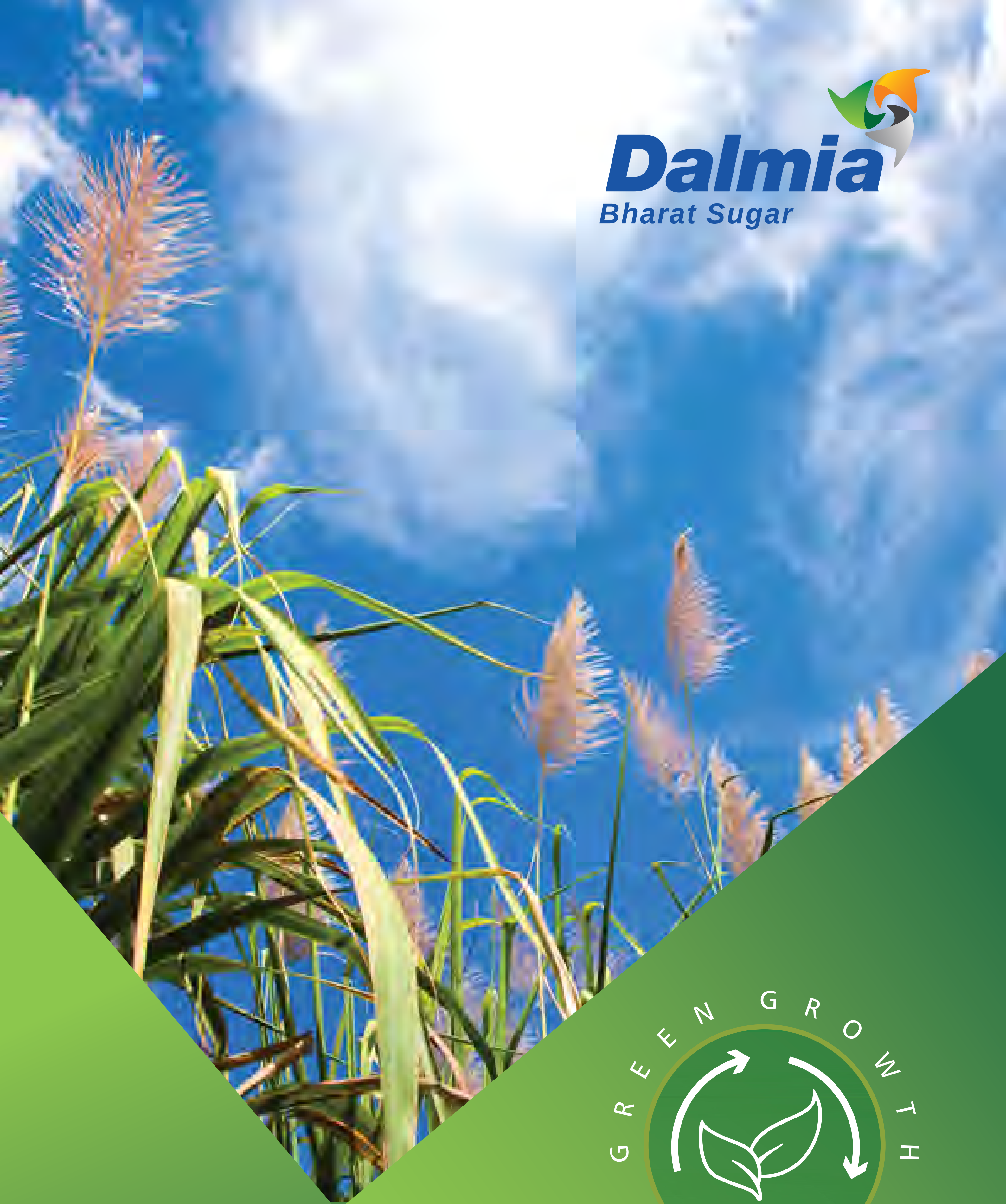


Dalmia

Bharat Sugar

GREEN GROWTH

ANNUAL REPORT 2018-19

CONTENTS

Forward-looking statement

Some information in this report may contain forward-looking statements which include statements regarding Company's expected financial position and results of operations, business plans and prospects etc. and are generally identified by forward-looking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," "will" or other similar words. Forward-looking statements are dependent on assumptions or basis underlying such statements. We have chosen these assumptions or basis in good faith, and we believe that they are reasonable in all material respects. However, we caution that actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

At Dalmia Bharat Sugar and Industries Limited, we have been repeatedly asked, 'We know you are doing your best to enhance your bottomline, but will that be good for the environment as well?'

