,53,794
	inter corporate deposits	**1,98,250**	1,99,475
	(including interest accrued thereon ₹ Nil previous year ₹ Nil)		
		8,52,044	8,53,269
	Total Short Term Borrowings	**3,52,81,74,202**	1,52,36,88,378

7	**TRADE PAYABLES**		
	a) Micro, small and medium enterprises*	**26,15,307**	10,63,073
	b) Others	**2,00,77,89,692**	97,94,49,038
	Total Trade Payables	**2,01,04,04,999**	98,05,12,111

* There are no outstanding amounts payable beyond the agreed period to Micro, Small and Medium 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.

8	**OTHER CURRENT LIABILITIES**		
	a) Current maturities of long term debts		
	(Refer note.1 of note no.28B)		
	Term loans		
	From banks	**72,74,26,376**	71,31,32,000
	From others	**10,04,77,200**	11,79,77,200
	Total Current maturities of long term debts	**82,79,03,576**	83,11,09,200
	b) Interest accrued but not due on borrowings	**1,03,14,657**	4,20,49,749
	c) Advance from customer and others	**8,87,78,574**	15,35,60,970
	d) Unpaid dividend*	**4,62,081**	9,05,597

Note No.		As at 31/03/2015	As at 30/09/2013
	e) Other payables		
	Statutory dues payable	**1,19,74,851**	4,21,78,728
	(Including TDS, Purchase tax,PF and Excise duty)		
	Salary & wages payable	**3,54,34,483**	3,32,09,310
	Remuneration-due to directors	**10,52,606**	34,25,009
	Excise duty payable on stock	**20,44,87,504**	5,75,29,979
	Forward premium principal payable	**90,03,836**	---
	Security/Retention money payable	**1,45,11,105**	1,19,67,327
	Others	**14,75,34,658**	99,79,075
	Including amount payable to related parties of ₹ 11,40,388 (previous year ₹ 7,86,744)		
	Total Others	**52,35,54,355**	35,48,05,744
	Total Other Current Liabilities	**1,35,14,57,931**	1,18,59,14,944

* There are no amounts outstanding in respect of unpaid dividend for more than seven years to be transferred to Investor Education and Protection Fund.

9	**SHORT TERM PROVISIONS**		
	Provision for employee benefits		
	Gratuity	**1,16,14,586**	91,89,788
	Leave encashment	**1,03,86,286**	84,41,816
	Total Short Term Provisions	**2,20,00,872**	1,76,31,604

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED 31ST MARCH, 2015

Amount in ₹

Note No.		GROSS CARRYING VALUE				DEPRECIATION				NET CARRYING VALUE	
		As at 01/10/2013 ₹	Added during the period ₹	Disposals ₹	As at 31/03/2015 ₹	Up to 01/10/2013 ₹	For the period ₹	Disposals ₹	Up to 31/03/2015 ₹	As at 30/09/2013 ₹	As at 31/03/2015 ₹
10	**FIXED ASSETS**										
i)	**Tangible Assets**										
	Freehold land	**7,72,24,710**	---	---	**7,72,24,710**	---	---	---	---	**7,72,24,710**	**7,72,24,710**
		(7,72,24,710)	---	---	(7,72,24,710)	---	---	---	---	(7,72,24,710)	(7,72,24,710)
	Buildings	**1,08,81,90,427**	**1,36,73,827**	---	**1,10,18,64,254**	**24,02,86,157**	**4,31,90,510**	---	**28,34,76,667**	**84,79,04,270**	**81,83,87,587**
		(1,08,75,50,504)	(13,17,406)	(6,77,483)	(1,08,81,90,427)	(21,17,66,869)	(2,86,73,950)	(1,54,662)	(24,02,86,157)	(87,57,83,635)	(84,79,04,270)
	Plant and Equipment	**5,62,41,29,737**	**2,38,44,771**	**18,664**	**5,64,79,55,844**	**2,18,22,94,173**	**41,39,02,177**	**2,368**	**2,59,61,93,982**	**3,44,18,35,564**	**3,05,17,61,862**
		(5,59,28,69,707)	(3,12,81,078)	(21,048)	(5,62,41,29,737)	(1,88,77,37,385)	(29,45,58,321)	(1,533)	(2,18,22,94,173)	(3,70,51,32,322)	(3,44,18,35,564)
	Furniture and Fixtures	**3,81,72,414**	**10,73,982**	**8,05,978**	**3,84,40,418**	**2,31,39,095**	**27,76,526**	**3,60,898**	**2,55,54,723**	**1,50,33,319**	**1,28,85,695**
		(3,85,41,584)	(10,69,575)	(14,38,745)	(3,81,72,414)	(2,24,21,650)	(18,65,361)	(11,47,916)	(2,31,39,095)	(1,61,19,934)	(1,50,33,319)
	Vehicles	**3,45,04,516**	**99,11,803**	**53,24,987**	**3,90,91,332**	**1,88,81,289**	**47,97,037**	**34,86,266**	**2,01,92,060**	**1,56,23,227**	**1,88,99,272**
		(3,41,66,077)	(11,98,470)	(8,60,031)	(3,45,04,516)	(1,65,00,966)	(30,52,145)	(6,71,822)	(1,88,81,289)	(1,76,65,111)	(1,56,23,227)
	Office equipment	**1,33,34,951**	**10,88,406**	**44,950**	**1,43,78,407**	**65,47,924**	**12,84,456**	**12,885**	**78,19,495**	**67,87,027**	**65,58,912**
		(1,54,11,637)	(8,61,839)	(29,38,525)	(1,33,34,951)	(80,94,669)	(8,88,954)	(24,35,699)	(65,47,924)	(73,16,968)	(67,87,027)
	Others (Computers)	**3,45,56,129**	**22,66,015**	**17,47,647**	**3,50,74,497**	**3,45,56,129**	**22,66,015**	**17,47,647**	**3,50,74,497**	---	---
		(3,85,49,673)	(21,92,121)	(61,85,665)	(3,45,56,129)	(3,85,49,673)	(21,92,121)	(61,85,665)	(3,45,56,129)	---	---
	Total (i)	**6,91,01,12,884**	**5,18,58,804**	**79,42,226**	**6,95,40,29,462**	**2,50,57,04,767**	**46,82,16,721**	**56,10,064**	**2,96,83,11,424**	**4,40,44,08,117**	**3,98,57,18,038**
ii)	**Intangible Assets**										
	Computer Softwares (Bought out)	**56,73,485**	**41,99,374**	---	**98,72,859**	**56,73,485**	**41,99,374**	---	**98,72,859**	---	---
		(72,06,811)	---	(15,33,326)	(56,73,485)	(72,06,811)	---	(15,33,326)	(56,73,485)	---	---
	Total (ii)	**56,73,485**	**41,99,374**	---	**98,72,859**	**56,73,485**	**41,99,374**	---	**98,72,859**	---	---
	Grand Total (i + ii)	**6,91,57,86,369**	**5,60,58,178**	**79,42,226**	**6,96,39,02,321**	**2,51,13,78,252**	**47,24,16,095**	**56,10,064**	**2,97,81,84,283**	**4,40,44,08,117**	**3,98,57,18,038**
	Previous Year	(6,89,15,20,703)	(3,79,20,489)	(1,36,54,823)	(6,91,57,86,369)	(2,19,22,78,023)	(33,12,30,852)	(1,21,30,623)	(2,51,13,78,252)	(4,69,92,42,680)	(4,40,44,08,117)

Acquisition through business combination, other adjustments and impairment/revaluation are not applicable as no such transactions occurred during the period,and in the corresponding previous period.

Note:-Figures in the brackets are for the previous year.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED 31ST MARCH, 2015

(Amount in ₹)

Note No.		As at 31/03/2015	As at 30/09/2013
11	**NON-CURRENT INVESTMENTS**		
	Other investments-Associate companies		
	Unquoted investments (valued at cost except for permanent diminution in value)		
	a) Investment in equity instruments		
	20,000 (previous year 20,000) equity shares of ₹ 10 each fully paid up in 'Dwarikesh Informatics Limited' extent of holding : 40% (previous year 40%)	**2,00,000**	2,00,000
	20,000 (previous year 20,000) equity shares of ₹ 10 each fully paid up in 'Faridpur Sugars Limited' extent of holding : 40% (previous year 40%)	**2,00,000**	2,00,000
	b) Investments in preference shares		
	20,000 (previous year 20,000) 10% preference shares of ₹ 100 each fully paid up in 'Dwarikesh Informatics Limited' extent of holding : 100% (previous year 100%)	**20,00,000**	20,00,000
	Total Non-Current Investments	**24,00,000**	24,00,000
	Aggregate amount of unquoted investments	**24,00,000**	24,00,000
	Aggregate provision for diminution in the value of investments	---	---

(Amount in ₹)

			As at 31/03/2015		As at 30/09/2013	
			Deferred Tax Asset	**Deferred Tax Liability**	Deferred Tax Asset	Deferred Tax Liability
12		**DEFERRED TAX LIABILITIES (NET):**				
	a)	Difference between book depreciation and tax depreciation		**95,70,73,717**		1,01,00,25,858
	b)	Non payment of taxes and duties	---		34,94,295	
	c)	Non payment of bonus, leave & gratuity	**4,50,19,878**		3,23,13,597	
	d)	Deferment of interest	**17,73,226**		69,48,149	
	e)	Non payment of excise duty on closing stock	**7,07,69,035**		1,95,54,440	
	f)	Brought forward losses & depreciation	**1,03,95,78,092**		1,04,93,79,515	
		Total	**1,15,71,40,231**	**95,70,73,717**	1,11,16,89,996	1,01,00,25,858
		Net Deferred Tax Asset /(Liability)		**20,00,66,514**		10,16,64,138

Deferred tax assets in respect of brought forward losses and depreciation have been recognized owing to reasonable certainty of availability of future taxable income to realize such assets. Though the company has been incurring losses in the last few years, it expects turnaround of the sector by way of assistance from both Central & State Government to revive the fortunes of a core & agri based sector.
Further being amongst the lowest cost producer of sugar, company will be in a position to seize emerging opportunities.

(Amount in ₹)

		As at 31/03/2015	As at 30/09/2013
13	**LONG TERM LOANS & ADVANCES**		
	unsecured, considered good		
	a) Capital advances	**2,05,11,055**	2,76,73,832
	b) Security deposits	**19,59,775**	17,10,417
	c) Others		
	MAT Credit Entitlement	**5,97,38,677**	5,97,38,677
	Advance taxes & TDS {net of provisions of ₹ 15,03,801 (previous year ₹ 20,68,419)}	**99,693**	66,957
	Advances recoverable in cash or in kind or for value to be received		
	Considered good	**1,40,46,690**	1,62,94,718
	Considered doubtful	---	12,12,958
	Less: provision for bad and doubtful advances	---	12,12,958
	Total Long Term Loans & Advances	**9,63,55,890**	10,54,84,601

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED 31ST MARCH, 2015

(Amount in ₹)

Note No.		As at 31/03/2015	As at 30/09/2013
14	**OTHER NON-CURRENT ASSETS**		
	Unsecured, considered good		
	(a) Trade receivables*		
	Considered good	**33,78,609**	33,78,609
	Considered doubtful	**---**	7,99,497
	Less: provision for bad and doubtful debts	**---**	7,99,497
		33,78,609	33,78,609
	(b) Other receivables		
	i) Fixed deposit account (having maturity of more than 12 months) (as margin money for bank guarantees / pledged with government departments ,including net interest accrued thereon ₹ 5,90,054 (previous year ₹ 3,94,959)	**20,90,054**	18,94,959
	ii) Others**	**6,19,588**	18,16,198
	Total Non-Current Assets	**60,88,251**	70,89,766

* Since the matter is in litigation, management considers the same as non current.

** Includes ₹ 93,547 (previous year ₹ 13,64,355)representing trade tax and interest thereon paid as a matter of abundant caution under protest under applicable Trade Tax Act, based on the enquiry made on the company by Uttar Pradesh Trade tax authorities in respect of diesel provided to contractors/ sugar cane transporters during the years 1998-99 and 2000-2001 consequent to reduction in trade tax liability by favorable order in 1998-99 to the extent of refund adjusted/refunded.

However, the company is confident of the non-applicability of any trade tax levy on this score as these items have been provided strictly for the activities directly related to the manufacturing process. The issue of diesel and other items has also not been classified as revenue income and has always been treated as store consumption. The company has paid the amount purely to establish its bona fide intentions and is confident of settling the issue in its favor and does not consider it necessary for making any provision.

15	**INVENTORIES**		
	(As taken, valued and certified by the Management)		
	Valued at or below cost: (Refer note.6 of note no.28A)		
a)	Raw materials	**64,75,931**	---
b)	Work-in-progress (Refer note.5 II (b) (ii) of note no.28B)	**3,58,98,928**	3,78,273
c)	Finished goods (Refer note.5 II (b) (i) of note no.28B)	**4,72,65,45,151**	1,79,22,62,838
d)	Stores and spares	**13,44,78,678**	12,17,08,730
e)	Chemicals	**35,52,539**	35,86,568
f)	Packing material	**37,71,219**	16,11,907
	Total Inventories	**4,91,07,22,446**	1,91,95,48,316

16	**TRADE RECEIVABLES**		
	unsecured, considered good		
a)	Outstanding for more than six months from the due date	---	---
b)	Others		
	Considered good	**42,79,75,524**	2,00,49,034
	(Includes unbilled revenue of ₹ 13,60,01,174 (previous year ₹ Nil)		
	Total Trade Receivable	**42,79,75,524**	2,00,49,034

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED 31ST MARCH, 2015

(Amount in ₹)

Note No.		Eighteen months ended 31/03/2015	Year ended 30/09/2013
17	CASH & BANK BALANCES		
a)	Cash & Cash Equivalents		
	Balance with scheduled banks		
	Current accounts	13,43,524	40,91,528
	Cash on hand	48,10,806	8,38,197
		61,54,330	49,29,725
b)	Other bank balances		
	i) Earmarked balance for unpaid dividend	4,62,081	9,05,597
	ii) Earmarked balance in current account (as per Uttar Pradesh State Molasses Control Rules, 1974)	15,91,255	52,21,759
	iii) Fixed deposit account (having maturity more than 3 months to 12 months) (as margin money for bank guarantees / pledged with government departments ,including net interest accrued thereon ₹ Nil (previous year ₹ 23,18,991)	---	1,00,28,991
	Total Cash & Bank Balances	82,07,666	2,10,86,072

(Amount in ₹)

		As at 31/03/2015	As at 30/09/2013
18	SHORT TERM LOANS & ADVANCES		
	unsecured, considered good		
	Others		
	Security Deposit	5,00,000	---
	Balances with government authorities	1,67,74,861	1,00,01,902
	Advances recoverable in cash or in kind or for value to be received	1,41,24,944	1,28,96,222
	Total Short Term Loans & Advances	3,13,99,805	2,28,98,124

19	OTHER CURRENT ASSETS		
a)	Interest receivable and others	1,17,000	33,758
b)	Claim for reimbursement of subsidy	17,99,65,764	---
c)	Claim for reimbursement of cane commission	13,80,57,916	---
	Total Other Current Assets	31,81,40,680	33,758

20	REVENUE FROM OPERATIONS		
	(Refer note.5.II (a) of note no.28B)		
a)	Sale of products*	11,68,29,85,792	9,59,12,14,883
b)	Other operating revenues**	8,13,18,787	3,70,23,139
	Gross Revenue From Operations	11,76,43,04,579	9,62,82,38,022
c)	Less: excise duty on sale of products	40,35,59,720	35,20,88,521
	Total Net Revenue From Operations	11,36,07,44,859	9,27,61,49,501

* Includes unbilled revenue of ₹ 13,60,01,174 (previous year Nil) against sale of power.

** Includes ₹ 7,68,64,500 (previous year ₹ Nil) being the amount received towards sale of REC.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED 31ST MARCH, 2015

(Amount in ₹)

Note No.		Eighteen months ended 31/03/2015	Year ended 30/09/2013
21	**OTHER INCOME**		
a)	Interest income		
	on current deposits	**25,63,215**	8,08,237
	on non current deposits with banks	**2,16,771**	1,27,636
b)	Dividend income from non current investment	**2,00,000**	2,00,000
c)	Other non operating income	**2,35,65,922**	12,99,01,765
	Total Other Income	**2,65,45,908**	13,10,37,638

22	**COST OF MATERIALS CONSUMED**		
a)	Raw material consumed*		
	Sugar cane		
	Opening stock	**---**	---
	Add: purchases	**11,70,59,13,020**	7,22,56,21,516
	Less: closing stock	**64,75,931**	---
		11,69,94,37,089	7,22,56,21,516
b)	Other materials consumed		
	i)Chemicals		
	Opening stock	**35,86,568**	20,17,319
	Add: purchases	**9,93,34,394**	7,40,31,955
	Less: closing stock	**35,52,539**	35,86,568
		9,93,68,423	7,24,62,706
	ii) Packing Material consumed		
	Opening stock	**16,11,907**	34,99,102
	Add: purchases	**20,11,19,488**	12,47,76,504
	Less: closing stock	**37,71,219**	16,11,907
		19,89,60,176	12,66,63,699
	Total Cost Of Materials Consumed	**11,99,77,65,688**	7,42,47,47,921

*The Company has during the period reduced the cost of material consumed by ₹ 6 per quintal of sugar cane amounting to ₹ 1,252.47 lacs pertaining to season 2013-14 towards assistance given by the State Goverment. Further pursuant to the notifciation issued by the State Government of Uttar Pradesh, the Company has during the period also reduced the cost of material consumed by ₹ 8.60 per quintal of sugarcane amounting to ₹ 1,799.66 lacs pertaining to sugar season 2014-15.

23	**(INCREASE)/DECREASE IN STOCKS**		
	(Refer note.5.II (b) of note no.28B)		
	Closing stock		
	Finished goods	**4,72,65,45,151**	1,79,22,62,838
	Work in progress	**3,58,98,928**	3,78,273
		4,76,24,44,079	1,79,26,41,111
	Opening stock		
	Finished goods	**1,79,22,62,838**	2,27,07,70,890
	Work in progress	**3,78,273**	3,72,399
		1,79,26,41,111	2,27,11,43,289
	NET (INCREASE)/DECREASE IN STOCK	**(2,96,98,02,968)**	47,85,02,178
	Excise duty on account of increase/(decrease) on stock of finished goods	**14,69,57,525**	(2,74,41,410)
	Total (Increase)/Decrease In Stocks	**(2,82,28,45,443)**	45,10,60,768

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED 31ST MARCH, 2015

(Amount in ₹)

Note No.		Eighteen months ended 31/03/2015	Year ended 30/09/2013
24	EMPLOYEE BENEFIT EXPENSES		
a)	Salary and wages		
	Salary and wages	**60,00,41,752**	34,73,19,565
	Bonus	**18,46,120**	11,53,457
	Leave encashment	**1,74,34,438**	89,41,585
	Gratuity (Refer note.7.b(ii) of note no.28B)	**3,04,83,806**	87,37,503
		64,98,06,116	36,61,52,110
	Provident fund	**5,20,65,182**	3,04,60,024
c)	Staff welfare expenses	**1,24,96,276**	63,44,978
	Total Employee Benefit Expenses	**71,43,67,574**	40,29,57,112

25	FINANCE COST		
a)	Interest expense		
	i) Interest on fixed loans :		
	Term loans	**26,42,08,498**	39,25,96,143
	Others (including paid to directors ₹ 97,979 previous year ₹ 72,055)	**6,27,77,081**	89,17,197
		32,69,85,579	40,15,13,340
	ii) Interest on cash credit	**30,90,93,180**	29,39,22,126
b)	Other borrowing costs	**2,08,51,036**	1,01,74,023
c)	(Gain) / loss on foreign exchange transactions	**9,51,67,880**	---
	Total Finance Cost	**75,20,97,675**	70,56,09,489

26	DEPRECIATION AND AMORTIZATION EXPENSES		
a)	Depreciation		
	Depreciation of tangible assets	**46,82,16,721**	33,12,30,852
	Obsolescence	**47,664**	6,21,191
		46,82,64,385	33,18,52,043
b)	Amortization of intangible assets	**41,99,374**	---
	Total Depreciation and Amortization Expenses	**47,24,63,759**	33,18,52,043

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED 31ST MARCH, 2015

(Amount in ₹)

Note No.		Eighteen months ended 31/03/2015	Year ended 30/09/2013
27	**OTHER EXPENSES**		
	Power and fuel		
	Power	**1,50,19,029**	1,15,11,186
	(Net of ₹ 56,92,750 power banked with UPPCL previous year ₹ 1,26,51,625) Fuel	**26,33,379**	8,60,062
	Other manufacturing expenses	**9,86,25,730**	6,22,47,498
	Repairs to buildings	**2,22,13,125**	87,67,194
	Repairs to machinery		
	Consumption of stores & spare parts	**12,97,21,302**	7,44,38,294
	Plant & machinery	**4,38,21,229**	2,31,39,882
	Rent	**75,35,252**	27,88,648
	Insurance	**1,06,84,070**	1,03,93,970
	Rates and taxes*	**61,62,643**	44,56,323
	Travelling & conveyance	**1,99,56,954**	1,13,40,440
	Postage, telephone & telex	**32,19,808**	22,58,844
	Printing & stationery	**49,34,058**	28,10,149
	Sugar sales promotion expenses	**3,46,70,492**	3,67,79,895
	Freight and forwarding (net of recovery from customers)	**4,19,53,159**	1,94,50,622
	Donations & charity	**45,500**	22,000
	Repairs & maintenance - others	**83,40,023**	54,22,614
	Loss on sale of fixed assets	**(1,72,743)**	4,02,763
	Bad debts written off	**---**	8,03,55,167
	Payment to the auditors		
	Audit fees	**19,50,000**	11,75,000
	Taxation matters	**3,00,000**	1,25,000
	Other Law Matters	**40,000**	3,00,000
	Reimbursement of expenses	**2,87,686**	1,03,544
	Miscellaneous expenses	**8,74,04,896**	5,09,89,834
	Total Other Expenses	**53,93,45,592**	41,01,38,929

* Includes provision for wealth tax of ₹ 5,05,608 (previous year ₹ 2,60,009) as per the provisions of Wealth Tax Act, 1957.

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE EIGHTEEN MONTHS ENDED MARCH 31, 2015

NOTE "28 A"

GENERAL INFORMATION

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.

Currently equity shares of the company are listed at BSE and NSE.

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.).

Registration details

Registration No. CIN No. L15421 UP1993 PLC 018642

State code 20

Generic name of principal product of the Company

Item code No.(ITC Code) 170111.09

Product Description Cane Sugar

SIGNIFICANT ACCOUNTING POLICIES

1. **BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

   The company prepares its accounts on accrual basis following the historical cost convention and on the basis of going concern in compliance with the provisions of Section 211 (3C) [Companies (Accounting Standards) Rules,2006, as amended] and the other relevant provisions of the Companies Act, 1956 which, as per a clarification issued by the Ministry of Corporate Affairs, continue to apply under section 133 of the Companies Act 2013 (which has superseded section 211(3C) of the Companies Act 1956 w.e.f 12 September 2013).The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

2. **USE OF ESTIMATES**

   The preparation of financial statements requires the use of estimates and assumptions to be made that affect the reported amount of assets, liabilities and disclosure of contingent liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

3. **FIXED ASSETS**

   Fixed assets are capitalised at cost of acquisition including directly attributable costs such as freight, insurance and specific installation charges for bringing the assets to their working condition for intended use.

   Emergency machinery spares of irregular use and critical insurance machinery spares are capitalised as part of relevant plant & machinery.

   Pre-operative expenditure incurred upto the date of commencement of commercial production is capitalized as part of fixed assets.

4. **INVESTMENTS**

   Current investments are stated at lower of cost and fair value. Long-term investments are stated at cost after providing for diminution in value where in the opinion of the management such diminution is not temporary in nature.

5. **DEPRECIATION/AMORTISATION**

   Depreciation is provided for on Straight Line Method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956 except in respect of computers (including accessories,software and peripherals), which are depreciated fully in the year of addition. Depreciation on other additions/deletions is provided pro-rata from/upto the month of addition/deletion.

   Emergency machinery spares of irregular use and critical insurance spares are depreciated over the balance useful life of the parent asset.

   All assets costing ₹ 5,000 or below are depreciated in full by way of a one time depreciation charge.

6. INVENTORY VALUATION

Inventories are valued at lower of cost or net realisable value except in case of scrap which is taken at net realizable value. Cost for various items of inventory is determined as under:

a. Raw materials (including those in transit)	:	Purchase cost including incidental expenses on FIFO basis.
b. Chemicals, Packing material, other Stores and spares (including those in transit)	:	Purchase cost including incidental expenses on weighted average basis.
c. Work-in-process	:	At raw material cost including proportionate production overheads.
d. Finished goods i) Sugar	:	At raw material cost including proportionate production overheads.
ii) Molasses	:	At average net realisable price.
iii) Industrial Alcohol	:	At value of molasses as determined above plus proportionate production overheads in distillery.
iv) Traded goods	:	Purchase cost including incidental expenses on FIFO basis.
v) Renewable Energy Certificates	:	Cost incurred by the company at the time of application and other related expenses.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost necessary to make the sale.

7. 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.

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.

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.

Power generated at co-gen plants is primarily consumed by the manufacturing units and excess power is sold to State Electricity Board (SEB) at rate stipulated by SEB's.

Carbon Credit Entitlement (CER's)/Renewable Energy Certificates (REC's)

In process of production, the Company also generates carbon emission reduction units which may be negotiated for price in international market under Clean Development Mechanism (CDM) subject to completing certain formalities and obtaining certificate of Carbon Emission Reduction (CER) as per Kyoto Protocol. Revenue from CER is recognized as and when the CER's are certified and it is probable that the economic benefits will flow to the Company.

Entitlement to Renewable Energy Certificates owing to generation of power are recognised to the extent sold. Entitlement remaining unsold at the year end are valued at lower of cost and net realisable value.

Late Payment Surcharge

Late payment surcharge on delayed payments is recognized as income in accordance with the terms of power purchase agreement (PPA) entered into with UPPCL and its associates.

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.

8. CONTINGENCIES AND EVENTS OCCURING AFTER THE BALANCE SHEET DATE

Events occurring after the date of the Balance sheet, which provide further evidence of conditions that existed at the Balance Sheet date or that arose subsequently, are considered upto the date of approval of accounts by the Board of Directors, where material.

9. GOVERNMENT GRANTS

Grants relating to specific fixed assets are deducted from the original cost of specified assets.

10. EMPLOYEES BENEFITS

a) Provident Fund

Company's contribution to provident fund, being in the nature of defined contribution plan, are being charged to Statement of Profit & Loss in the period during which services are rendered by employees.

b) Gratuity & Leave Encashment

Provision for gratuity and leave encashment in the nature of defined benefit obligation is considered on the basis of Accounting Standard AS-15 on actuarial valuation using projected unit credit method. The discount rate and other financial assumptions are based on the parameters defined in the accounting standard.

c) Other Short term benefits

Expenses in respect of other short term benefits are recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee.

11. EXCISE DUTY

Excise duty in respect of finished goods (including molasses) is accounted for at the end of period and is included in the value of closing stock as per 'Guidance Note on Accounting Treatment of Excise Duty' issued by the Institute of Chartered Accountants of India.

12. INTANGIBLE ASSETS

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.

13. BORROWING COSTS

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalized as part of cost of such assets. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognized as an expense in the period in which they are incurred.

14. FOREIGN CURRENCY TRANSACTIONS

Transactions denominated in foreign currency are accounted for at the exchange rate prevailing on the date of transaction. Exchange differences arising on account of forward contracts are dealt with in the Statement of Profit & Loss over the period of the contracts. Monetary assets and liabilities relating to foreign currency transactions are converted at the year-end rate or at forward contract rate, as applicable. Gains or losses arising on cross currency forex swap transactions are accounted for over the period of contract.

15. TAXES ON INCOME

Tax on income for the current period is determined on the basis of taxable income & tax credits computed in accordance with the provisions of the Income Tax Act 1961, and based on expected outcome of assessments/ appeals.

Deferred Tax is recognized on timing differences between the accounting income and the taxable income for the year and reversal/adjustment of earlier year deferred tax assets / liabilities which are quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets on account of unabsorbed losses and depreciation are recognized and carried forward to the extent that there is a virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are reassessed at each Balance Sheet date.

MAT credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

16. IMPAIRMENT OF ASSETS

Where the recoverable amount of the fixed asset is lower than its carrying amount, a provision is made for the impairment loss. Post impairment, depreciation is provided for on the revised carrying value of the asset over its remaining useful life. The impairment loss recognized in prior accounting period is reversed if there is a favorable change in the estimate of recoverable amount.

17. PROVISIONS, CONTINGENT LIABILITIES & CONTINGENT ASSETS

Contingent liabilities, if material, are disclosed by way of notes, contingent assets are not recognized or disclosed in the financial statements. A provision is recognized when an enterprise has a present obligation as a result of past event(s) and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation(s), in respect of which a reliable estimate can be made for the amount of obligation.

18. EARNING PER SHARE (EPS)

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.

19. LEASES

Where the Company is the lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

Where the Company is the lessor

Assets subject to operating leases are included in fixed assets. Lease income is recognised in the Statement of Profit and Loss on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Statement of Profit and Loss.

20. SEGMENT ACCOUNTING & REPORTING

Identification of segments

The company's operating business are organized and managed separately according to the nature of products manufactured and services provided , with each segment representing a strategic business unit that offers different products.

Allocation of common costs

Common allocable costs are allocated to each segment on reasonable basis.

Unallocated Items

Unallocable assets & liabilities represent the assets & liabilities not allocable to any segment as identified as per the Accounting Standard.

Segment Policies

The company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

21. CASH & CASH EQUIVALENTS

Cash & Cash Equivalents includes cash in hand, demand deposit with banks, other short-term highly liquid investment with original maturities of three months or less.

"28 B" – OTHER NOTES

1. SECURITIES FOR BORROWINGS:

Value in ₹

Abbreviations:	
DN - Dwarikesh Nagar Unit	PNB- Punjab National Bank
DP- Dwarikesh Puram Unit	IDBI- IDBI Bank Limited
DD - Dwarikesh Dham Unit	SUPGB- Sarva U.P.Gramin Bank
ROI-Rate of interest	DCB- District Co-Operative Bank (Zila Sahkari Bank)
O/S- Amount outstanding	UPCB- U.P.Co-Operative Bank
Qtly.- Quarterly	SDF- Sugar Development Fund
FCL- Foreign Currency Loan	

Bank/FI, amount sanctioned and outstanding as on reporting Date	Current (₹)	Non-Current (₹)	Security	Repayment Schedule of amount outstanding and ROI on the reporting date
i) Long Term Borrowings				
IDBI Sanctioned - 16,00,00,000 O/S - 80,00,000 (5,60,00,000)	80,00,000 (2,40,00,000)	--- (3,20,00,000)	Pari-passu Charge on fixed assets : -1st on DD -2nd on DN -3rd on DP	- ROI-14.00% - 1 installment of ₹ 80,00,000 payable In July,2015.
PNB ** # Sanctioned - 90,00,00,000 O/S - 9,51,22,989 (38,04,40,989)	9,51,22,989 (19,02,12,000)	--- (19,02,28,989)	Pari-passu Charge on fixed assets : -1st on DP -2nd on DN -3rd on DD	- ROI-14.00% - 1 quarterly installment of ₹ 4,75,53,000 payable in June,2015 and final installment of ₹ 4,75,69,989 payable in September,2015.
PNB ** # Sanctioned - 94,00,00,000 O/S - 24,86,38,763 (54,70,18,763)	19,89,20,000 (19,89,20,000)	4,97,18,763 (34,80,98,763)	Pari-passu Charge on fixed assets : -1st on DD -2nd on DN -3rd on DP	-ROI-14.00% - 4 quarterly installments of ₹ 4,97,30,000 each and final installment of ₹ 4,97,18,763 payable in April,2015 and onwards.
PNB ** # Sanctioned - 56,00,00,000 O/S - 12,00,00,000 (12,00,00,000)	9,03,79,319 (---)	2,96,20,681 (12,00,00,000)	Pari-passu Charge on fixed assets : -1st on DP 24 MW Co-gen assets -2nd on DN -3rd on DD	-ROI-14.00% -next installment of ₹ 15,01,319 payable in April,2015 -rest 3 qtly installments of ₹ 2,96,26,000 each and final installment of ₹ 2,96,20,681 payable in July,2015 and onwards.
PNB * Sanctioned - 50,00,00,000 O/S - 15,00,00,000 (30,00,00,000)	10,00,00,000 (10,00,00,000)	5,00,00,000 (20,00,00,000)	Pari-passu Charge on fixed assets : -1st on DN -2nd on DP -2nd on DD	-ROI-14.00% - 6 qtly installments of ₹ 2,50,00,000 each payable in April,2015 and onwards.
PNB Sanctioned - 1,00,00,00,000 O/S - 29,99,99,982 (59,99,99,982)	20,00,00,000 (20,00,00,000)	9,99,99,982 (39,99,99,982)	Pari-passu Charge on fixed assets : -1st on DN, DP and DD	-ROI-14.00% -5 qtly installments of ₹ 5,00,00,000 each and final installment of ₹ 4,99,99,982 payable in June,2015 and onwards.

Bank/FI, amount sanctioned and outstanding as on reporting Date	Current (₹)	Non-Current (₹)	Security	Repayment Schedule of amount outstanding and ROI on the reporting date
PNB Sanctioned - 65,00,00,000 O/S - 65,00,00,000 [^] (---)	--- (---)	65,00,00,000 (---)	Pari-passu Charge on fixed assets : -1st on DN, DP and DD	-ROI-14.00% -12 qtly installments of ₹ 5,41,66,667 each payable in December,2016 and onwards.
PNB [SEFASU 2014] Sanctioned – 61,08,00,000 O/S - 61,08,00,000 (---)	3,39,33,334 (---)	57,68,66,666 (---)	Pari-passu Charge on fixed assets : - 3rdt on DN, DP and DD	-ROI-12.00% [total subvention from Govt. of India] -36 monthly installments of ₹ 1, 69, 66,667 each payable in February ,2016 and onwards.
PNB [car loan] Sanctioned - 65,00,000 O/S - 62,13,237 (---)	10,70,734 (---)	51,42,503 (---)	Hypothecation of car	-ROI-10.65% -56 EMI of ₹ 1,40,200 each [including interest] payable in April,2015 and onwards.
Total term loans from Banks O/S - 2,18,87,74,971 (2,00,34,59,734)	**72,74,26,376 (71,31,32,000)**	**1,46,13,48,595 (1,29,03,27,734)**		
SDF Sanctioned - 27,50,00,000 O/S – 12,82,66,000 (20,52,25,600)	5,13,06,400 (5,13,06,400)	7,69,59,600 (15,39,19,200)	Pari-passu Charge on fixed assets : -1st on DP	-ROI- 4% - 5 half yearly Installments of ₹ 2,56,53,200 each payable in May,2015 and onwards.
SDF Sanctioned - 26,50,00,000 O/S – 9,83,41,600 (17,20,97,800)	4,91,70,800 (4,91,70,800)	4,91,70,800 (12,29,27,000)	Pari-passu Charge on fixed assets : -1st on DD	-ROI- 4% - 4 half yearly Installments of ₹ 2,45,85,400 each payable in May,2015 and onwards.
SDF Sanctioned - 2,00,00,000 O/S - --- (50,00,000)	--- (50,00,000)	--- (---)	---	---
SDF Sanctioned - 2,50,00,000 O/S - --- (62,50,000)	--- (62,50,000)	--- (---)	---	---
SDF Sanctioned - 2,50,00,000 O/S - --- (62,50,000)	--- (62,50,000)	--- (---)	---	---
Total term Loans from others O/S – 22,66,07,600 (39,48,23,400)	**10,04,77,200 (11,79,77,200)**	**12,61,30,400 (27,68,46,200)**		
From Companies O/S – 30,00,00,000 (---)	**--- (---)**	**30,00,00,000 (---)**	Residual Charge on fixed assets of DN, DP & DD	- ROI- 13% - Payable in May,2017
Total long term borrowings O/S - 2,71,53,82,571 (2,39,82,83,134)	**82,79,03,576 (83,11,09,200)**	**1,88,74,78,995 (1,56,71,73,934)**		

ii) Short Term Borrowings:				
a. Cash Credit				
PNB Sanctioned- 2,60,00,00,000	2,44,19,84,444 (1,35,29,83,671)	--- (---)	-hypothecation & pledge of stock of sugar, molasses, chemicals, stores & spares - 2nd Pari-passu charge on fixed assets of all three units of the company	-ROI- 13.50%
SUPGB Sanctioned- 10,00,00,000	9,96,08,163 (6,99,23,516)	--- (---)		-ROI- 13.00%
DCB Sanctioned- 1,00,00,00,000	98,57,29,551 (9,99,27,922)	--- (---)		-ROI- 11.50%
Total Cash Credit	**3,52,73,22,158** **(1,52,28,35,109)**	**---** **(---)**		
b. Loans & advances from related parties	**8,52,044** **(8,53,269)**	**---** **(---)**	Unsecured	-ROI- 10% - Payable on demand
Total short term borrowings	**3,52,81,74,202** **(1,52,36,88,378)**			

Term Loans from PNB & IDBI and Cash credit from all the banks aggregating to ₹ 5,71,60,97,129 (previous year ₹ 3,52,62,94,843) are personally guaranteed by the Managing Director of the company out of which the company has given Counter guarantees of ₹ 3,82,33,54,341 (previous year ₹ 2,75,64,43,423) to him to secure all these personal guarantees excluding PNB term loan outstanding of ₹ 1,26,70,13,237 (previous year ₹ 59,99,99,982) and part CC outstanding of ₹ 62,57,29,551 of DCB (previous year ₹ 16,98,51,438 from DCB & SUPGB).