The Company's response to this question has been measured and consistent.

When we went into the business more than two decades ago, we did so with the recognition that whatever we do would need to be beneficial – not just for our shareholders, but also our resource providers, customers, communities and the environment at large.

This understanding was encapsulated in two words – Green Growth - that have since become the cornerstone of our business and mindset, empowering us to enhance value for all our stakeholders, enriching our profitability, reinforcing our business eco-system and strengthening our multi-year business sustainability.

Green Growth
at Dalmia Sugar is…

The foresight to believe that we are in this business to generate long-term business sustainability

The capacity to extend beyond fleeting arbitrage opportunities to build multi-decade competencies

The conviction to invest in capacities and capabilities during sectoral downtrends

The commitment to create a strong Balance Sheet as the foundation of our long-term sustainability

The clarity to invest in cutting-edge technologies that maximise resource utilisation on the one hand and reduce carbon footprint on the other

The openness to ensure that we enhance value for every single stakeholder in a sustainable way

The priority to not just become one of the largest but also the most trusted and respected sugar producers in the country

The foresight to invest in the downstream processing of byproducts, broad-basing the business beyond sugar

The vision to develop robust and high yielding cane varieties that generate high sustainable incomes for farmers and superior recovery for the Company

Dalmia Bharat Sugar and Industries Limited

One of the fastest growing success stories in India's sugar industry.

The Company is respected for a number of attributes.

Integrity in practice.

Enduring farmer engagement.

Superior product quality.

Broadbased geographic presence.

Environment respect.

These make the Company committed to 'Green Growth' across initiatives, plants, management functions and market cycles.

Retaining our position as a respected industry player
The Company seeks to retain its position as a respected industry player among the leading integrated sugar manufacturers, reflected in the ability to generate the highest return on capital employed.

Invested around a solid foundation
The Dalmia Bharat Group is one of the oldest business groups of India with interests in cement, sugar and refractory. The Group was founded by Mr. Jaidayal Dalmia in 1935. The flagship business of the group is cement. The cement company has been a market leader in the Indian cement industry for eight decades. It has emerged as possibly the fastest growing cement manufacturing group in India across the last decade. The Group extended into the sugar sector by commissioning its first unit comprising 2,500 tonnes of cane crushing capacity per day at Ramgarh (Sitapur district, Uttar Pradesh) in 1994.

Broad-based around a wide geographic footprint
Headquartered in New Delhi, the Company is a rare instance of an Indian sugar company with a presence in two non-contiguous states - Uttar Pradesh (Ramgarh, Jawaharpur and Nigohi) and Maharashtra (Kolhapur and Sangli).

Possessing a good business mix
The Company manufactures sugar and processes by-products (bagasse and molasses) with the objective to generate power on the one hand and manufacture ethanol / organic manure on the other.

Superior financial out-performance
The Company's revenues grew at a CAGR of 21.02% to ₹2,105.42 crore while net profit grew at a CAGR of 47.5% to ₹187.38 crore over the four years leading to FY2018-19. The repayment of long-term loans resulted in a gearing of 0.34 in FY2018-19 compared to 0.76 in FY2015-16.

Driven by a culture of professionalism
The Company represents an effective balance of promoter-entrepreneur interests on the one hand and experienced professionals on the other. As on 31st March 2019, the employee strength of the Company stood at 2,032.

Focused on health, safety and environment integrity
The Company has been accredited with best-in-class certifications related to occupational health and safety management, environmental management and food, safety and quality.

Wealth creation for shareholders
Dalmia Sugar's equity shares are listed and actively traded on the Bombay and National Stock Exchanges. The Company enjoyed a market capitalisation of ₹994 crore as on 31st March 2019 while the promoters owned 74.91% of the Company's equity share capital.

Dalmia Sugar's 'Green growth' positioning was validated through profitable growth in 2018-19

19.49%

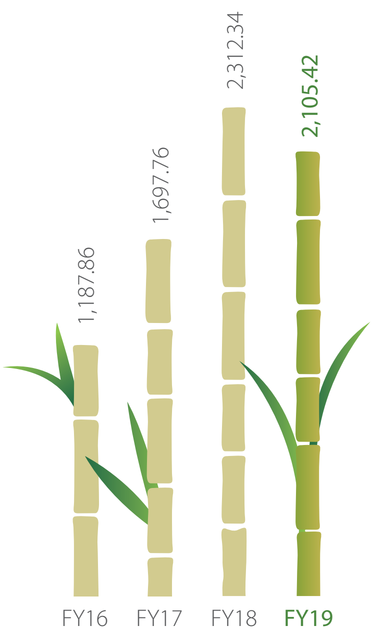
Increase in EBIDTA

39.73%

Increase in Profit after tax

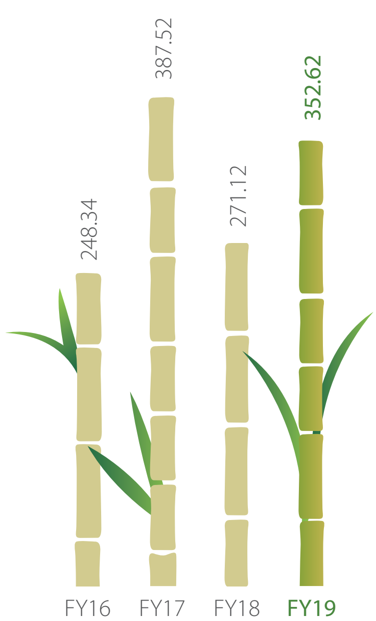
How our 'Green Growth' commitment has helped strengthen our Balance Sheet across the years

Revenues (₹ crore)



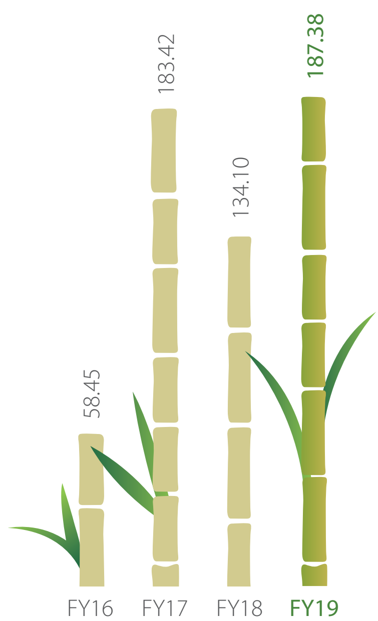
Explanation: The 9% decline in revenues was attributed to depressed sugar realisations during the course of the year even though there was a marginal growth in the volumes.

EBITDA (₹ crore)



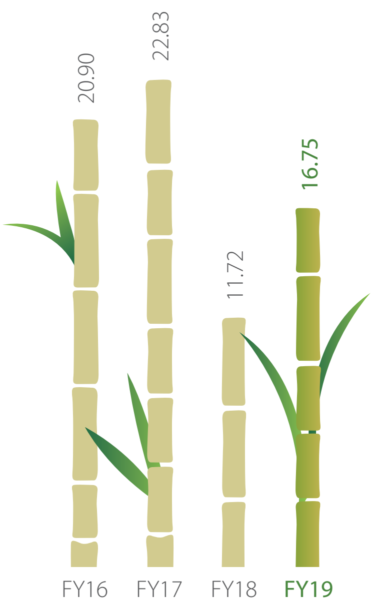
Explanation: EBITDA strengthened 30% to ₹352.62 crore, catalysed by higher margins in the distillery business, process optimisation, introduction of MSP and monthly release mechanism.

Net profit (₹ crore)



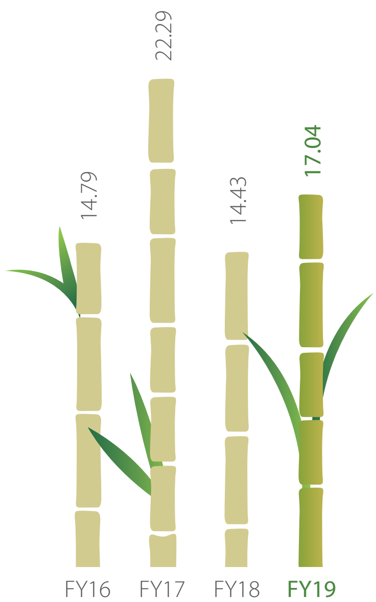
Explanation: The Company reported profitable growth; net profit increased 39.73% to ₹187.38 crore followed by broad-based products and revenues

EBIDTA margin (%)



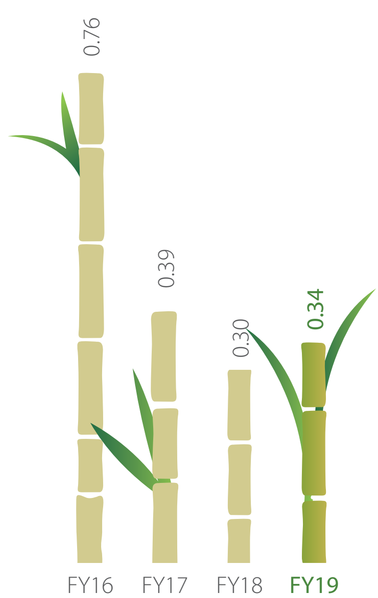
Explanation: The Company's EBITDA margin improved 503 bps to 16.75% on account of a better performance from the non-sugar businesses.