PNB Term Loans marked with # are additionally secured by second pari-passu charge on current assets of the company.

Out of the term loan outstanding of PNB marked with [^] , amount equivalent to ₹ 50 Crores (previous year Nil) is converted to Foreign Currency Term Loan amounting to USD 78,70,297.50 (at ROI @ 6.1288 % p.a. excluding hedging cost) ,which on the due date of settlement on 28th December,2015 , will be reinstated in respective Rupee term loan of PNB.

Term Loans marked with * were restructured in 2009 and term loans marked with ** were restructured twice first in 2007 and second time in 2009.

2. Contingent liabilities not provided for

Particulars	**As at 31st March 15 ₹**	**As at 30th Sep'13 ₹**
(a) Claims not acknowledged as debts by the company.	20,76,408	20,76,408
(b) 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 ₹ 2,40,72,147 (previous year ₹ 2,40,62,421)].	5,45,34,998	3,22,30,862
(c) 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 ₹ 3,76,453 (previous year ₹ 15,98,498)].	Nil	Nil
(d) Guarantees issued by the bankers on behalf of the Company.	69,68,525	Nil

3. a) Estimated amount of contracts remaining to be executed on capital account, net of advance of ₹ 2,05,11,055 (previous year ₹ 2,76,73,832) and not provided for is ₹ 10,53,344 (previous year ₹ 73,87,249). Other Commitments ₹ Nil (previous year ₹ Nil).

4. Dividend not provided for on cumulative preference shares:-

Particulars	**As at 31st March 15 ₹**	**As at 30th Sep'13 ₹**
12% 1,10,000 (previous year 1,10,000) cumulative redeemable preference shares (Series I)	72,60,000 ₹66 per share	52,80,000 ₹48 per share
8% 15,00,000 (previous year 15,00,000) cumulative redeemable preference shares (Series II)	6,60,00,000 ₹44 per share	4,80,00,000 ₹ 32 per share
8% 10,00,000 (previous year 10,00,000) cumulative redeemable preference shares (Series III)	2,00,00,000 ₹20 per share	80,00,000 ₹8 per share
8% 5,00,000 (previous year 5,00,000) cumulative redeemable preference shares (Series IV)	80,00,000 ₹16per share	20,00,000. ₹4 per share

5. Particulars of Capacity, Production, Stock and Turnover

I Capacities & Production

a.) **Capacities**

Particulars	Unit	Licensed Capacity	Installed Capacity
Sugar Cane	TCD	21,500 (21,500)	21,500 (21,500)
Industrial Alcohol / Ethanol	KLPD	30 (30)	30 (30)
Power	MW	86 (86)	86 (86)

Note: Capacities are as certified by the Management.

b.) **Production**

Class of Goods	Unit	Actual Production
Sugar	Qtls.	43,41,529 (23,81,045)
Molasses	Qtls.	17,59,095 (11,68,080)
Power	Kwh.	43,32,12,964 (25,90,55,028)
Industrial Alcohol		
-Spirit	Ltrs.	*50,38,103 (34,31,173)
-Ethanol	Ltrs.	5,74,205 (7,11,883)
Renewable Energy Certificates (REC)	Units	173,572 (Nil)

Note:

* Includes 2,12,806 Ltrs (previous year Nil) on conversion of 2,00,155 Ltrs ethanol and addition moisture thereon.

II Particulars of Revenue from operations & Inventory

a) Revenue from operations:

Class of Goods	Unit	Quantity	Value (₹)
i) Sugar	Qtls.	32,12,629 (25,57,370)	9,74,30,50,171 (8,30,55,98,394)
ii) Molasses	Qtls.	*9,79,050 (12,02,412)	46,54,45,908 (44,04,79,110)
iii) Power	Kwh.	28,25,36,258 (16,81,67,676)	1,26,84,41,756 (71,80,61,573)
iv) Industrial Alcohol			
-Spirit	Ltrs.	**34,54,000 (26,78,000)	13,20,96,508 (8,36,25,581)
-Ethanol	Ltrs.	***2,72,000 (6,21,000)	1,23,22,801 (2,68,58,541)
v) Miscellaneous sale			6,16,28,648 (1,65,91,684)
vi) Other operating Revenue			
- Renewable Energy Certificates (REC)	Units	51,243 (Nil)	7,68,64,500 (Nil)
-Others			44,54,287 (3,70,23,139)
Total Revenue from operations			11,76,43,04,579 (9,62,82,38,022)

Note:

* Excludes 2,06,522 Qtls (previous year 1,44,274 Qtls) molasses used internally for manufacturing of Industrial Alcohol in Distillery.

** Excludes 6,04,753 Ltrs (previous year 7,58,646 Ltrs) spirit used internally manufacturing of Ethanol in Distillery.

*** Excludes 2,00,155 Ltrs (previous year Nil) ethanol used internally for conversion into spirit.

b) Inventories

i) Finished Goods

Class of goods		Unit	Opening Stock Quantity	Opening Stock Amount (₹)	Closing Stock Quantity	Closing Stock Amount (₹)
i)	Sugar	Qtls.	5,80,977 (7,57,302)	1,78,84,33,082 (2,20,91,47,652)	17,09,877 (5,80,977)	4,47,67,39,615 (1,78,84,33,082)
ii)	Molasses	Qtls.	1,518 (1,81,032)	4,23,829 (6,03,86,233)	*5,74,270 (1,518)	21,34,32,075 (4,23,829)
iii)	Industrial Alcohol					
	- Spirit	Ltrs.	1,449 (11,195)	27,618 (2,12,679)	**9,69,717 (1,449)	2,80,36,098 (27,618)
	-Ethanol	Ltrs.	1,42,802 (42,902)	33,78,309 (10,24,326)	***2,43,729 (1,42,802)	83,37,363 (33,78,309)
iv)	Renewable Energy Certificates (REC)	Units	Nil (Nil)	Nil (Nil)	1,22,329 (Nil)	Nil (Nil)

Note: The quantities are net of:

* 771 Qtls (previous year 908 Qtls) normal losses.

** 11,082 Ltrs (previous year 4,273 Ltrs) normal losses and use from SDS solution.

*** 1,123 Ltrs (previous year 9,017 Ltrs normal gains) normal losses.

ii) Work-in-progress

Class of goods		Unit	Opening Stock Quantity	Opening Stock Amount (₹)	Closing Stock Quantity	Closing Stock Amount (₹)
i)	Sugar	Qtls.	142 (108)	3,13,576 (2,40,003)	17,050 (142)	3,21,72,240 (3,13,576)
ii)	Molasses	Qtls.	93 (54)	28,909 (9,933)	13,049 (93)	36,52,402 (28,909)
iii)	Industrial Alcohol	Ltrs.	2,027 (6,884)	35,788 (1,22,463)	3,091 (2,027)	74,286 (35,788)

(B) **Raw Material & Chemicals Consumed**

	Particulars	Quantity (Qtls.)	%	Value (₹)
a)	Sugar Cane	4,17,71,204 (2,42,60,411)		11,69,94,37,089 (7,22,56,21,516)
b)	Chemicals			9,93,68,423 (7,24,62,706)
Indigenous			100 (100)	11,79,88,05,512 (7,29,80,84,222)
Imported			Nil (Nil)	Nil (Nil)
Total			100 (100)	11,79,88,05,512 (7,29,80,84,222)
c)	C I F VALUE OF IMPORTS			Nil (Nil)
d)	EXPENDITURE IN FOREIGN CURRENCY (on accrual basis) Interest on Foreign Currency Term Loans			5,98,58,697 (Nil)
e)	EARNINGS IN FOREIGN CURRENCY			Nil (Nil)

Note:-Figures in the brackets are for the previous year.

6.

a) Remuneration to Managing Director

	2013-2015 (18 Months) ₹	2012-2013 (12 Months) ₹
Salary	1,44,00,000	72,00,000
Leave Encashment *	---	12,00,000
	1,44,00,000	84,00,000
Add: Company's Contribution to P.F. (exempted allowance)	17,28,000	8,64,000
Total	1,61,28,000	92,64,000

Commission to Managing Director is not payable in view of inadequacy of profit as per Schedule V of the Companies Act, 2013 and hence not provided for.

b) Remuneration to other Whole time director

Salary	71,81,460	45,40,536
Other Allowances	77,60,247	44,83,896
Leave Salary *	---	3,43,629
Interim Bonus	5,39,816	---
Company's Contribution to P.F. (exempted allowance)	8,61,786	5,44,863
Total	1,63,43,309	99,12,924

c)

Directors sitting Fee- Non-executive directors	3,50,000	1,27,500

Total Managerial Remuneration (a+b+c)	3,28,21,309	1,93,04,424

*Gratuity and long term liability in respect of leave encashment not determinable as the actuarial valuation is done on overall company basis. The above figures are actual payments.

7. 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 Accounting Standard AS-15. Since the liability has not been funded through a Trust or Insurer, there are no plan assets.

b) i) Defined Contribution Plans :

Employer's Contribution to Provident Fund ₹ 5,20,65,182 (previous year ₹ 3,04,60,024).

ii) Defined Benefits Plans :

Liability for Gratuity is determined on actuarial basis using projected unit credit method. The details are as under

	As at 31st March 15 ₹	As at 30th Sep' 13 ₹
Change in defined benefit obligation:		
Opening defined benefit obligation	6,50,60,864	5,86,08,985
Current service cost	96,92,361	61,38,833
Interest cost	92,86,197	50,50,431
Actuarial loss/ (gain)	1,15,05,248	(24,51,761)
Past service cost	---	---
Benefit paid	(44,86,200)	(22,85,624)
Closing defined benefit obligation	9,10,58,470	6,50,60,864

Change in fair value of assets :		
Contribution by employer	44,86,200	22,85,624
Benefit paid	(44,86,200)	(22,85,624)
Change in fair value of plan assets	---	---
Expense recognized in Statement of Profit & Loss		
Current service cost	96,92,361	61,38,833
Interest cost	92,86,197	50,50,431
Net actuarial losses / (gain)	1,15,05,248	(24,51,761)
Past service cost	---	---
Expense recognized in Statement of Profit & Loss	3,04,83,806	87,37,503
Financial Assumptions at the valuation date		
Discount rate	8.00%	9.25%
Expected rate of return on assets (p.a.)	---	---
Salary escalation	6.00%	6.00%

Amount for the current and previous four years in respect of gratuity are as follows:-

	Period Ended				
Particulars	**31-March-15**	**30-Sep-13**	**30-Sep-12**	**30-Sep-11**	**30-Sep-10**
	(in ₹)				
Defined Benefit Obligation	9,10,58,470	6,50,60,864	5,86,08,985	4,73,69,283	3,73,93,670
Plan Assets	---	---	---	---	---
Surplus/(Deficit)	(9,10,58,470)	(6,50,60,864)	(5,86,08,985)	(4,73,69,283)	(3,73,93,670)
Exp. Adj. on Plan Liabilities	32,48,848	26,74,548	17,63,251	41,07,428	40,30,723
Exp. Adj. on Plan Assets	---	---	---	---	---

8. Trade Receivable/Payables and Loans and Advances balances are subject to confirmation and reconciliation.

9. As per the Accounting Standard AS-28 'Impairment of Assets', the company has tested impairment to identify the impairment loss, if any. Based on the assessment of the existing assets, the realizable amount for all the units is higher than the carrying values of such units. Accordingly no impairment is required to be recognized during the period.

10. The company has not taken/given any assets on finance/ operating lease. Accordingly, Accounting Standard AS-19 on leases is not applicable. The company has taken various office/ residential premises and office equipment's on cancellable leases which are renewable on expiry of the respective lease period.

11. **Derivative instruments and foreign currency exposures:**

    (a) During the period Rupee term loans of ₹ 15,000 lacs (previous year Nil) were converted into foreign currency loan of USD 2,44,40,305.80, out of which ₹ 10,000 lacs equivalent to USD 1,65,70,008.30 was reinstated as Rupees term loan during the period itself. The above loans are hedged by forward contracts here is no foreign currency exposure outstanding as at the Balance Sheet date (Previous year ₹ Nil).

    (b) Particulars of un-hedged foreign currency exposures as at the Balance Sheet date are ₹ Nil (Previous year ₹ Nil).

12. There are no present obligations requiring provision in accordance with the guiding principles as enunciated in Accounting Standard AS-29 as it is not probable that an outflow of resources embodying economic benefit will be required.

13. Previous period figures have been regrouped and recasted wherever considered necessary. However, the same are not strictly comparable as the previous period figures are for the period from 01.10.2012 to 30.09.2013 whereas the current period figures are for the period from 01.10.2013 to 31.03.2015.

14 **Segment information for the Eighteen months period ended 31st March, 2015**

(i) Information about Primary Business segment

(Amount in ₹)

Particulars	Sugar	Co-Generation	Distillery	Adjustment	Total
Revenue					
External Revenue	9,88,67,90,902	1,34,53,06,256	12,86,47,701		11,36,07,44,859
	(8,42,44,43,223)	(75,31,85,025)	(9,85,21,253)		(9,27,61,49,501)
Internal Revenue	10,82,44,789	65,98,65,581	---	(76,81,10,370)	---
	(3,70,34,376)	(38,49,91,557)	---	(-42,20,25,933)	---
Total Revenue	**9,99,50,35,691**	**2,00,51,71,837**	**12,86,47,701**	**(76,81,10,370)**	**11,36,07,44,859**
Results					
Segment Results	(1,00,74,29,461)	1,46,18,21,928	3,18,01,130		48,61,93,597
	(-41,88,36,071)	(76,74,78,343)	(3,77,88,094)		(38,64,30,366)
Less: Unallocated Expenditure (net of income)					
Interest					75,20,97,675
					(70,56,09,489)
Profit/(Loss) before tax					**(26,59,04,078)**
					(-31,91,79,123)
Provision for tax					**(9,84,02,376)**
					(-12,55,76,089)
Net Profit/(Loss) for the period after tax					**(16,75,01,702)**
					(-19,36,03,034)
Other Information					
Segment Assets	8,38,66,94,597	1,21,62,23,064	16,35,79,584		9,76,64,97,245
	(5,44,41,64,706)	(92,18,58,914)	(10,93,00,336)		(6,47,53,23,956)
Segment Liabilities	2,70,38,34,657	8,02,650	7,06,755		2,70,53,44,062
	(1,47,27,64,328)	(5,39,578)	(33,05,786)		(1,47,66,09,692)
Capital Expenditure	5,45,27,010	14,80,611	50,557		5,60,58,178
	(1,82,90,149)	(1,96,30,340)	---		(3,79,20,489)
Depreciation/Obsolescence	35,99,04,499	10,03,08,595	1,22,50,665		47,24,63,759
	(25,12,02,273)	(7,24,82,798)	(81,66,972)		(33,18,52,043)

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.