ROCE (%)



Explanation: RoCE strengthened following enhanced scale and a superior revenue mix.

Gearing (x)



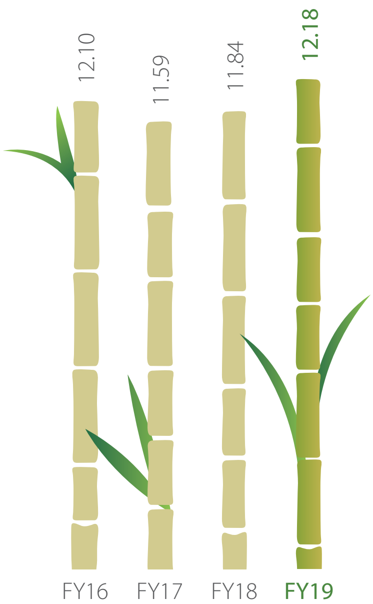
Explanation: Gearing improved following a reduction in long-term debt derived from increased accruals

Our financial growth has been generated from increased scale across a broad-based business

Sugar production (lac metric tonnes)

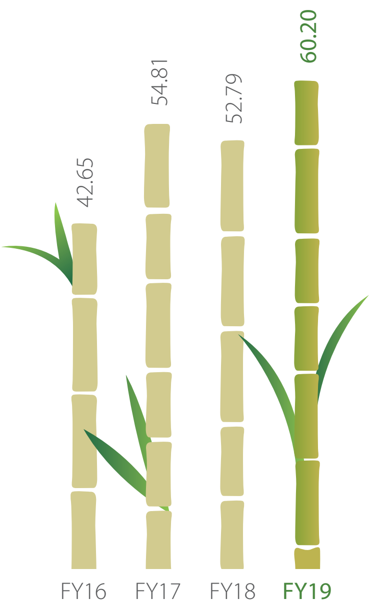
Explanation: Sugar production increased due to higher sugar recovery and crushing

Recovery (%)



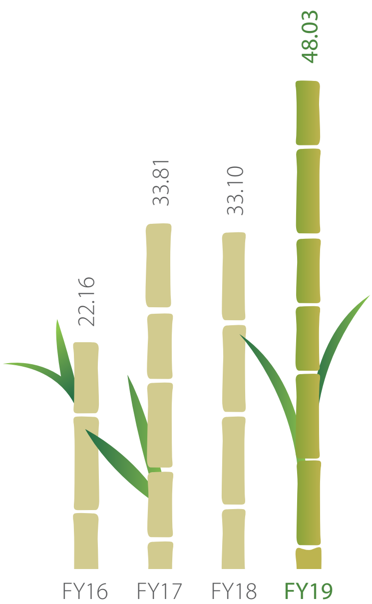
Explanation: The Company leveraged the benefits of superior cane variety (early maturing) and strong operational controls to enhance recovery

Power production (crore units)



Explanation: The increase in power generation was mainly on account of a larger availability of bagasse (in turn generated from a larger crushing of cane).

Distillery production (thousand kilolitres)



Explanation: Distillery production went up due to enhanced capacity at Jawaharpur and installation of new 60KLPD distillery at Nigohi.

Dalmia Sugar's profitable growth in 2018-19 was derived from sustained business building, capacity growth and broad based revenue streams

Units	Sugar (tonnes of cane per day)	Distillery (kilolitres per day)	Co-generation (megawatts)
Ramgarh	7,500	0	25
Jawarharpur	7,500	120	27
Nigohi	9,000	60	27
Uttar Pradesh	**24,000**	**180**	**79**
Kolhapur	8,200	60	23
Sangli	2,500	0	0
Maharashtra	**10,700**	**60**	**23**
Total	**34,700**	**240**	**102**

From the Managing Director's desk

GAUTAM DALMIA

"At Dalmia Sugar, we strengthened our business through a consistent investment in 'Green growth' approach."