15 **Earning per share:** (Amount in ₹)

	Oct-13-Mar-15	2012-13
Profit after tax	(16,75,01,702)	(19,36,03,034)
Less: Preference dividend including corporate dividend tax of earlier year	4,76,90,202	2,72,83,234
Profit attributable to Equity Share holders	(21,51,91,904)	(22,08,86,268)
Number of equity shares outstanding during the period (weighted average)	1,63,14,676	1,63,14,676
Potential equity shares (weighted average)	---	---
Number of equity shares outstanding during the period including potential shares (weighted average)	1,63,14,676	1,63,14,676
Nominal value of equity shares (₹)	10	10
Earning per share (₹) Basic	(13.19)	(13.54)
Earning per share (₹) Diluted	(13.19)	(13.54)

16 Related party disclosures as required by Accounting Standard AS-18 for the eighteen months period ended 31st March,2015

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 (Associate Company)

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

-Smt. Smriti G. Morarka (Wife)
-Ms. Priyanka G. Morarka (Daughter)
-Shri Pranay G. Morarka (Son)

b) Details of Transactions

Sl. No.	Name of Related Party	Nature of Transaction	Volume of Transaction (₹)	Amount due to (₹)	Amount due from (₹)	Investment (₹)
1	Dwarikesh Trading Co. Ltd.	Inter Corporate Deposit Repaid	1,225 (72,899)	72,039 (73,264)		
		Inter Corporate Deposit Received	Nil (Nil)			
		Interest Paid	10,724 (12,537)			
		Rent Paid (Car)	3,37,500 (Nil)			
		Rent Received	3,60,000 (2,40,000)			
		Advance Rent		40,000 (1,60,000)		
2	Dwarikesh Informatics Ltd.	Services Purchased	40,44,960 (26,96,640)	11,40,388 (5,65,344)		22,00,000 (22,00,000)
		Dividend Received	2,00,000 (2,00,000)			
3	Dwarikesh Agriculture Research Institute (Formerly Dwarikesh Sugarcane Research Institute	Interest Paid	18,914 (12,621)	1,26,211 (1,26,211)		
4	Faridpur Sugars Limited		Nil (Nil)	Nil (Nil)		2,00,000 (2,00,000)
5	Morarka Finance Limited	Rent Paid	24,58,626 (2,46,000)	Nil (2,21,400)		

Sl. No.	Name of Related Party	Nature of Transaction	Volume of Transaction (₹)	Amount due to (₹)	Amount due from (₹)	Investment (₹)
6	Shri G.R.Morarka	Loan Repayment	Nil (2,65,444)	6,53,794 (6,53,794)		
		Loan Taken	Nil (1,33,386)			
		Interest Paid	97,979 (72,055)			
		Remuneration	1,61,28,000 (80,64,000)			
		Leave Encashment	Nil (12,00,000)			
7	Shri B.J. Maheshwari	Remuneration	77,83,521 (47,31,834)			
		Ex-gratia/Interim Bonus	2,81,491 (Nil)			
		Leave Encashment	Nil (1,82,239)			
8	Shri Vijay S. Banka	Remuneration	80,19,972 (48,37,461)			
		Ex-gratia/Interim Bonus	2,58,325 (Nil)			
		Leave Encashment	Nil (1,61,390)			
9	Ms. Priyanka G. Morarka	Remuneration	13,50,000 (9,00,000)			
		Ex-gratia/Interim Bonus	90,124 (Nil)			
		Leave Encashment	44,275 (44,275)			

As per our report of even date
For S.S.Kothari Mehta & Co.
Chartered Accountants
Arun K. Tulsian
Partner
Membership No. 89907

Place: New Delhi
Date: 29th May, 2015

G. R. Morarka
Managing Director

B. J. Maheshwari
Whole Time Director & Company Secretary cum Chief Compliance Officer

Vijay S. Banka
Whole Time Director & Chief Financial Officer

Place: Mumbai
Date: 28th May, 2015

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DWARIKESH SUGAR INDUSTRIES LIMITED

Report On the Financial Statements

We have audited the accompanying Financial Statements of Dwarikesh Sugar Industries Limited ("the Company") which comprise the Balance Sheet as at September 30, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of Significant Accounting Policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") which, as per a clarification issued by the Ministry of Corporate Affairs, continue to apply under section 133 of the Companies Act , 2013 (which has superseded section 211(3C) of the Companies Act 1956 w.e.f 12 September 2013). This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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:

(a) in the case of Balance Sheet, of the state of affairs of the Company as at September 30, 2013;

(b) in the case of Statement of Profit and Loss, of the loss for the year ended on that date; and

(c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2003 (as amended) ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act , we report that:

   (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   (b) In our opinion proper books of account, as required by law, have been kept by the Company so far as appears from our examination of those books;

   (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act, which, as per a clarification issued by the Ministry of Corporate Affairs, continue to apply under section 133 of the Companies Act 2013 (which has superseded section 211(3C) of the Companies Act 1956 w.e.f 12 September 2013); and

(e) On the basis of written representations received from the directors as on September 30, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on September 30, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For S. S. KOTHARI MEHTA & CO.
Chartered Accountants
Firm Regn. No. 000756N

ARUN K. TULSIAN
Partner
Membership No. 89907

Place: New Delhi
Date: 27th November, 2013

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under the heading "Report on the Legal and Regulatory requirements "of our report of even date.)

i) a) The Company is maintaining proper records to show full particulars including quantitative details and situation of fixed assets.

b) Physical verification of fixed assets is being conducted by the management based on a programme designed to cover all assets over a period of three years, which, in our opinion, is reasonable having regard to the size of the company and nature of its business. Discrepancies noticed on such verification as compared to book records were not material and have been properly adjusted in the books of account.

c) During the year, the Company has not disposed off substantial part of the fixed assets.

ii) a) The inventories have been physically verified by the management during the year at all its locations. In our opinion, the frequency of such verification is reasonable.

b) 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.

c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stock and the book records were not material and have been properly dealt with in the books of account.

iii) a) The Company has taken unsecured loans from two companies and Managing Director covered in the register maintained under section 301 of the Act, maximum balance outstanding against these loans is ₹ 10,84,899 and year end balance is ₹ 8,53,269.

b) In our opinion, the rate of interest and other terms & conditions on which these loans have been taken are not, prima facie, prejudicial to the interest of the Company.

c) These loans are repayable on demand; therefore, there are no overdue amounts at the year end.

d) The company has not granted any loan, secured or unsecured, to companies, firms and other parties covered in the register maintained under section 301 of the Act.

e) Since there are no such loans, comments regarding terms & conditions, repayment of the principal amount & interest due thereon and overdue amounts are not required.

iv) In our opinion, and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory & fixed assets and with regard to sale of goods & services. Further, on the basis of our examination of the books & records of the company, carried out in accordance with the generally accepted auditing practices in India, we have neither come across nor have we been informed of any instances of major weaknesses in the aforesaid internal control systems.

v) a) To the best of our knowledge and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered into the register maintained under section 301 of the Act, have been so entered.

b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Act, and exceeding the value of rupees five lacs in respect of each party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time where such market prices are available.

vi) The company has not accepted any deposits from the public within the meaning of provisions of Section 58A, 58AA & any other relevant provisions of the Act, including the Companies (Acceptance of Deposits) Rules, 1975.

vii) In our opinion, the Company has an internal audit system which is commensurate with the size of the company and the nature of its business.

viii) We have broadly reviewed the cost accounting records maintained by the Company as prescribed by the Government of India under Section 209 (1) (d) of the Act. We are of the opinion that, prima facie, the prescribed records have been made and maintained by the company. However, we are not required to make a detailed examination of such records.

ix) a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident fund, Investor Education and Protection fund, Employees state insurance, Income tax, Sales tax, Wealth tax, Service tax, Custom duty, Excise duty, Cess and any other statutory dues applicable to it. There are no arrears of such dues outstanding as 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 & records examined by us, there are no dues of Income tax, Wealth tax, Trade tax, Service tax, Custom duty and Cess which have not been deposited on account of any dispute except the following in respect of Excise duty along with the forum where the dispute is pending:

S.N.	Name of statue	Nature of dues	Disputed Amt. (net of payments made)	Forum where dispute is pending
1	The Central Excise Act, 1944	Excise Duty	₹ 3,07,87,721	Excise Appellate Authorities

x) The accumulated losses as at the end of the financial year are less than fifty percent of the net worth. Further, the Company has not incurred cash losses in the current financial year and in the immediately preceding financial year.

xi) 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 repayment of dues to any financial institution or banks.

xii) According to the information & explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

xiii) In our opinion, the Company is not a chit fund or nidhi/mutual benefit fund/ society. Therefore the relevant reporting requirements of the Order are not applicable.

xiv) According to the information and explanations given by the management, the Company is not dealing in or trading in shares, securities, debentures and other investments and hence the related reporting requirements of the Order are not applicable.

xv) The company has not given any guarantees for loans taken by others from banks or financial institutions.

xvi) In our opinion and according to the information and explanations given to us, the Company has not raised any term loans during the year.

xvii) According to the information and explanations given to us and on the basis of an overall examination of the balance sheet of the Company, *the funds raised by the Company on short-term basis have been applied for long-term investment to the extent of ₹ 83,01,18,093/-.*

xviii) During the year, the company has not made any preferential allotment of shares to companies and parties covered in the register maintained under section 301 of the Act.

xix) During the financial year, the Company has not issued any debentures nor has any outstanding debentures.

xx) The company has not raised any monies by way of public issues during the year.

xxi) During the course of our examination of the books & records of the company carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the company, noticed and reported during the year, nor have we been informed of such case by the management.

For S. S. KOTHARI MEHTA & CO.
Chartered Accountants
Firm Regn. No. 000756N

ARUN K. TULSIAN
Partner
Membership No. 89907

Place: New Delhi
Date: 27th November, 2013

BALANCE SHEET AS AT 30TH SEPTEMBER, 2013

(Amount in ₹)

		Note No.	As at 30/09/2013		As at 30/09/2012	
I.	**EQUITY AND LIABILITIES**					
(1)	**Shareholders' Funds**					
	(a) Share capital	1	**47,41,46,760**		32,41,46,760	
	(b) Reserves and surplus	2	**73,19,33,962**		92,55,36,996	
				1,20,60,80,722		1,24,96,83,756
(2)	**Share application money pending allotment**			**---**		10,00,00,000
(3)	**Non-Current Liabilities**					
	(a) Long-term borrowings	3	**1,56,71,73,934**		2,43,59,27,816	
	(b) Deferred tax liabilities (net)	4	**---**		2,49,10,144	
	(c) Other long term liabilities	5	**4,73,84,721**		4,46,34,480	
	(d) Long term provisions	6	**7,62,75,512**		7,12,47,592	
				1,69,08,34,167		2,57,67,20,032
(4)	**Current Liabilities**					
	(a) Short-term borrowings	7	**1,52,36,88,378**		1,93,33,69,291	
	(b) Trade payables	8	**98,05,12,111**		9,29,50,789	
	(c) Other current liabilities	9				
	Current maturities of long term debts		**83,11,09,200**		88,09,90,874	
	Others		**35,48,05,744**		67,25,24,119	
	(d) Short-term provisions	10	**1,76,31,604**		1,58,69,714	
				3,70,77,47,037		3,59,57,04,787
	TOTAL			**6,60,46,61,926**		7,52,21,08,575
II.	**ASSETS**					
(1)	**Non-current assets**					
	(a) Fixed assets	11				
	(i) Tangible assets		**4,40,44,08,117**		4,69,92,42,680	
	(ii) Intangible assets		**---**		---	
	(iii) Capital work-in-progress		**---**		6,46,903	
			4,40,44,08,117		4,69,98,89,583	
	(b) Non-current investments	12	**24,00,000**		24,00,000	
	(c) Deferred Tax assets (net)	4	**10,16,64,138**		---	
	(d) Long term loans and advances	13	**10,54,17,644**		10,52,70,069	
	(e) Other non-current assets	14	**70,89,766**		1,78,01,676	
				4,62,09,79,665		4,82,53,61,328
(2)	**Current assets**					
	(a) Inventories	15	**1,91,95,48,316**		2,39,35,19,332	
	(b) Trade receivables	16	**2,00,49,034**		25,77,56,187	
	(c) Cash and bank balances	17	**2,10,86,072**		1,33,31,680	
	(d) Short-term loans and advances	18	**2,29,65,081**		2,70,27,744	
	(e) Other current assets	19	**33,758**		51,12,304	
				1,98,36,82,261		2,69,67,47,247
	TOTAL			**6,60,46,61,926**		7,52,21,08,575

See accompanying notes to the financial statements

As per our report of even date
For S.S. Kothari Mehta & Co.
Chartered Accountants

Arun K. Tulsian
Partner
Membership No. 89907

B.J. Maheshwari
Whole Time Director & CS cum CCO

G.R. Morarka
Chairman & Managing Director

Vijay S. Banka
Whole Time Director & Chief Financial Officer

K.L. Garg
Nominee Director

Place: New Delhi
Date: 27th November, 2013

Place: New Delhi
Date: 27th November, 2013

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 30TH SEPTEMBER, 2013

(Amount in ₹)

		Note No.	Year ended 30/09/2013	Year ended 30/09/2012
	REVENUE:			
I.	Revenue from operations (Gross)	20	**9,62,82,38,022**	7,25,94,62,309
	Less: Excise duty		**35,20,88,521**	27,34,89,638
	Revenue from operations (Net)		**9,27,61,49,501**	6,98,59,72,671
II.	Other income	21	**13,10,37,638**	2,16,43,481
III.	**Total Revenue (I +II)**		**9,40,71,87,139**	7,00,76,16,152
IV.	**EXPENSES:**			
	Cost of materials consumed	22	**7,42,47,47,921**	6,37,89,76,281
	Purchase of stock-in-trade		**---**	---
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	23	**45,10,60,768**	(99,41,05,905)
	Employee benefit expenses	24	**40,29,57,112**	38,05,36,000
	Finance cost	25	**70,56,09,489**	78,85,89,966
	Depreciation and amortization expenses	26	**33,18,52,043**	32,89,04,153
	Other expenses	27	**41,01,38,929**	28,11,17,097
V.	**Total Expenses**		**9,72,63,66,262**	7,16,40,17,592
VI.	**Profit/(Loss) before tax (III - V)**		**(31,91,79,123)**	(15,64,01,440)
VII.	Tax expense:			
	(1) Current tax			
	Current year		**9,98,193**	---
	Previous year		**---**	(362)
	(2) Deferred tax		**(12,65,74,282)**	(4,33,46,890)
VIII.	**Net Profit/(Loss) for the period after tax**		**(19,36,03,034)**	(11,30,54,188)
IX.	Earning per equity share (Nominal value ₹ 10 per share)			
	(1) Basic		**(13.53)**	(7.88)
	(2) Diluted		**(13.53)**	(7.88)
	See accompanying notes to the financial statements			

As per our report of even date
For S.S. Kothari Mehta & Co.
Chartered Accountants

Arun K. Tulsian
Partner
Membership No. 89907

B.J. Maheshwari
Whole Time Director & CS cum CCO

G.R. Morarka
Chairman & Managing Director

Vijay S. Banka
Whole Time Director & Chief Financial Officer

K.L. Garg
Nominee Director

Place: New Delhi
Date: 27th November, 2013

Place: New Delhi
Date: 27th November, 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH SEPTEMBER, 2013

(Amount in ₹)

		Year ended September 30, 2013		Year ended September 30, 2012	
A. CASH FLOW FROM OPERATING ACTIVITIES					
Net profit before tax			**(31,91,79,123)**		(15,64,01,440)
Adjustments for :					
Depreciation/Obsolescence		**33,18,52,043**		32,89,04,153	
Loss on sale of fixed assets		**4,02,763**		2,55,977	
Bad debts written off (Refer note.10 of note no.28B)		**8,03,55,167**		---	
Other operating revenue (Refer note.10 of note no.28B)		**(3,51,23,452)**		---	
Finance cost		**70,56,09,489**		78,85,89,966	
Interest income		**(9,35,873)**		(10,98,004)	
Dividend income		**(2,00,000)**		(2,00,000)	
Provision for wealth tax & Fringe benefit tax		**2,60,009**	**1,08,22,20,146**	2,99,540	1,11,67,51,632
Operating profit before working capital changes			**76,30,41,023**		96,03,50,192
Adjustments for changes in Working Capital :					
(Increase)/Decrease in Inventories		**47,39,71,016**		(1,03,20,61,302)	
(Increase)/Decrease in Trade Receivables		**19,29,73,876**		(25,87,81,616)	
(Increase)/Decrease in Other Receivables		**1,92,39,908**		56,99,315	
Increase/(Decrease) in Trade Payables		**88,82,11,652**		2,58,76,326	
Increase/(Decrease) in Other Payables		**(30,30,54,114)**	**1,27,13,42,338**	37,54,14,286	(88,38,52,991)
Cash generated from operations			**2,03,43,83,361**		7,64,97,201
Direct taxes paid			**(10,69,187)**		13,57,777
Net cash from operating activities			**2,03,33,14,174**		7,78,54,978
B. CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of fixed assets (including capital advances)		**(3,74,95,403)**		(2,72,30,304)	
Investment in shares of subsidiary company		**---**		---	
Interest received		**9,35,873**		10,98,004	
Dividend income		**2,00,000**		2,00,000	
Sale of fixed assets		**5,00,246**		3,10,608	
Net cash from investing activities			**(3,58,59,284)**		(2,56,21,692)
C. CASH FLOW FROM FINANCING ACTIVITIES					
Share application money pending allotment		**(10,00,00,000)**		15,00,00,000	
Increase in share capital		**15,00,00,000**		---	
Proceeds from long term borrowings		**---**		---	
Repayment of long term borrowings		**(91,86,35,556)**		(61,38,88,309)	
Increase/(Decrease) in short term borrowings including cash credit		**(40,96,80,913)**		1,19,76,61,290	
Finance cost paid		**(71,13,84,029)**		(77,78,88,330)	
Net cash from financing activities			**(1,98,97,00,498)**		(4,41,15,349)
Net increase in cash and cash equivalents	**(A+B+C)**		**77,54,392**		81,17,937
Opening balance of cash and cash equivalents			**1,33,31,680**		52,13,743
Closing balance of cash and cash equivalents			**2,10,86,072**		1,33,31,680

Notes:

1. Closing Cash and bank balances Comprise :

a. Cash & Cash Equivalents				
i) Current accounts	**40,91,528**		4,91,512	
ii) Fixed deposit account (having maturity upto 3 months)	**---**		65,14,863	
iii) Cash on hands	**8,38,197**		16,40,148	
b. Other bank balances				
i) Earmarked balance for unpaid dividend	**9,05,597**		9,74,348	
ii) Earmarked balance in current account (as per Uttar Pradesh State Molasses Control Rules, 1974)	**52,21,759**		37,10,809	
iii) Fixed deposit account (having maturity more than 3 months to 12 months)	**1,00,28,991**		---	
Total		**2,10,86,072**		1,33,31,680

2. Figures in bracket indicate cash outflow.

3. The above cash flow statement has been prepared under the indirect method set out in AS-3 notified pursuant to the Companies (Accounting Standards) Rules,2006.

4. Previous year figures have been regrouped and recasted wherever necessary to conform to the current year's classification.

As per our report of even date
For S.S. Kothari Mehta & Co.
Chartered Accountants

Arun K. Tulsian
Partner
Membership No. 89907

B.J. Maheshwari
Whole Time Director & CS cum CCO

G.R. Morarka
Chairman & Managing Director

Vijay S. Banka
Whole Time Director & Chief Financial Officer

K.L. Garg
Nominee Director

Place: New Delhi
Date: 27th November, 2013

Place: New Delhi
Date: 27th November, 2013

NOTES TO THE FINANCIAL STATEMENTS

(Amount in ₹)

Note No.		As at 30/09/2013	As at 30/09/2012
1	**SHARE CAPITAL**		
	AUTHORISED:		
	1,75,00,000 (previous year 1,75,00,000) equity shares of ₹ 10 each	**17,50,00,000**	17,50,00,000
	12% 1,50,000 (previous year 1,50,000) cumulative redeemable preference shares of ₹ 100 each (Series I)	**1,50,00,000**	1,50,00,000
	8% 15,00,000 (previous year 15,00,000) cumulative redeemable preference shares of ₹ 100 each (Series II)	**15,00,00,000**	15,00,00,000
	8% 10,00,000 (previous year 10,00,000) cumulative redeemable preference shares of ₹ 100 each (Series III)	**10,00,00,000**	10,00,00,000
	8% 10,00,000 (previous year Nil) cumulative redeemable preference shares of ₹ 100 each (Series IV)	**10,00,00,000**	---
		54,00,00,000	44,00,00,000
	ISSUED:		
	1,63,14,676 (previous year 1,63,14,676) equity shares of ₹ 10 each paid up	**16,31,46,760**	16,31,46,760
	12% 1,10,000 (previous year 1,10,000) cumulative redeemable preference shares of ₹ 100 each paid up (Series I)	**1,10,00,000**	1,10,00,000
	8% 15,00,000 (previous year 15,00,000) cumulative redeemable preference shares of ₹ 100 each paid up (Series II)	**15,00,00,000**	15,00,00,000
	8% 10,00,000 (previous year 10,00,000) cumulative redeemable preference shares of ₹ 100 each (Series III)	**10,00,00,000**	10,00,00,000
	8% 10,00,000 (previous year Nil) cumulative redeemable preference shares of ₹ 100 each (Series IV)	**10,00,00,000**	---
		52,41,46,760	42,41,46,760
	SUBSCRIBED AND FULLY PAID UP:		
	1,63,14,676 (previous year 1,63,14,676) equity shares of ₹ 10 each paid up	**16,31,46,760**	16,31,46,760
	12% 1,10,000 (previous year 1,10,000) cumulative redeemable preference shares of ₹ 100 each paid up (Series I)	**1,10,00,000**	1,10,00,000
	8% 15,00,000 (previous year 15,00,000) cumulative redeemable preference shares of ₹ 100 each paid up (Series II)	**15,00,00,000**	15,00,00,000
	8% 10,00,000 (previous year Nil) cumulative redeemable preference shares of ₹ 100 each (Series III)	**10,00,00,000**	---
	8% 5,00,000 (previous year Nil) cumulative redeemable preference shares of ₹ 100 each (Series IV)	**5,00,00,000**	---
	Total Share Capital	**47,41,46,760**	32,41,46,760

NOTES TO THE FINANCIAL STATEMENTS

A Reconciliation of shares outstanding at the beginning and at the end of the reporting period is set out below:

		As at 30/09/2013		As at 30/09/2012	
		No of shares	**Amount in ₹**	No of shares	Amount in ₹
AUTHORISED:					
a)	**Equity Shares:-**				
	At the beginning of the period	**1,75,00,000**	**17,50,00,000**	2,75,00,000	27,50,00,000
	Reclassified into preference shares	**---**	**---**	1,00,00,000	10,00,00,000
	Outstanding at the end of the period	**1,75,00,000**	**17,50,00,000**	1,75,00,000	17,50,00,000
b)	**Preference Shares:-**				
	12% cumulative redeemable preference shares of ₹ 100 each (Series I)				
	At the beginning of the period	**1,50,000**	**1,50,00,000**	1,50,000	1,50,00,000
	Change during the period	**---**	**---**	---	---
	Outstanding at the end of the period	**1,50,000**	**1,50,00,000**	1,50,000	1,50,00,000
	8% cumulative redeemable preference shares of ₹ 100 each (Series II)				
	At the beginning of the period	**15,00,000**	**15,00,00,000**	15,00,000	15,00,00,000
	Change during the period	**---**	**---**	---	---
	Outstanding at the end of the period	**15,00,000**	**15,00,00,000**	15,00,000	15,00,00,000
	8% cumulative redeemable preference shares of ₹ 100 each (Series III)				
	At the beginning of the period	**10,00,000**	**10,00,00,000**	---	---
	Reclassified from equity shares	**---**	**---**	10,00,000	10,00,00,000
	Outstanding at the end of the period	**10,00,000**	**10,00,00,000**	10,00,000	10,00,00,000
	8% cumulative redeemable preference shares of ₹ 100 each (Series IV)				
	At the beginning of the period	**---**	**---**	---	---
	Change during the period	**10,00,000**	**10,00,00,000**	---	---
	Outstanding at the end of the period	**10,00,000**	**10,00,00,000**	---	---
ISSUED:					
a)	**Equity Shares:-**				
	At the beginning of the period	**1,63,14,676**	**16,31,46,760**	1,63,14,676	16,31,46,760
	Change during the period	**---**	**---**	---	---
	Outstanding at the end of the period	**1,63,14,676**	**16,31,46,760**	1,63,14,676	16,31,46,760
b)	**Preference Shares:-**				
	12% cumulative redeemable preference shares of ₹ 100 each (Series I)				
	At the beginning of the period	**1,10,000**	**1,10,00,000**	1,10,000	1,10,00,000
	Change during the period	**---**	**---**	---	---
	Outstanding at the end of the period	**1,10,000**	**1,10,00,000**	1,10,000	1,10,00,000
	8% cumulative redeemable preference shares of ₹ 100 each (Series II)				
	At the beginning of the period	**15,00,000**	**15,00,00,000**	15,00,000	15,00,00,000
	Change during the period	**---**	**---**	---	---
	Outstanding at the end of the period	**15,00,000**	**15,00,00,000**	15,00,000	15,00,00,000
	8% cumulative redeemable preference shares of ₹ 100 each (Series III)				
	At the beginning of the period	**10,00,000**	**10,00,00,000**	---	---
	Change during the period	**---**	**---**	10,00,000	10,00,00,000
	Outstanding at the end of the period	**10,00,000**	**10,00,00,000**	10,00,000	10,00,00,000
	8% cumulative redeemable preference shares of ₹ 100 each (Series IV)				
	At the beginning of the period	**---**	**---**	---	---
	Change during the period	**10,00,000**	**10,00,00,000**	---	---
	Outstanding at the end of the period	**10,00,000**	**10,00,00,000**	---	---

NOTES TO THE FINANCIAL STATEMENTS

		As at 30/09/2013		As at 30/09/2012	
		No of shares	**Amount in ₹**	No of shares	Amount in ₹
	SUBSCRIBED AND FULLY PAID UP:				
a)	**Equity Shares:-**				
	At the beginning of the period	**1,63,14,676**	**16,31,46,760**	1,63,14,676	16,31,46,760
	Change during the period	**---**	**---**	---	---
	Outstanding at the end of the period	**1,63,14,676**	**1,6,31,46,760**	1,63,14,676	16,31,46,760
b)	**Preference Shares:-**				
	12% cumulative redeemable preference shares of ₹ 100 each (Series I)				
	At the beginning of the period	**1,10,000**	**1,10,00,000**	1,10,000	1,10,00,000
	Change during the period	**---**	**---**	---	---
	Outstanding at the end of the period	**1,10,000**	**1,10,00,000**	1,10,000	1,10,00,000
	8% cumulative redeemable preference shares of ₹ 100 each (Series II)				
	At the beginning of the period	**15,00,000**	**15,00,00,000**	15,00,000	15,00,00,000
	Change during the period	**---**	**---**	---	---
	Outstanding at the end of the period	**15,00,000**	**15,00,00,000**	15,00,000	15,00,00,000
	8% cumulative redeemable preference shares of ₹ 100 each (Series III)				
	At the beginning of the period	**---**	**---**	---	---
	Change during the period	**10,00,000**	**10,00,00,000**	---	---
	Outstanding at the end of the period	**10,00,000**	**10,00,00,000**	---	---
	8% cumulative redeemable preference shares of ₹ 100 each (Series IV)				
	At the beginning of the period	**---**	**---**	---	---
	Change during the period	**5,00,000**	**5,00,00,000**	---	---
	Outstanding at the end of the period	**5,00,000**	**5,00,00,000**	---	---

B Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company:

	No of shares	**% holding**	No of shares	% holding
a) Equity Shares:-				
Dwarikesh Trading Company Limited	**26,24,889**	**16.09%**	24,24,889	14.86%
Morarka Finance Limited	**21,59,118**	**13.23%**	23,59,118	14.46%
Param Capital Research Private Limited	**8,65,237**	**5.30%**	8,65,237	5.30%
Gautam R Morarka	**28,14,385**	**17.25%**	28,09,385	17.22%
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.				
b) Preference Shares:-				
12% Cumulative Redeemable Preference Shares (Series I)				
Dwarikesh Trading Company Limited	**1,10,000**	**100.00%**	1,10,000	100.00%
8% Cumulative Redeemable Preference Shares (Series II)				
Bimla Devi Poddar	**2,00,000**	**13.33%**	2,00,000	13.33%
Krishna Neotia	**2,00,000**	**13.33%**	2,00,000	13.33%
Gayatri Neotia	**2,00,000**	**13.33%**	2,00,000	13.33%
Suresh Kumar Neotia	**2,00,000**	**13.33%**	2,00,000	13.33%
Madhu Neotia	**3,00,000**	**20.00%**	3,00,000	20.00%
Harshvardhan Neotia	**2,00,000**	**13.34%**	2,00,000	13.34%
Govind Commercial Company Limited	**1,00,000**	**6.67%**	1,00,000	6.67%
Likhami Commercial Company Limited	**1,00,000**	**6.67%**	1,00,000	6.67%
8% Cumulative Redeemable Preference Shares (Series III)				
Bimla Devi Poddar	**7,50,000**	**75.00%**	---	---
Madhu Neotia	**2,50,000**	**25.00%**	---	---
8% Cumulative Redeemable Preference Shares (Series IV)				
Harshvardhan Neotia	**5,00,000**	**100.00%**	---	---

NOTES TO THE FINANCIAL STATEMENTS

C Rights & restrictions attached to various classes of shares are as under:

a) Equity Shares:-

The Company has one class of equity shares having a par value of ₹ 10 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.

b) Preference Shares:-

12% cumulative redeemable preference shares (Series I):

1,10,000, 12% cumulative redeemable preference shares of ₹ 100 each were issued in September 1998. These preference shares were to be redeemed at par in September, 2011 which has been extended to September, 2014 by virtue of the resolution passed in the committee of preference share holders meeting held on 28th July, 2011 and the consent obtained from the concerned shareholders.

8% cumulative redeemable preference shares (Series II):

15,00,000, 8% cumulative redeemable preference shares of ₹ 100 each were issued in August, 2007. These preference shares were to be redeemed at par in August, 2012, which has been extended to August, 2015 by virtue of consent obtained from the concerned shareholders.

8% cumulative redeemable preference shares (Series III):

10,00,000, 8% cumulative redeemable preference shares of ₹ 100 each were issued in October 2012. These preference shares shall be redeemed at par in September, 2017.

8% cumulative redeemable preference shares (Series IV):

5,00,000, 8% cumulative redeemable preference shares of ₹ 100 each were allotted in April 2013. These preference shares shall be redeemed at par in March, 2018.

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

NOTES TO THE FINANCIAL STATEMENTS

		As at 30/09/2013	As at 30/09/2012
			(Amount in ₹)
2	**RESERVES AND SURPLUS**		
a)	**Capital reserve**		
	As per last account	**59,86,500**	59,86,500
	Changes during the period	**---**	---
	Closing balance	**59,86,500**	59,86,500
b)	**Capital redemption reserve**		
	As per last account	**7,52,00,000**	7,52,00,000
	Changes during the period	**---**	---
	Closing balance	**7,52,00,000**	7,52,00,000
c)	**Securities premium reserve**		
	As per last account	**90,00,38,192**	90,00,38,192
	Changes during the period	**---**	---
	Closing balance	**90,00,38,192**	90,00,38,192
d)	**Other reserves**		
	General reserve		
	As per last account	**27,08,54,154**	27,08,54,154
	Changes during the period	**---**	---
	Closing balance	**27,08,54,154**	27,08,54,154
e)	**Surplus / (Deficit) in Statement of Profit and Loss**		
	As per last account	**(32,65,41,850)**	(21,34,87,662)
	Add: during the period	**(19,36,03,034)**	(11,30,54,188)
	Less: appropriations	**---**	---
	Closing balance of Surplus / (Deficit) in Statement of Profit and Loss	**(52,01,44,884)**	(32,65,41,850)
	Total Reserves & Surplus	**73,19,33,962**	92,55,36,996
3	**LONG-TERM BORROWINGS**		
	(Refer note.1 of note no.28B)		
a)	**SECURED**		
	i) Term loans		
	From banks	**1,29,03,27,734**	2,03,64,59,736
	From others	**27,68,46,200**	39,48,23,400
	ii) Deferred payment liabilities-interest free trade tax loan	**---**	46,44,680
	Total Secured Long term borrowings	**1,56,71,73,934**	2,43,59,27,816

NOTES TO THE FINANCIAL STATEMENTS

(Amount in ₹)

		AS AT 30/09/2013		AS AT 30/09/2012	
		Deferred Tax Asset	Deferred Tax Liability	Deferred Tax Asset	Deferred Tax Liability
4	**DEFERRED TAX LIABILITIES (NET):**				
	Difference between book depreciation and tax depreciation		**1,01,00,25,858**		1,00,03,09,275
	Non payment of taxes and duties	**34,94,295**		48,44,102	
	Non payment of bonus, leave & gratuity	**3,23,13,597**		2,87,67,759	
	Deferment of interest	**69,48,149**		99,45,608	
	Non payment of excise duty on closing stock	**1,95,54,440**		2,75,68,967	
	Brought forward losses & depreciation	**1,04,93,79,515**		90,42,72,695	
	Total	**1,11,16,89,996**	**1,01,00,25,858**	97,53,99,131	1,00,03,09,275
	Net Deferred Tax Asset /(Liability)		**10,16,64,138**		(2,49,10,144)

Deferred tax assets in respect of brought forward losses and depreciation have been recognized owing to virtual certainty of availability of future taxable income to realize such assets.

			AS AT 30/09/2013	AS AT 30/09/2012
5	**OTHER LONG TERM LIABILITIES**			
a)	Trade payables		**6,73,550**	23,220
b)	Capital Supplier payable		**3,41,98,057**	3,41,98,057
c)	Other payables			
	Security/Retention money		**1,25,13,114**	1,04,13,203
		Total Other Long Term Liabilities	**4,73,84,721**	4,46,34,480
6	**LONG-TERM PROVISIONS**			
	Provision for employee benefits			
	Gratuity		**5,58,71,076**	5,08,10,481
	Leave encashment		**2,04,04,436**	2,04,37,111
		Total Long Term Provisions	**7,62,75,512**	7,12,47,592
7	**SHORT-TERM BORROWINGS**			
	(Refer note.1 of note no.28B)			
a)	**Secured**			
	Cash credit from banks		**1,52,28,35,109**	1,93,23,11,065
			1,52,28,35,109	1,93,23,11,065
b)	**Unsecured**			
	Loan & advances from related parties			
	(Refer note.18 of note no.28B)			
	due to director		**6,53,794**	7,85,852
	inter corporate deposits		**1,99,475**	2,72,374
			8,53,269	10,58,226
		Total Short Term Borrowings	**1,52,36,88,378**	1,93,33,69,291

NOTES TO THE FINANCIAL STATEMENTS

(Amount in ₹)

		As at 30/09/2013	As at 30/09/2012
8	TRADE PAYABLES		
a)	Micro, small and medium enterprises*	10,63,073	3,74,678
b)	Others	97,94,49,038	9,25,76,111
	Total Trade Payables	98,05,12,111	9,29,50,789
*	There are no outstanding amounts payable beyond the agreed period to Micro, Small and Medium 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.		
9	OTHER CURRENT LIABILITIES		
a)	Current maturities of long term debts		
	(Refer note.1 of note no. 28B)		
	i) Term loans		
	From banks	71,31,32,000	76,21,93,224
	From others	11,79,77,200	11,79,77,200
	ii) Deferred payment liabilities-interest free trade tax loan	---	8,20,450
	Total Current maturities of long term debts	83,11,09,200	88,09,90,874
b)	Interest accrued but not due on borrowings	4,20,49,749	4,78,24,289
c)	Advance from customer and others	15,35,60,970	39,46,39,685
d)	Unpaid dividend*	9,05,597	9,74,348
e)	Application money received for allotment of shares (since allotted)	---	5,00,00,000
f)	Other payables		
	Statutory dues payable	4,21,78,728	3,97,32,196
	(Including TDS, Purchase tax,PF and Excise duty)		
	Salary & wages payable	3,32,09,310	3,45,34,753
	Remuneration-due to directors	34,25,009	10,15,807
	Excise duty payable on stock	5,75,29,979	8,49,71,389
	Security/Retention money payable	1,19,67,327	1,41,84,272
	Others	99,79,075	46,47,380
	Including amount payable to related parties of ₹ 7,86,744 (previous year ₹ 1,92,832)		
	Total Others	35,48,05,744	67,25,24,119
	Total Other Current Liabilities	1,18,59,14,944	1,55,35,14,993
*	There are no amounts outstanding in respect of unpaid dividend for more than seven years to be transferred to Investor Education and Protection Fund.		
10	SHORT TERM PROVISIONS		
a)	Provision for employee benefits		
	Gratuity	91,89,788	77,98,504
	Leave encashment	84,41,816	80,71,210
	Total Short Term Provisions	1,76,31,604	1,58,69,714