39.73%

Increment in profit after tax over FY2017-18

Overview

FY2018-19 was a remarkable year for Dalmia Bharat Sugar & Industries Limited.

The Company reported profitable growth, with revenues declining 9 per cent on the one hand and profit after tax strengthening 39.73% on the other.

The big message that one needs to communicate is that in the past, a glut of sugar always translated into lower profits. Inspite of the glut in the sector we reported an increased profit.

The ability to report a higher surplus even as overall revenues declined was a result of the Company's decision to broad-base its business, deepen business synergies (whereby the end product of one became the raw material of the other) and increase operating efficiency. The result is that when the Indian government introduced a policy reform directed at the country's sugar sector, Dalmia Sugar was at the right place and right time to capitalize on the opportunity.

Structural shift

Dalmia Sugar's contrarian performance in 2018-19 was the result of a structural shift in the availability of sugar cane in India.

During the last number of years, the sustained increase in state advised prices (SAP) announced by the Indian government that millers need to pay cane farmers resulted in highly remunerative sugar cane prices over competing cash crops. It is now estimated that sugar cane fetches a nearly 60 per cent higher return per acre for the farmer over other crop alternatives. The result is that over the last few years, there has been a substantial reallocation of farm patches towards cane, cane arrears notwithstanding, transforming industry dynamics beyond conventional cyclicality.

This over-riding reality has transformed the dynamics of India's sugar sector. Till 2010-11, a sugar surplus would inevitably be followed by a period of output decline that usually helped strengthen sugar realisations. However, this predictable industry sequence was interrupted in the last eight years when, even as the industry went into an extended slowdown, cane output remained high.

The irony was visible during the last year when despite cane arrears touching an unprecedented high, which should normally have affected cane output, India's sugar production surpassed a record 330 lac tonnes, its highest-ever. The result is that the sugar inventory available with the country represents nearly six months of consumption, the consistently highest in India in living memory.

With cane remuneration continuing to remain high, the only possibility of this large inventory being liquidated would be through an assumption that cane output plateaus out, some of the country's sugar output is allocated towards the production of ethanol through the B-Heavy molasses route (that substitutes sugar output) and the country exports some of the available surplus. A combination of these realities

At Dalmia Sugar, our sugar production increased from 5 lac tonnes in 2017-18 to 6.13 lac tonnes during the year under review.

could moderate the country's large sugar inventory and strengthen sugar realisations across the medium-term.

Ground realities

In 2018-19, India continued to suffer high sustained sugar availability carried forward from the previous season. Besides, much of the industry, especially in Uttar Pradesh, reported unprecedented recoveries, which increased the available surplus. This increased sugar inventory-influenced sugar realisations, weakening from a peak ₹3700/qtl in December 2017 to around ₹3100/qtl during the year under review. The weakened realisations translated into mounting sugar losses and cane arrears exceeding ₹30,000 crore during the year compared to arrears of ₹19,780 crore in 2017-18.

At Dalmia Sugar, our sugar production increased from 5 lac tonnes in 2017-18 to 6.13 lac tonnes during the year under review. The Company reported a record sugar recovery of 12.16% in Uttar Pradesh on account of superior cane variety and robust cane management system. However, average sugar realisations declined 17% to ₹30 per kg and the Company's topline contracted 12% from ₹2275 crore during 2017-18 to ₹2018 crore in 2018-19. The Company's proactive decision to broadbase its business, coupled with high cane recovery, moderated production costs, which, in turn, helped make payments to cane farmers on schedule.

Policy reform

The Central Government responded with speed to the unfolding sectoral reality.

One, it introduced a minimum selling price for sugar during the course of the year to protect the interest of millers. Even as the MSP of ₹31 per kg did not cover the cost of production of most sugar mills, the improvement definitely resulted in a decline in operating losses incurred from this business vertical.

Two, the Central and State Governments provided soft loans to millers to facilitate cane price payments and commission ethanol plants that could help mills broadbase their operations. The State Government approved a soft loan worth ₹4,400 crore through banks, which was subsequently raised to ~₹21,000 crore for setting up new distilleries and expanding existing ones to facilitate the diversion of sugar to the production of ethanol through the B-Heavy or cane juice route. The government also reduced GST on ethanol from 18% to 5%. It extended soft loans of ₹10,540 crore at an interest subvention of 7% for a year.

Three, the Government raised the procurement price of ethanol derived from C-Heavy molasses from ₹40.85 per litre to ₹43.46 per litre (coupled with a provision for direct cane juice use for ethanol production). The Government permitted ethanol to be produced from B-Heavy molasses and 100% sugarcane juice, the remuneration for which was raised to ₹52.43 per litre and ₹59.13 per litre respectively.