11 FIXED ASSETS

		GROSS CARRYING VALUE				DEPRECIATION				NET CARRYING VALUE	
		As at 01/10/2012 ₹	Added during the period ₹	Disposals ₹	As at 30/09/2013 ₹	Up to 01/10/2012 ₹	For the period ₹	Disposals ₹	Up to 30/09/2013 ₹	As at 30/09/2012 ₹	As at 30/09/2013 ₹
i)	**Tangible Assets**										
	Freehold land	**7,72,24,710**	**---**	**---**	**7,72,24,710**	**---**	**---**	**---**	**---**	**7,72,24,710**	**7,72,24,710**
		(7,72,24,710)	---	---	(7,72,24,710)	---	---	---	---	(7,72,24,710)	(7,72,24,710)
	Buildings	**1,08,75,50,504**	**13,17,406**	**6,77,483**	**1,08,81,90,427**	**21,17,66,869**	**2,86,73,950**	**1,54,662**	**24,02,86,157**	**87,57,83,635**	**84,79,04,270**
		(1,08,30,23,560)	(45,26,944)	**---**	(1,08,75,50,504)	(18,31,42,300)	(2,86,24,569)	---	(21,17,66,869)	(89,98,81,260)	(87,57,83,635)
	Plant and Equipment	**5,59,28,69,707**	**3,12,81,078**	**21,048**	**5,62,41,29,737**	**1,88,77,37,385**	**29,45,58,321**	**1,533**	**2,18,22,94,173**	**3,70,51,32,322**	**3,44,18,35,564**
		(5,53,63,38,029)	(5,66,56,789)	(1,25,111)	(5,59,28,69,707)	(1,59,92,26,447)	(28,85,42,575)	(31,637)	(1,88,77,37,385)	(3,93,71,11,582)	(3,70,51,32,322)
	Furniture and Fixtures	**3,85,41,584**	**10,69,575**	**14,38,745**	**3,81,72,414**	**2,24,21,650**	**18,65,361**	**1,147,916**	**2,31,39,095**	**1,61,19,934**	**1,50,33,319**
		(3,79,88,191)	(11,19,010)	(5,65,617)	(3,85,41,584)	(2,07,38,621)	(21,38,926)	(4,55,897)	(2,24,21,650)	(1,72,49,570)	(1,61,19,934)
	Vehicles	**3,41,66,077**	**11,98,470**	**8,60,031**	**3,45,04,516**	**1,65,00,966**	**30,52,145**	**6,71,822**	**1,88,81,289**	**1,76,65,111**	**1,56,23,227**
		(3,29,28,153)	(20,23,852)	(7,85,928)	(3,41,66,077)	(1,37,57,473)	(30,11,037)	(2,67,544)	(1,65,00,966)	(1,91,70,680)	(1,76,65,111)
	Office equipment	**1,54,11,637**	**8,61,839**	**29,38,525**	**1,33,34,951**	**80,94,669**	**8,88,954**	**24,35,699**	**65,47,924**	**73,16,968**	**67,87,027**
		(1,36,45,326)	(17,74,362)	(8,051)	(1,54,11,637)	(72,13,916)	(8,88,801)	(8,048)	(80,94,669)	(64,31,410)	(73,16,968)
	Others (Computers)	**3,85,49,673**	**21,92,121**	**61,85,665**	**3,45,56,129**	**3,85,49,673**	**21,92,121**	**61,85,665**	**3,45,56,129**	**---**	**---**
		(3,57,83,336)	(40,35,289)	(12,68,952)	(3,85,49,673)	(3,57,83,336)	(40,35,289)	(12,68,952)	(3,85,49,673)	---	---
	Total (i)	**6,88,43,13,892**	**3,79,20,489**	**1,21,21,497**	**6,91,01,12,884**	**2,18,50,71,212**	**33,12,30,852**	**1,05,97,297**	**2,50,57,04,767**	**4,69,92,42,680**	**4,40,44,08,117**
ii)	**Intangible Assets**										
	Computer Softwares (Bought out)	**72,06,811**	**---**	**15,33,326**	**56,73,485**	**72,06,811**	**---**	**15,33,326**	**56,73,485**	**---**	**---**
		(56,98,851)	(15,07,960)	---	(72,06,811)	(56,98,851)	(15,07,960)	---	(72,06,811)	---	---
	Total (ii)	**72,06,811**	**---**	**15,33,326**	**56,73,485**	**72,06,811**	---	**15,33,326**	**56,73,485**	**---**	**---**
	Grand Total (i + ii)	**6,89,15,20,703**	**3,79,20,489**	**1,36,54,823**	**6,91,57,86,369**	**2,19,22,78,023**	**33,12,30,852**	**1,21,30,623**	**2,51,13,78,252**	**4,69,92,42,680**	**4,40,44,08,117**
	Previous Year	(6,82,26,30,156)	(7,16,44,206)	(27,53,659)	(6,89,15,20,703)	(1,86,55,60,944)	(32,87,49,157)	(20,32,078)	(2,19,22,78,023)	(4,95,70,69,212)	(4,69,92,42,680)

Acquisition through business combination, other adjustments and impairment/revaluation are not applicable as no such transactions occurred during the year,and in the corresponding previous year.

Note:-Figures in the brackets are for the previous year.

NOTES TO THE FINANCIAL STATEMENTS

(Amount in ₹)

Note No.		As at 30/09/2013	As at 30/09/2012
12	<u>NON-CURRENT INVESTMENTS</u>		
	Other investments-Associate companies		
	Unquoted investments (valued at cost except for permanent diminution in value)		
a)	**Investment in equity instruments**		
	20,000 (previous year 20,000) equity shares of ₹ 10 each fully paid up in 'Dwarikesh Informatics Limited'	**2,00,000**	2,00,000
	extent of holding : 40% (previous year 40%)		
	20,000 (previous year 20,000) equity shares of ₹ 10 each fully paid up in 'Faridpur Sugars Limited'	**2,00,000**	2,00,000
	extent of holding : 40% (previous year 40%)		
b)	**Investments in preference shares**		
	20,000 (previous year 20,000) 10% preference shares of ₹ 100 each fully paid up in 'Dwarikesh Informatics Limited'	**20,00,000**	20,00,000
	extent of holding : 100% (previous year 100%)		
	Total Non-Current Investments	**24,00,000**	24,00,000
	Aggregate amount of unquoted investments	**24,00,000**	24,00,000
	Aggregate provision for diminution in the value of investments	**---**	---
13	<u>LONG TERM LOANS & ADVANCES</u>		
	unsecured, considered good		
a)	Capital advances	**2,76,73,832**	2,74,52,015
b)	Security deposits	**17,10,417**	18,06,421
c)	Others		
	MAT Credit Entitlement	**5,97,38,677**	5,97,38,677
	Advances recoverable in cash or in kind or for value to be received		
	Considered good	**1,62,94,718**	1,62,72,956
	Considered doubtful	**12,12,958**	12,12,958
	Less: provision for bad and doubtful advances	**12,12,958**	12,12,958
	Total Long Term Loans & Advances	**10,54,17,644**	10,52,70,069
14	<u>OTHER NON-CURRENT ASSETS</u>		
	Unsecured, considered good		
(a)	Trade receivables*		
	Considered good	**33,78,609**	38,77,047
	Considered doubtful	**7,99,497**	7,99,497
	Less: provision for bad and doubtful debts	**7,99,497**	7,99,497
		33,78,609	38,77,047
(b)	Other receivables		
	i) Fixed deposit account (having maturity of more than 12 months) (as margin money for bank guarantees / pledged with government departments ,including net interest accrued thereon ₹ 3,94,959 (previous year ₹ 19,49,520)	**18,94,959**	1,11,59,520
	ii) Others**	**18,16,198**	27,65,109
	Total Non-Current Assets	**70,89,766**	1,78,01,676

* Since the matter is in litigation, management considers the same as non current.

NOTES TO THE FINANCIAL STATEMENTS

		As at 30/09/2013	As at 30/09/2012
			(Amount in ₹)
**	Includes ₹ 13,64,355 (previous year ₹ 23,30,519)representing sales tax and interest thereon paid as a matter of abundant caution under protest under applicable Trade & Sales tax Act, based on the enquiry made on the company by Uttar Pradesh Trade tax authorities in respect of diesel, steel and cement provided to contractors/ sugar cane transporters during the years 1997-98,1998-99 and 2000-2001.		
	However, the company is confident of the non-applicability of any sales tax levy on this score as these items have been provided strictly for the activities directly related to the manufacturing process. The issue of diesel and other items has also not been classified as revenue income and has always been treated as store consumption. The company has paid the amount purely to establish its bona fide intentions and is confident of settling the issue in its favor and does not consider it necessary for making any provision.		
15	**INVENTORIES**		
	(As taken, valued and certified by the Management)		
	Valued at or below cost: (Refer note.6 of note no.28A)		
a)	Raw materials	**---**	---
b)	Work-in-progress (Refer note.5 II (b) (ii) of note no.28B)	**3,78,273**	3,72,399
c)	Finished goods (Refer note.5 II (b) (i) of note no.28B)	**1,79,22,62,838**	2,27,07,70,890
d)	Stores and spares	**12,17,08,730**	11,68,59,622
e)	Chemicals	**35,86,568**	20,17,319
f)	Packing material	**16,11,907**	34,99,102
	Total Inventories	**1,91,95,48,316**	2,39,35,19,332
16	**TRADE RECEIVABLES**		
	unsecured, considered good		
a)	Outstanding for more than six months from the due date	**---**	---
b)	Others		
	Considered good	**2,00,49,034**	25,77,56,187
	Total Trade Receivable	**2,00,49,034**	25,77,56,187
17	**CASH & BANK BALANCES**		
a)	**Cash & Cash Equivalents**		
	Balance with scheduled banks		
	i) Current accounts	**40,91,528**	491,512
	ii) Fixed deposit account (having maturity upto 3 months) (as margin money for bank guarantees / pledged with government departments ,including net interest accrued thereon ₹ Nil (previous year ₹ Nil)	**---**	65,14,863
	Cash on hand	**8,38,197**	16,40,148
		49,29,725	86,46,523
b)	**Other bank balances**		
	i) Earmarked balance for unpaid dividend	**9,05,597**	9,74,348
	ii) Earmarked balance in current account (as per Uttar Pradesh State Molasses Control Rules, 1974)	**52,21,759**	37,10,809
	iii) Fixed deposit account (having maturity more than 3 months to 12 months) (as margin money for bank guarantees / pledged with government departments ,including net interest accrued thereon ₹ 23,18,991 (previous year ₹ Nil)	**1,00,28,991**	---
	Total Cash & Bank Balances	**2,10,86,072**	1,33,31,680

NOTES TO THE FINANCIAL STATEMENTS

(Amount in ₹)

		As at 30/09/2013	As at 30/09/2012
18	**SHORT TERM LOANS & ADVANCES**		
	unsecured, considered good		
a)	Loans & advances to related parties	**---**	---
b)	Others		
	Balances with government authorities	**1,00,01,902**	85,53,924
	Advance taxes & TDS {net of provisions of ₹ 20,68,419 (previous year ₹ 6,15,38,885}	**66,957**	2,55,970
	Advances recoverable in cash or in kind or for value to be received	**1,28,96,222**	1,82,17,850
	Total Short Term Loans & Advances	**2,29,65,081**	2,70,27,744
19	**OTHER CURRENT ASSETS**		
a)	Interest subvention receivable	**---**	50,25,955
b)	Interest receivable and others	**33,758**	86,349
	Total Other Current Assets	**33,758**	51,12,304

		Year ended 30/09/2013	Year ended 30/09/2012
20	**REVENUE FROM OPERATIONS**		
	(Refer note.5.II (a) of note no.28B)		
a)	Sale of products	**9,59,12,14,883**	7,16,21,40,759
b)	Other operating revenues* (Refer note.10 of note no.28B)	**3,70,23,139**	9,73,21,550
	Gross Revenue From Operations	**9,62,82,38,022**	7,25,94,62,309
c)	Less: excise duty on sale of products	**35,20,88,521**	27,34,89,638
	Total Net Revenue From Operations	**9,27,61,49,501**	6,98,59,72,671

* a) Includes ₹ Nil (previous year ₹ 3,60,67,063) being the amount received towards surrender of export entitlement of sugar in favor of third parties.

b) Includes ₹ Nil (previous year ₹ 1,08,64,146) being the amount received from sale of Carbon Emission Reductions (CERs).

		Year ended 30/09/2013	Year ended 30/09/2012
21	**OTHER INCOME**		
a)	Interest income		
	on current deposits	**8,08,237**	3,03,513
	on non current deposits with banks	**1,27,636**	7,94,491
b)	Dividend income from non current investment	**2,00,000**	2,00,000
c)	Other non operating income	**12,99,01,765**	2,03,45,477
	Total Other Income	**13,10,37,638**	2,16,43,481

NOTES TO THE FINANCIAL STATEMENTS

(Amount in ₹)

		Year ended 30/09/2013	Year ended 30/09/2012
22	**COST OF MATERIALS CONSUMED**		
a)	Raw material consumed *		
	Sugar cane		
	Opening stock	**---**	---
	Add: purchases	**7,22,56,21,516**	6,17,82,09,196
	Less: closing stock	**---**	---
		7,22,56,21,516	6,17,82,09,196
b)	Other materials consumed		
	i)Chemicals		
	Opening stock	**20,17,319**	7,52,989
	Add: purchases	**7,40,31,955**	7,83,83,855
	Less: closing stock	**35,86,568**	20,17,319
		7,24,62,706	7,71,19,525
	ii) Packing Material consumed		
	Opening stock	**34,99,102**	6,27,941
	Add: purchases	**12,47,76,504**	12,65,18,721
	Less: closing stock	**16,11,907**	34,99,102
		12,66,63,699	12,36,47,560
	Total Cost Of Materials Consumed	**7,42,47,47,921**	6,37,89,76,281

* Society commission on purchase of sugarcane amounting to ₹ 4,82,12,723 for the period February, March and April 2012 was not provided in view of anticipated relief from the State Government. However, no such relief was granted by the State Government. Accordingly, the same has now been provided during the year under the head Raw material consumed.

		Year ended 30/09/2013	Year ended 30/09/2012
23	**(INCREASE)/DECREASE IN STOCKS**		
	(Refer note.5.II (b) of note no.28B)		
	Closing stock		
	Finished goods	**1,79,22,62,838**	2,27,07,70,890
	Work in progress	**3,78,273**	3,72,399
		1,79,26,41,111	2,27,11,43,289
	Opening stock		
	Finished goods	**2,27,07,70,890**	1,24,67,09,834
	Work in progress	**3,72,399**	4,37,532
		2,27,11,43,289	1,24,71,47,366
	NET (INCREASE)/DECREASE IN STOCK	**47,85,02,178**	(1,02,39,95,923)
	Excise duty on account of increase/decrease on stock of finished goods	**(2,74,41,410)**	2,98,90,018
	Total (Increase)/Decrease In Stocks	**45,10,60,768**	(99,41,05,905)

NOTES TO THE FINANCIAL STATEMENTS

(Amount in ₹)

		Year ended 30/09/2013	Year ended 30/09/2012
24	**EMPLOYEE BENEFIT EXPENSES**		
a)	Salary and wages	**34,73,19,565**	32,23,56,837
	Bonus	**11,53,457**	15,18,069
	Leave encashment	**89,41,585**	1,28,99,393
	Gratuity (Refer note.7.b(ii) of note no.28B)	**87,37,503**	1,16,43,824
		36,61,52,110	34,84,18,123
b)	Contribution to provident and other funds		
	Provident fund	**3,04,60,024**	2,62,25,374
c)	Staff welfare expenses	**63,44,978**	58,92,503
	Total Employee Benefit Expenses	**40,29,57,112**	38,05,36,000
25	**FINANCE COST**		
a)	Interest expense		
	i) Interest on fixed loans :		
	Term loans	**39,25,96,143**	38,57,64,579
	Others (including paid to directors ₹ 72,055 previous year ₹ 4,87,020)	**89,17,197**	10,26,975
		40,15,13,340	38,67,91,554
	ii) Interest on cash credit	**29,39,22,126**	27,32,31,367
b)	Other borrowing costs	**1,01,74,023**	1,43,85,775
c)	(Gain) / loss on foreign exchange transactions	**---**	11,41,81,270
	Total Finance Cost	**70,56,09,489**	78,85,89,966
26	**DEPRECIATION AND AMORTIZATION EXPENSES**		
a)	Depreciation		
	Depreciation of tangible assets	**33,12,30,852**	32,87,49,157
	Obsolescence	**6,21,191**	1,54,996
		33,18,52,043	32,89,04,153
b)	Amortization of intangible assets	**---**	---
	Total Depreciation and Amortization Expenses	**33,18,52,043**	32,89,04,153

NOTES TO THE FINANCIAL STATEMENTS

(Amount in ₹)

		Year ended 30/09/2013	Year ended 30/09/2012
27	**OTHER EXPENSES**		
	Power and fuel		
	Power	**1,15,11,186**	81,36,288
	(Net of ₹ 1,26,51,625 power banked with UPPCL previous year ₹ 1,14,28,376)		
	Fuel	**8,60,062**	18,53,144
	Other manufacturing expenses	**6,22,47,498**	5,83,22,207
	Repairs to buildings	**87,67,194**	96,08,861
	Repairs to machinery		
	Consumption of stores & spare parts	**7,44,38,294**	5,43,98,530
	Plant & machinery	**2,31,39,882**	2,50,40,664
	Rent	**25,42,648**	25,73,682
	Insurance	**1,03,93,970**	33,32,612
	Rates and taxes*	**47,02,323**	51,80,190
	Travelling & conveyance	**1,13,40,440**	1,25,25,751
	Postage, telephone & telex	**22,58,844**	22,91,686
	Printing & stationery	**28,10,149**	24,20,430
	Selling commission -others	**3,67,79,895**	1,83,18,016
	Freight and forwarding (net of recovery from customers)	**1,94,50,622**	1,65,17,177
	Donations & charity	**22,000**	11,47,100
	Repairs & maintenance - others	**54,22,614**	47,19,781
	Loss on sale of fixed assets	**4,02,763**	2,55,977
	Bad debts written off (Refer note.10 of note no.28B)	**8,03,55,167**	---
	Payment to the auditors		
	Audit fees	**11,75,000**	6,25,000
	Taxation matters	**1,25,000**	75,000
	Other Law Matters	**3,00,000**	---
	Reimbursement of expenses	**1,03,544**	1,07,797
	Miscellaneous expenses	**5,09,89,834**	5,36,67,204
	Total Other Expenses	**41,01,38,929**	28,11,17,097

* Includes provision for wealth tax of ₹ 2,60,009 for the Assessment year 2013-14 (previous year ₹ 3,61,115) as per the provisions of Wealth Tax Act, 1957 and provision for Fringe Benefit Tax pertaining to earlier years ₹ Nil (previous year ₹ (61,575))

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2013

NOTE "28 A"

GENERAL INFORMATION

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.