Four, the Central government introduced a landmark Bio-fuel Policy that permitted sugar producers to manufacture ethanol through a different route, which was then incentivised with virtually assured buyback and higher realisations. This policy can potentially enhance ethanol output on the one hand and moderate sugar production, a win-win. When extended across a larger number of pan-Indian sugar producers, this provision can help moderate the country's sugar inventory, strengthen realisations and enhance sectoral profitability.

Five, the Central Government mandated the compulsory export of sugar under the MIEQ Scheme, coupled with the reimbursement of expenditure made for internal transport, freight, handling and other related charges.

Six, the Central Government announced a production subsidy of ₹13.88 per quintal of cane crushed compared to ₹5.50 in 2017-18 to help sugar mills clear their cane dues.

Seven, the government announced the creation of a 3 million tonne buffer stock for which the Central Government reimbursed carrying costs upto ₹1,175 crore.

Our responsiveness

Dalmia Sugar responded with speed and sensitivity to these government's policies.

The Company strengthened recovery by 34 bps from 11.84% per cent to 12.18% per cent during the last financial year.

The Company generated 48030KL distillery output as against 33099 KL last year, accounting for just 11% share of the overall revenues but 37% of EBITDA.

The Company exported around 70 KMT of sugar during the year under review.

The Company mobilized soft loans from the government to reduce its overall borrowing cost from 7.89% in 2017-18 to 7.77% in 2018-19, even as borrowings increased from ₹440 crore to ₹539 crore during the period.

This helped counter increased working capital requirements and cost of working capital following the liquidity crunch caused by the NBFC crisis.

The Company invested ₹78 crore in ramping distillation capacity at the Jawaharpur unit from 80 kilolitres per day to 120 kilolitres per day and setting up a new 60 kilolitres per day distillery at Nigohi (ran for three months in 2018-19, whose full benefits are expected in 2019-20).

Green growth

At Dalmia Sugar, we strengthened our business through a consistent 'Green growth' approach. The Company increased farm productivity, encouraged organic practices, provided subsidised fertilisers, educated farmers around new agricultural practices and transformed the income profile of thousands. As an extension of this commitment, the Company decided to commission a sulphurless refinery instead of a full refinery (ion exchange process) to moderate its carbon footprint.

To sustain this momentum, the Company doubled its cane management outlay in 2018-19 to deepen its focus on soil improvement, intra-cropping for nitrogen fixation, green manuring and vermi-composting. The Company provided bio-compost produced at the Jawaharpur distillery, commissioned soil health labs and mapped ~90% arable area to improve farmer yields and incomes.

The Company also responded to the drought-like conditions that restricted Maharashtra's agricultural production. Nearly 50 per cent of the geographical area was affected by crop failure. The Kolhapur and Sangli units were exposed to drought-like regions and the Company undertook drip irrigation projects on the one hand and cultivated drought-resistant cane varieties on the other, reinforcing resource security.

Overview

At Dalmia Sugar, we are optimistic that our business model is integrated, making it possible to defray our risks across multiple businesses.

We believe that much of our prospective growth is likely to be derived from our ethanol business, which is not only enjoying high realisations, but also presents virtually unlimited growth potential.

Our long-term optimism in this business is derived from the fact that India is presently blending 7% of all the ethanol manufactured with petrol. The country has announced a target to blend ethanol with petrol to the extent of 20 per cent by 2030 on a larger fuel consumption base. This reality holds out attractive year-on-year growth prospects for ethanol.

Across the foreseeable future, we believe that sugar realisations could remain sluggish before the country's inventory overhang begins to decline. However, reduction in power tariff in UP in the future may dent the profit of this segment.

Looking ahead, Dalmia Sugar will continue investing in 'Green growth' through eco-friendly initiatives that make it possible to generate more from less, enhance inclusive growth and strengthen rural prosperity.

Gautam Dalmia
Managing Director

At Dalmia Sugar, 'Green growth' is our commitment to enhance farmer prosperity

The result

Recoveries improved across all the Company's mills in Uttar Pradesh.

Units	Recovery, FY2013-14 (%)	Recovery, FY2018-19 (%)
Ramgarh	9.99%	11.76%
Jawaharpur	10.20%	11.97%
Nigohi	10.09%	12.09%

At Dalmia Sugar, we believe that the key to our sustainability has not just in our shopfloor or in our Balance Sheet. It is found in the financial liquidity of the farmers who provide us with cane.