Currently equity shares of the company are listed at BSE and NSE.

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.).

Registration details

Registration No. CIN No. L15421 UP1993 PLC 018642

State code 20

Generic name of principal product of the Company

Item code No.(ITC Code) 170111.09

Product Description Cane Sugar

SIGNIFICANT ACCOUNTING POLICIES

1. **BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

   The company prepares its accounts on accrual basis following the historical cost convention and on the basis of going concern in compliance with the provisions of Section 211 (3C) [Companies (Accounting Standards) Rules, 2006, as amended] and the other relevant provisions of the Companies Act, 1956 which, as per a clarification issued by the Ministry of Corporate Affairs, continue to apply under section 133 of the Companies Act 2013 (which has superseded section 211(3C) of the Companies Act 1956 w.e.f 12 September 2013).

2. **USE OF ESTIMATES**

   The preparation of financial statements requires the use of estimates and assumptions to be made that affect the reported amount of assets, liabilities and disclosure of contingent liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

3. **FIXED ASSETS**

   Fixed assets are capitalised at cost of acquisition including directly attributable costs such as freight, insurance and specific installation charges for bringing the assets to their working condition for intended use.

   Emergency machinery spares of irregular use and critical insurance machinery spares are capitalised as part of relevant plant & machinery.

   Pre-operative expenditure incurred upto the date of commencement of commercial production is capitalized as part of fixed assets.

4. **INVESTMENTS**

   Current investments are stated at lower of cost and fair value. Long-term investments are stated at cost after providing for diminution in value where in the opinion of the management such diminution is not temporary in nature.

5. **DEPRECIATION**

   Depreciation is provided for on Straight Line Method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956 except in respect of computers (including accessories and peripherals), which are depreciated fully in the year of addition. Depreciation on other additions/deletions is provided pro-rata from/ upto the month of addition/deletion.

   Emergency machinery spares of irregular use and critical insurance spares are depreciated over the balance useful life of the parent asset.

   All assets costing ₹5,000 or below are depreciated in full by way of a onetime depreciation charge.

6. INVENTORY VALUATION

Inventories are valued at lower of cost or net realisable value except in case of scrap which is taken at net realizable value. Cost for various items of inventory is determined as under:

a.	Raw materials (including those in transit)	:	Purchase cost including incidental expenses on FIFO basis.
b.	Chemicals, Packing material, other Stores and spares (including those in transit)	:	Purchase cost including incidental expenses on weighted average basis.
c.	Work-in-process	:	At raw material cost including proportionate production overheads.
d.	Finished goods		
	i) Sugar	:	At raw material cost including proportionate production overheads.
	ii) Molasses	:	At average net realisable price.
	iii) Industrial Alcohol	:	At value of molasses as determined above plus proportionate production overheads in distillery.
	iv) Traded goods	:	Purchase cost including incidental expenses on FIFO basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost necessary to make the sale.

7. 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.

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.

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.

Carbon Credit Entitlement (CERs)

In process of production, the Company also generates carbon emission reduction units which may be negotiated for price in international market under Clean Development Mechanism (CDM) subject to completing certain formalities and obtaining certificate of Carbon Emission Reduction (CER) as per Kyoto Protocol. Revenue from CER is recognized as and when the CER's are certified and it is probable that the economic benefits will flow to the Company.

Late Payment Surcharge

Late payment surcharge on delayed payments is recognized as income in accordance with the terms of power purchase agreement (PPA) entered into with UPPCL and its associates.

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.

8. CONTINGENCIES AND EVENTS OCCURING AFTER THE BALANCE SHEET DATE

Events occurring after the date of the Balance sheet, which provide further evidence of conditions that existed at the Balance Sheet date or that arose subsequently, are considered upto the date of approval of accounts by the Board of Directors, where material.

9. GOVERNMENT GRANTS

Grants relating to specific fixed assets are deducted from the original cost of specified assets.

10. EMPLOYEES BENEFITS

a) Provident Fund

Company's contribution to provident fund, being in the nature of defined contribution plan, are being charged to Statement of Profit & Loss in the period during which services are rendered by employees.

b) Gratuity & Leave Encashment

Provision for gratuity and leave encashment in the nature of defined benefit obligation is considered on the basis of Accounting Standard AS-15 on actuarial valuation using projected unit credit method. The discount rate and other financial assumptions are based on the parameters defined in the accounting standard.

c) Other Short term benefits

Expenses in respect of other short term benefits are recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee.

11. EXCISE DUTY

Excise duty in respect of finished goods (including molasses) is accounted for at the end of period and is included in the value of closing stock as per 'Guidance Note on Accounting Treatment of Excise Duty' issued by the Institute of Chartered Accountants of India.

12. INTANGIBLE ASSETS

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.

13. BORROWING COSTS

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalized as part of cost of such assets. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognized as an expense in the period in which they are incurred.

14. FOREIGN CURRENCY TRANSACTIONS

Transactions denominated in foreign currency are accounted for at the exchange rate prevailing on the date of transaction. Exchange differences arising on account of forward contracts are dealt with in the Statement of Profit & Loss over the period of the contracts. Monetary assets and liabilities relating to foreign currency transactions are converted at the year end rate or at forward contract rate, as applicable. Gains or losses arising on cross currency forex swap transactions are accounted for over the period of contract.

15. TAXES ON INCOME

Tax on income for the current period is determined on the basis of taxable income & tax credits computed in accordance with the provisions of the Income Tax Act 1961, and based on expected outcome of assessments/ appeals.

Deferred Tax is recognized on timing differences between the accounting income and the taxable income for the year and reversal/adjustment of earlier year deferred tax assets / liabilities which are quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets on account of unabsorbed losses and depreciation are recognized and carried forward to the extent that there is a virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are reassessed at each Balance Sheet date.

MAT credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

16. IMPAIRMENT OF ASSETS

Where the recoverable amount of the fixed asset is lower than its carrying amount, a provision is made for the impairment loss. Post impairment, depreciation is provided for on the revised carrying value of the asset over its remaining useful life. The impairment loss recognized in prior accounting period is reversed if there is a favourable change in the estimate of recoverable amount.

17. PROVISIONS, CONTINGENT LIABILITIES & CONTINGENT ASSETS

Contingent liabilities, if material, are disclosed by way of notes, contingent assets are not recognized or disclosed in the financial statements. A provision is recognized when an enterprise has a present obligation as a result of past event(s) and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation(s), in respect of which a reliable estimate can be made for the amount of obligation.

18. EARNING PER SHARE (EPS)

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.

19. LEASES

Where the Company is the lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

Where the Company is the lessor

Assets subject to operating leases are included in fixed assets. Lease income is recognised in the Statement of Profit and Loss on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Statement of Profit and Loss.

20. SEGMENT ACCOUNTING & REPORTING

Identification of segments

The company's operating business are organized and managed separately according to the nature of products manufactured and services provided, with each segment representing a strategic business unit that offers different products.

Allocation of common costs

Common allocable costs are allocated to each segment on reasonable basis.

Unallocated Items

Unallocable assets & liabilities represent the assets & liabilities not allocable to any segment as identified as per the Accounting Standard.

Segment Policies

The company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

21. CASH & CASH EQUIVALENTS

Cash & Cash Equivalents comprise cash at bank and cash/cheque in hand and term deposits with banks.

"28 B" – OTHER NOTES

1. SECURITIES FOR BORROWINGS:

Value in ₹

Abbreviations: PNB- Punjab National Bank DP- Dwarikesh Puram Unit IDBI- IDBI Bank Limited DCB- District Co-Operative Bank (Zila Sahkari Bank) O/S- Amount outstanding PICUP- The Pradeshiya Industrial & Investment Corporation of Uttar Pradesh	DD - Dwarikesh Dham Unit Qtly.- Quarterly DN - Dwarikesh Nagar Unit; SUPGB- SarvaU.P.Gramin Bank ROI-Rate of interest; UPCB-U.P.Co-Operative Bank SDF-Sugar Development Fund

Bank/FI, amount sanctioned and outstanding as on reporting Date	**Current (₹)**	**Non-Current (₹)**	**Security**	**Repayment Schedule of amount outstanding and ROI on the reporting date**
i) Long Term Borrowings				
IDBI** Sanctioned-50,00,00,000 O/S - Nil (10,00,00,000)	--- (7,50,00,000)	--- (2,50,00,000)	Pari-passu Charge on fixed assets : -1st on DD - 2nd on DN - 3rd on DP	- ROI-15.00% - Fully paid
IDBI Sanctioned-16,00,00,000 O/S- 5,60,00,000 (8,80,00,000)	2,40,00,000 (2,40,00,000)	3,20,00,000 (6,40,00,000)		- ROI-14.00% - 7 qtly installments of ₹80,00,000 each payable In October, 2013 and onwards.
PNB** # Sanctioned-90,00,00,000 O/S - 38,04,40,989 (57,06,52,989)	19,02,12,000 (19,02,12,000)	19,02,28,989 (38,04,40,989)	Pari-passu Charge on fixed assets : - 1st on DP - 2nd on DN - 3rd on DD	- ROI-15.00% - 7 quarterly installments of ₹4,75,53,000 each and final installment of ₹4,75,69,989 payable in December, 2013 and onwards.
PNB ** # Sanctioned-94,00,00,000 O/S -54,70,18,763 (71,99,99,987)	19,89,20,000 (17,29,81,224)	34,80,98,763 (54,70,18,763)	Pari-passu Charge on fixed assets : - 1st on DD - 2nd on DN - 3rd on DP	- ROI-15.00% - 10 quarterly installments of ₹ 4,97,30,000 each and final installment of ₹4,97,18,763 payable in October, 2013 and onwards.
PNB ** # Sanctioned-56,00,00,000 O/S -12,00,00,000 (12,00,00,001)	--- (---)	12,00,00,000 (12,00,00,001)	Pari-passu Charge on fixed assets : -1st on DP 24 MW Co-gen assets -2nd on DN -3rd on DD	- ROI-15.00% - next installment of ₹ 15,01,319 payable in April, 2015 - rest amount of 3 installments of ₹ 2,96,26,000 payable qtly each and final installment of ₹ 2,96,20,681 payable inJuly, 2015 and onwards.
PNB * Sanctioned - 50,00,00,000 O/S - 30,00,00,000 (40,00,00,001)	10,00,00,000 (10,00,00,000)	20,00,00,000 (30,00,00,001)	Pari-passu Charge on fixed assets : -1st on DN -2nd on DP -3rd on DD	- ROI-15.00% - 12 qtly installments of ₹ 2,50,00,000 each payable inOctober, 2013 and onwards.
PNB Sanctioned- 1,00,00,00,000 O/S - 59,99,99,982 (79,99,99,982)	20,00,00,000 (20,00,00,000)	39,99,99,982 (59,99,99,982)	Pari-passu Charge on fixed assets : -1st on DN -2nd on DP -3rd on DD	- ROI-15.00% - 11 qtly installments of ₹ 5,00,00,000 each and final installment of ₹ 4,99,99,982 payable in December, 2013 and onwards.

Total term loans from Banks O/S - 2,00,34,59,734 (2,79,86,52,960)	**71,31,32,000 (76,21,93,224)**	**1,29,03,27,734 (2,03,64,59,736)**		
SDF Sanctioned -27,50,00,000 O/S- 20,52,25,600 (25,65,32,000)	5,13,06,400 (5,13,06,400)	15,39,19,200 (20,52,25,600)	Pari-passu Charge on fixed assets : -1st on DP	- ROI- 4% - 8 half yearly Installments of ₹ 2,56,53,200 each payable in November, 2013 and onwards.
SDF Sanctioned- 26,50,00,000 O/S -17,20,97,800 (22,12,68,600)	4,91,70,800 (4,91,70,800)	12,29,27,000 (17,20,97,800)	Pari-passu Charge on fixed assets : -1st on DD	- ROI- 4% - 7 half yearly Installments of ₹ 2,45,85,400 each payable in November, 2013 and onwards.
SDF Sanctioned - 2,00,00,000 O/S - 50,00,000 (1,00,00,000)	50,00,000 (50,00,000)	-- (50,00,000)	Bank Guarantee	- ROI- 4% - Yearly Installment of ₹ 50,00,000 payable in January, 2014
SDF Sanctioned - 2,50,00,000 O/S - 62,50,000 (1,25,00,000)	62,50,000 (62,50,000)	--- (62,50,000)	Bank Guarantee	- ROI- 4% - Yearly Installment of ₹ 62,50,000 payable in January,2014
SDF Sanctioned - 2,50,00,000 O/S - 62,50,000 (1,25,00,000)	62,50,000 (62,50,000)	--- (62,50,000)	Bank Guarantee	- ROI- 4% - Yearly Installment of ₹ 62,50,000 payable in January,2014
Total term Loans from others O/S - 39,48,23,400 (51,28,00,600)	**11,79,77,200 (11,79,77,200)**	**27,68,46,200 (39,48,23,400)**		
PICUP O/S - Nil (54,65,130) (Trade Tax loan repayable after 5 years from the respective year of collection)	--- (8,20,450)	--- (46,44,680)	Pari-passu Charge on fixed assets : -2nd on DN & DP	- Interest Free - Fully paid during the year
Total long term borrowings O/S - 2,39,82,83,134 (3,31,69,18,690)	**83,11,09,200 (88,09,90,874)**	**1,56,71,73,934 (2,43,59,27,816)**		

ii) Short Term Borrowings:				
a. Cash Credit				
PNB Sanctioned- 2,60,00,00,000	1,35,29,83,671 (1,50,28,17,858)	--- (---)	-hypothecation & pledge of stock of sugar, molasses, chemicals, stores & spares - 2nd Pari-passu charge on fixed assets of all three units of the company	- ROI- 14.50%
IDBI Sanctioned- Nil	--- (24,99,47,277)	--- (---)		---
SUPGB Sanctioned- 10,00,00,000	6,99,23,516 (9,97,45,947)	--- (---)		- ROI- 14.00%
DCB Sanctioned- 96,00,00,000	9,99,27,922 (7,97,99,983)	--- (---)		- ROI- 11.50%

UPCB Sanctioned- 60,00,00,000	--- (---)	(---)	Pledge of sugar stock in specific godowns at DN Unit - 2nd Pari-passu charge on fixed assets of all three units of the company	- ROI - 11.50%
Total Cash Credit	**1,52,28,35,109 (1,93,23,11,065)**	--- **(---)**		

b. Loans & advances from related parties	**8,53,269 (10,58,226)**	**--- (---)**	Unsecured	- ROI- 10% - Payable on demand
Total short term borrowings	**1,52,36,88,378 (1,93,33,69,291)**			

-Term Loans from PNB and IDBI and Cash credit from all the banks aggregating to ₹ 3,52,62,94,843 (previous year ₹ 4,73,09,64,025)are personally guaranteed by the Chairman & Managing Director of the company out of which the company has given Counter guarantees of ₹ 2,75,64,43,423 (previous year ₹ 3,75,14,18,113) to him to secure all these personal guarantees excluding PNB term loan outstanding of ₹ 59,99,99,982 (previous year ₹ 79,99,99,982) and CC outstanding of SUPGB,DCB& UPCB.

- PNB Term Loans marked with # are additionally secured by second pari-passu charge on current assets of the company

-Term Loans marked with * were restructured in 2009 and term loans marked with ** were restructured twice first in 2007 and second time in 2009

2. Contingent liabilities not provided for

Particulars	As at 30th Sep'13 ₹	As at 30th Sep'12 ₹
(a) Claims not acknowledged as debts by the company.	20,76,408	20,76,408
(b) 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 ₹ 2,40,62,421(previous year ₹ 2,29,14,802)].	3,22,30,862	3,33,78,481
(c) 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 ₹ 15,98,498(previous year ₹ 25,85,075)].	Nil	Nil

3. a) Estimated amount of contracts remaining to be executed on capital account, net of advance of ₹ 2,76,73,832 (previous year ₹ 2,74,52,015) and not provided for is ₹ 73,87,249 (previous year ₹ 1,31,43,996). Other Commitments ₹ Nil (previous year ₹ Nil).

4. Dividend not provided for on cumulative preference shares:-

Particulars	As at 30th Sep'13 ₹	As at 30th Sep'12 ₹
12% 1,10,000 (previous year 1,10,000) cumulative redeemable preference shares (Series I)	52,80,000 ₹48 per share	39,60,000 ₹ 36 per share
8% 15,00,000 (previous year 15,00,000) cumulative redeemable preference shares (Series II)	4,80,00,000 ₹32 per share	3,60,00,000 ₹ 24 per share
8% 10,00,000 (previous year Nil) cumulative redeemable preference shares (Series III)	80,00,000 ₹8 per share	---
8% 5,00,000 (previous year Nil) cumulative redeemable preference shares (Series IV)	20,00,000 ₹4 per share	---

5. **Particulars of Capacity, Production, Stock and Turnover**

I Capacities & Production

a.) Capacities

Particulars	Unit	Licensed Capacity	Installed Capacity
Sugar Cane	TCD	21,500 (21,500)	21,500 (21,500)
Industrial Alcohol / Ethanol	KLPD	30 (30)	30 (30)
Power	MW	86 (86)	86 (86)

Note: Capacities are as certified by the Management.

b.) Production

Class of Goods	Unit	Actual Production
Sugar	Qtls.	23,81,045 (22,86,803)
Molasses	Qtls.	11,68,080 (11,36,033)
Power	Kwh.	25,90,55,028 (26,56,23,478)
Industrial Alcohol		
-Spirit	Ltrs.	34,31,173 (38,09,947)
-Ethanol	Ltrs.	7,11,883 (5,76,219)

II Particulars of Revenue from operations & Inventory

a) Revenue from operations:

Class of Goods	Unit	Quantity	Value (₹)
i) Sugar	Qtls.	25,57,370 (19,97,605)	8,30,55,98,394 (5,97,45,50,079)
ii) Molasses	Qtls.	*12,02,412 (9,65,688)	44,04,79,110 (32,13,48,115)
iii) Power	Kwh.	16,81,67,676 (17,51,80,992)	71,80,61,573 (73,15,63,737)
iv) Industrial Alcohol			
- Spirit	Ltrs.	**26,78,000 (31,71,000)	8,36,25,581 (8,52,84,142)
- Ethanol	Ltrs.	6,21,000 (5,40,000)	2,68,58,541 (2,30,42,199)
v) Miscellaneous sale			1,65,91,684 (2,63,52,487)
vi) Other operating Revenue			3,70,23,139 (9,73,21,550)
Total Revenue from operations			9,62,82,38,022 (7,25,94,62,309)

Note:

* Excludes 1,44,274 Qtls (previous year 1,59,510 Qtls) molasses used internally for manufacturing of Industrial Alcohol in Distillery.