The story of how we graduated our farmer relationships to the next level goes back some years. Until 2013-14, the average Uttar Pradesh farm generated 680 quintals of cane per hectare. Cane farmers followed conventional farming practices, while access to quality productivity-enhancing tools, inputs or insights (ratoon management, genetically-modified seeds or pesticides) were inadequate and water constraints becoming evident.

Project Unnati was launched by Dalmia Sugar to address these inequities and achieve a recovery in excess of 10%.

The Company embarked on an exhaustive survey; it discovered that only 35% farms were covered by the early-maturing cane variety. The Company undertook decisive steps to play the role of the responsible evangelist; the result is that the early-maturing cane variety now covers 95% of the Company's command areas and yields have climbed from around 400 quintals per hectare five years ago to 445 quintals per hectare today.

This increased farm coverage on the one hand and increased yield on the other, helping transform the incomes and destinies of farmers across the Company's commanding areas, deepening the cane-growing culture and creating a long-term pipeline of resource sustainability.

Enhancing fertility

- Commenced inter-cropping with pulses; increased nitrogen fixation
- Mixed spent wash with press mud; provided to farmers as a bio-fertiliser.
- Tested organic farming across 15 acres
- Manufactured organic fertilisers from bio-compost; supplied at a subsidised cost to farmers.
- Undertook balanced nutrition management (using micro-nutrients, PSB and azotobacter); prepared land to improve soil health.

Educating farmers

- Commenced farmer education programmes
- Educated them about farming developments
- Helped reduce cane loss
- Helped grow cane with enhanced sucrose content

Providing utilities

- Deployed crushing machines
- Helped reduce harvest times
- Enhanced recovery

Reducing dependence

- Reduced monoculture of CO-0238
- Started cultivation of CO-118 (resistant to red rot disease)
- Collaborated with Cane Development Institute (Coimbatore) to develop a varietal cane bank

Improving techniques

- Promoted trench planting, wide row spacing, intercropping and twin row planting
- Strengthened yields and quality
- Reduced losses

At Dalmia Sugar, 'Green growth' is a vision to reinforce environment conservation

At Dalmia Sugar, we believe that the truly sustainable companies of the future will be those generating an abundant cane supply from water-comfortable commanding areas.

This requirement is more relevant than ever. Drought is affecting extensive parts of India. Nearly 18% of the world's population resides in India, sustained by only 4% of the world's freshwater. About 200,000 Indians die each year due to inadequate water access; 600 million face extreme water stress (Source: NITI Aayog) while nearly 163 million of India's population of 1.3 billion lack access to clean water close to home.

On the other hand, India experiences increasing urbanization and economic development. According to Ministry of Water Resources, India's water requirement could reach approximately 1,180 billion cubic metres by 2050 with only 695 billion cubic meters of water presently available. A total of 21 major Indian cities are likely to run out of groundwater by 2020, which could worsen farm distress, exacerbate groundwater extraction, increase migration from rural to urban areas and enhance water conflicts between states, farms, cities and industries.

Dalmia Sugar responded proactively to this need. The Company embarked on a number of initiatives to moderate water consumption.

Strengthening processes

- Moderated raw water consumption by utilizing recycled hot condensate water.
- Replaced cold water with hot water for caustic soda boiling.
- Cleaned and trial-tested all equipment using excess cooled condensate.
- Started spray water treatment to improve effluent quality (proper pH levels and free of sugar trace).
- Recycled the entire injection water through evaporation loss.
- Added excess cooled condensate spray (50 litres per tonne of cane) to maintain injection water quality for efficient working of cooling and condensing system.

Investing in equipment

- Provided push water taps wherever needed to stop leakages.
- Installed cooling towers for the hot condensate, passing it through a multi-grade filter used as make-up in cold UGR.
- Installed multi-grade and activated carbon filters at the effluent treatment plant.
- Installed an online monitoring system for stack and treated water.
- Started regular analysis of spray water and condensate.