** Excludes 7,58,646 Ltrs (previous year 6,16,594 Ltrs) spirit used internally manufacturing of Ethanol in Distillery.

b) Inventories

i) Finished Goods

			Opening Stock		Closing Stock	
	Class of goods	**Unit**	**Quantity**	**Amount (₹)**	**Quantity**	**Amount (₹)**
i)	Sugar	Qtls.	7,57,302 (4,68,104)	2,20,91,47,652 (1,18,66,15,393)	5,80,977 (7,57,302)	1,78,84,33,082 (2,20,91,47,652)
ii)	Molasses	Qtls.	1,81,032 (1,70,686)	6,03,86,233 (6,00,42,436)	*1,518 (1,81,032)	4,23,829 (6,03,86,233)
iii)	Industrial Alcohol					
	- Spirit	Ltrs.	11,195 (2,970)	2,12,679 (52,005)	**1,449 (11,195)	27,618 (2,12,679)
	- Ethanol	Ltrs.	42,902 (Nil)	10,24,326 (Nil)	***1,42,802 (42,902)	33,78,309 (10,24,326)

Note: The quantities are net of:

* 908 Qtls (Previous year 489 Qtls) normal losses.

** 4,273 Ltrs (Previous year 14,128 Ltrs) normal losses and use from SDS solution.

*** 9,017 Ltrs (Previous year 6,683 Ltrs)normal gains.

ii) Work-in-progress

			Opening Stock		Closing Stock	
	Class of goods	Unit	Quantity	Amount (₹)	Quantity	Amount (₹)
i)	Sugar	Qtls.	108 (210)	2,40,003 (4,08,030)	142 (108)	3,13,576 (2,40,003)
ii)	Molasses	Qtls.	54 (104)	9,933 (20,018)	93 (54)	28,909 (9,933)
iii)	Industrial Alcohol	Ltrs.	6,884 (587)	1,22,463 (9,484)	2,027 (6,884)	35,788 (1,22,463)

(B) Raw Material & Chemicals Consumed

		Quantity (Qtls.)	**%**	**Value (₹)**
a)	Sugar Cane	2,42,60,411 (2,37,08,436)		7,22,56,21,516 (6,17,82,09,196)
b)	Chemicals			7,24,62,706 (7,71,19,525)
Indigenous			100 (100)	7,29,80,84,222 (6,25,53,28,721)
Imported			Nil (Nil)	Nil (Nil)
Total			100 (100)	7,29,80,84,222 (6,25,53,28,721)
c)	C I F VALUE OF IMPORTS			Nil (Nil)
d)	EXPENDITURE IN FOREIGN CURRENCY Interest on Foreign Currency Term Loans			Nil (16,02,84,102)
e)	EARNINGS IN FOREIGN CURRENCY Sale of CER's			Nil (1,08,64,146)

Note:-Figures in the brackets are for the previous year.

6.

a) Remuneration to Managing Director

	2012-2013 ₹	2011-2012 ₹
Salary	72,00,000	48,00,000
Leave Encashment *	12,00,000	Nil
	84,00,000	48,00,000
Add: Company's Contribution to P.F. (exempted allowance)	8,64,000	5,76,000
Total	92,64,000	53,76,000

Commission to Managing Director is not payable in view of inadequacy of profit as per Schedule XIII of the Companies Act,1956 and hence not provided for. Further, the remuneration as approved by the Central Government vide letter no. SRN No. B74128893/2013-CL-VII dated 05.09.2013 has been accounted for effective from April 01,2013.

b) Remuneration to other Whole time directors

Salary	45,40,536	41,69,880
Other Allowances	44,83,896	35,65,200
Leave Salary *	3,43,629	1,31,789
Interim Bonus	---	3,24,324
Company's Contribution to P.F. (exempted allowance)	5,44,863	5,00,382
Total	99,12,924	86,91,575

c)

Directors sitting Fee- Non-executive directors	1,27,500	1,60,000

Total Managerial Remuneration (a +b+c)	1,93,04,424	1,42,27,575

*Gratuity and long term liability in respect of leave encashment not determinable as the actuarial valuation is done on overall company basis. The above figures are actual payments.

7.

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 Accounting Standard AS-15. Since the liability has not been funded through a Trust or Insurer, there are no plan assets.

b)

i) Defined Contribution Plans :

Employer's Contribution to Provident Fund ₹ 3,04,60,024 (previous year ₹ 2,62,25,374).

ii) Defined Benefits Plans :

Liability for Gratuity is determined on actuarial basis using projected unit credit method. The details are as under:

	As at 30th Sep'13 ₹	As at 30th Sep'12 ₹
Change in defined benefit obligation:		
Opening defined benefit obligation	5,86,08,985	4,73,69,283
Current service cost	61,38,833	54,74,255
Interest cost	50,50,431	41,63,991
Actuarial loss/ (gain)	(24,51,761)	20,05,578
Past service cost	---	---
Benefit paid	(22,85,624)	(4,04,122)
Closing defined benefit obligation	6,50,60,864	5,86,08,985

Change in fair value of assets :		
Contribution by employer	22,85,624	4,04,122
Benefit paid	(22,85,624)	(4,04,122)
Change in fair value of plan assets	---	---
Expense recognized in Statement of Profit & Loss		
Current service cost	61,38,833	54,74,255
Interest cost	50,50,431	41,63,991
Net actuarial losses / (gain)	(24,51,761)	20,05,578
Past service cost	---	---
Expense recognized in Statement of Profit & Loss	87,37,503	1,16,43,824
Financial Assumptions at the valuation date		
Discount rate	9.25%	8.30%
Expected rate of return on assets (p.a.)	---	---
Salary escalation	6.00%	6.00%

Amount for the current and previous four years in respect of gratuity are as follows:-

	Period Ended				
Particulars	**30-Sep-13**	**30-Sep-12**	**30-Sep-11**	**30-Sep-10**	**30-Sep-09**
	(in ₹)				
Defined Benefit Obligation	6,50,60,864	5,86,08,985	4,73,69,283	3,73,93,670	2,84,12,041
Plan Assets	---	---	---	---	---
Surplus/(Deficit)	(6,50,60,864)	(5,86,08,985)	(4,73,69,283)	(3,73,93,670)	(2,84,12,041)
Exp. Adj. on Plan Liabilities	26,74,548	17,63,251	41,07,428	40,30,723	4,28,767
Exp. Adj. on Plan Assets	---	---	---	---	---

8. Trade Receivable/Payables and Loans and Advances balances are subject to confirmation and reconciliation.

9. Aggrieved by the Order of the Directorate of Sugar, Government of India, converting un-lifted quantity of non-levy sugar of 1,77,403 quintals into levy, the company filed a writ petition with the Hon'ble Allahabad High Court. Hon'ble High Court upheld the Order of the Directorate of Sugar. The company filed SLP with the Hon'ble Supreme Court of India and the order of the Directorate of Sugar in the interim was stayed. On 31.10.2013, vide its order No. 3-1/2012-E&V the Directorateof Sugar rescinded its earlier orders converting undelivered/undispatched non-levy sugar into levy sugar. Due to this development, the company does not have any liability on this account. Pursuant to the said development, on 19.11.2013, the company filed an application for withdrawal of the SLP and the SLP would therefore be, dismissed as withdrawn.

10. The Company has accounted for late payment surcharge on dues recoverable from UPPCL, on account of power supply from its co-generation units, of ₹ 3,51,23,452 during the year (clubbed with other operating revenues) and ₹ 4,52,31,715 upto the end of previous year. The company had approached the State Electricity Regulatory Commission to formally stake its claim. The petition has since been withdrawn.In view of the withdrawal of petition, the outstanding late payment surcharge amounting to ₹ 8,03,55,167 including ₹ 3,51,23,452 for the current year has been written off as bad debt.

11. As per the Accounting Standard AS-28 'Impairment of Assets', the company has tested impairment to identify the impairment loss, if any. Based on the assessment of the existing assets, the realizable amount for all the units is higher than the carrying values of such units. Accordingly no impairment is required to be recognized during the period.

12. The company has not taken/given any assets on finance/ operating lease. Accordingly, Accounting Standard AS-19 on leases is not applicable. The company has taken various office/ residential premises and office equipments on cancellable leases which are renewable on expiry of the respective lease period.

13. **Derivative instruments and foreign currency exposures:**

    (a) There is no foreign currency exposure outstanding as at the Balance Sheet date (Previous year ₹ Nil).

    (b) Particulars of un-hedged foreign currency exposures as at the Balance Sheet date are ₹ NIL (Previous year ₹ Nil).

14. There are no present obligations requiring provision in accordance with the guiding principles as enunciated in Accounting Standard AS-29 as it is not probable that an outflow of resources embodying economic benefit will be required.

15. Figures for the previous year have been regrouped / reclassified, wherever necessary.

16. **Segment information for the year ended 30th September, 2013**

(i) Information about Primary Business segment

(Amount in ₹)

Particulars	Sugar	Co-Gen.	Distillery	Adjustment	Total
Revenue					
External Revenue	8,42,44,43,223	75,31,85,025	9,85,21,253		9,27,61,49,501
	(6,10,15,82,777)	(78,76,59,598)	(9,67,30,296)		(6,98,59,72,671)
Internal Revenue	3,70,34,376	38,49,91,557	---	(42,20,25,933)	---
	(4,47,44,845)	(37,48,07,981)	---	(-41,95,52,826)	---
Total Revenue	**8,46,14,77,599**	**1,13,81,76,582**	**9,85,21,253**	**(42,20,25,933)**	**9,27,61,49,501**
Results					
Segment Results	(41,88,36,071)	76,74,78,343	3,77,88,094		38,64,30,366
	(-28,03,42,898)	(88,33,44,385)	(2,91,87,039)		(63,21,88,526)
Less: Unallocated Expenditure					
(net of income)					
Interest					70,56,09,489
					(78,85,89,966)
Profit before tax					**(31,91,79,123)**
					(-15,64,01,440)
Provision for tax					(12,55,76,089)
					(-4,33,47,252)
Profit after tax					(19,36,03,034)
					(-11,30,54,188)
Other Information					
Segment Assets	5,44,41,64,706	92,18,58,914	10,93,00,336		6,47,53,23,956
	(6,16,05,98,906)	(1,21,77,55,006)	(11,51,27,616)		(7,49,34,81,528)
Segment Liabilities	1,47,27,64,328	5,39,578	33,05,786		1,47,66,09,692
	(89,03,35,219)	(31,41,549)	(32,21,797)		(89,66,98,565)
Capital Expenditure	1,82,90,149	1,96,30,340	---		3,79,20,489
	(7,05,37,985)	(7,63,081)	(3,43,140)		(7,16,44,206)
Depreciation/Obsolescence	25,12,02,273	7,24,82,798	81,66,972		33,18,52,043
	(25,35,49,005)	(6,71,92,259)	(81,62,889)		(32,89,04,153)

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.

17. **Earning per share:**

(Amount in ₹)

	2012-13	2011-12
Profit after tax	(19,36,03,034)	(11,30,54,188)
Less: Preference dividend including corporate dividend tax of earlier year	2,71,03,087	1,54,80,837
Profit attributable to Equity Share holders	(22,07,06,121)	(12,85,35,025)
Number of equity shares outstanding during the period (weighted average)	1,63,14,676	1,63,14,676
Potential equity shares (weighted average)	---	---
Number of equity shares outstanding during the period including potential shares (weighted average)	1,63,14,676	1,63,14,676
Nominal value of equity shares (₹)	10	10
Earning per share (₹) Basic	(13.53)	(7.88)
Earning per share (₹) Diluted	(13.53)	(7.88)

18. **Related party disclosures as required by Accounting Standard AS-18 for the year ended 30th September, 2013**

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 (Associate Company)

ii) Key Management Personnel
- Shri G.R.Morarka — Chairman & 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
- Smt. Smriti G. Morarka (Wife)
- Ms. Priyanka G. Morarka (Daughter)
- Shri Pranay G. Morarka (Son)

Shri V.S.Banka
- Smt. Sarla V. Banka (Wife)

b) Details of Transactions

Sl. No.	Name of Related Party	Nature of Transaction	Volume of Transaction (₹)	Amount due to (₹)	Amount due from (₹)	Investment (₹)
1	Dwarikesh Trading Co. Ltd.	Inter Corporate Deposit Repaid	72,899 (3,78,50,000)	73,264 (1,46,163)		
		Inter Corporate Deposit Received	Nil (2,50,00,000)			
		Interest Paid	12,537 (5,27,299)			
		Rent Received	2,40,000 (2,40,000)			
		Advance Rent		1,60,000 (1,60,000)		
2	Dwarikesh Informatics Ltd.	Services Purchased	26,96,640 (32,44,956)	5,65,344 (1,92,832)		22,00,000 (22,00,000)
		Reimbursement of Expenses Received / Receivable	23,24,128 (28,44,296)			
		Dividend Received	2,00,000 (2,00,000)			

Sl. No.	Name of Related Party	Nature of Transaction	Volume of Transaction (₹)	Amount due to (₹)	Amount due from (₹)	Investment (₹)
3	Dwarikesh Agriculture Research Institute (Formerly Dwarikesh Sugarcane Research Institute	Interest Paid	12,621 (12,656)	1,26,211 (1,26,211)		
4	Faridpur Sugars Limited					2,00,000 (2,00,000)
5	Morarka Finance Limited	Rent Paid	2,46,000 (Nil)	2,21,400 (Nil)		
6	Shri G.R.Morarka	Loan Repayment	2,65,444 (1,38,60,500)	6,53,794 (7,85,852)		
		Loan Taken	1,33,386 (38,60,500)			
		Interest Paid	72,055 (4,87,020)			
		Remuneration	80,64,000 (53,76,000)			
		Leave Encashment	12,00,000 (Nil)			
7	Shri B.J. Maheshwari	Remuneration	47,31,834 (40,64,913)			
		Ex-gratia/Interim Bonus	Nil (1,69,884)			
		Leave Encashment	1,82,239 (1,18,919)			
8	Shri Vijay S. Banka	Remuneration	48,37,461 (41,70,549)			
		Ex-gratia/Interim Bonus	Nil (1,54,440)			
		Leave Encashment	1,61,390 (12,870)			
9	Ms. Priyanka G. Morarka	Remuneration	9,00,000 (9,00,000)			
		Ex-gratia/Interim Bonus	Nil (57,550)			
		Leave Encashment	44,275 (42,350)			

As per our report of even date
For S.S.Kothari Mehta & Co.
Chartered Accountants

Arun K. Tulsian
Partner
Membership No. 89907

B J Maheshwari
Whole Time Director & CS cum CCO

G R Morarka
Chairman & Managing Director

Vijay S Banka
Whole Time Director & Chief Financial Officer

K L Garg
Nominee Director

Place: New Delhi
Date: 27th November, 2013

Place: New Delhi
Date: 27th November, 2013

DECLARATION

Our Company certifies that all relevant provisions of Chapter VIII, Part G of Schedule VIII and Schedule XVIII of the SEBI Regulations have been complied with and no statement made in this Preliminary Placement Document is contrary to the provisions of Chapter VIII, Part G of Schedule VIII and Schedule XVIII of the SEBI Regulations and that all approvals and permissions required to carry on our Company's business have been obtained, are currently valid and have been complied with. Our Company further certifies that all the statements in this Preliminary Placement Document are true and correct.

Signed by:

____

Mr. G. R. Morarka

MANAGING DIRECTOR

Date : [●], 2016

Place : [●]

DECLARATION

We, the Board of Directors of our Company certify that:

(i) the Company has complied with the provisions of the Companies Act, 2013 and the rules made thereunder;

(ii) the compliance with the Companies Act, 2013 and the rules does not imply that payment of dividend or interest or repayment of debentures, if applicable, is guaranteed by the Central Government;

(iii) the monies received under the offer shall be used only for the purposes and objects indicated in the Preliminary Placement Document (which includes disclosures prescribed under Form PAS-4).

Signed by:

____

Mr. G. R. Morarka

MANAGING DIRECTOR

I am authorized by the Securities Issue Committee of Board of Directors of our Company, vide resolution dated [●], 2016 to sign this form and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoter subscribing to the Memorandum of Association and the Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

Signed:

Date: [●], 2016

Place: [●]

DWARIKESH SUGAR INDUSTRIES LIMITED

Registered Office
Dwarikesh Nagar- 246 762, District Bijnor, Uttar Pradesh
Corporate Office
511, Maker Chambers- V, 221, Nariman Point, Mumbai 400 021.
Telephone No. 022-22832468/ 022-22042945; **Facsimile No:** 022-22047288
Website: www.dwarikesh.com; **CIN:** L15421UP1993PLC018642

Compliance Officer
B. J. Maheshwari, Company Secretary & Compliance Officer,
Dwarikesh Sugar Industries Limited,
511, Maker Chambers- V, 221, Nariman Point, Mumbai 400 021,
Telephone No: 022 - 22832468 /022 - 2204 2945; E mail: investors@dwarikesh.com

GLOBAL COORDINATOR AND BOOK RUNNING LEAD MANAGER

RELIGARE CAPITAL MARKETS LIMITED
901, 9th Floor, Tower I,
Indiabulls Finance Centre
Senapati Bapat Marg, Elphinstone Road,
Mumbai – 400013
Maharashtra, India

LEGAL ADVISOR TO THIS ISSUE

BMR LEGAL
Ground Floor, Dhapla House
General Nagesh Marg
Off Dr. S. S. Rao Road
Parel, Mumbai 400 012

INTERNATIONAL LEGAL COUNSEL TO THE GLOBAL COORDINATOR AND BOOK RUNNING LEAD MANAGER WITH RESPECT TO INTERNATIONAL SELLING AND TRANSFER RESTRICTIONS
[●]

STATUTORY AUDITOR
S.S Kothari Mehta & Co., Chartered Accountants