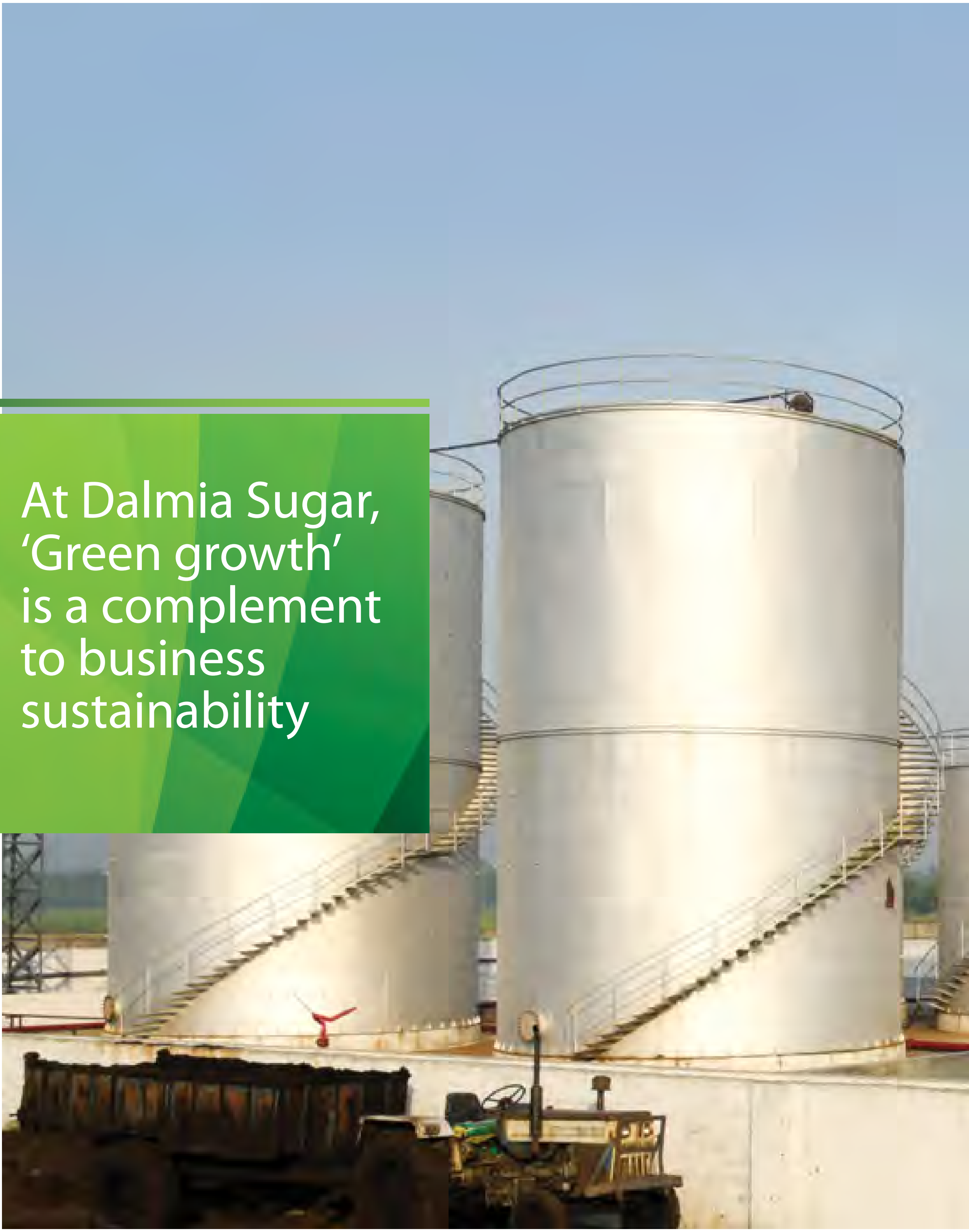
Addressing farm initiatives

- Laid cement pipes to provide irrigated water to farmers.
- Commissioned a pucca lagoon to store treated water.

The result

Dalmia Sugar achieved the coveted zero liquid discharge status at its effluent treatment plant, utilising all treated water for irrigation.

At Dalmia Sugar, ‘Green growth’ is a complement to business sustainability



In a business marked by cyclicality, it is imperative to ensure margin visibility to sustain operations.

Dalmia selected to diversify operations, empowering it to utilise by-products and residues, countering cyclicality.

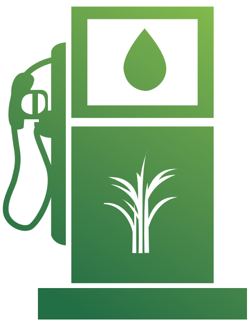
The Company set up its first distillery in Jawaharpur with a capacity of 80 KLPD. This helped utilise molasses generated from sugar production for ethanol manufacture. Over the years, the Company increased its distillery capacity. In FY2018-19, it added 100 KLPD, enhancing capacity to 240 KLPD.

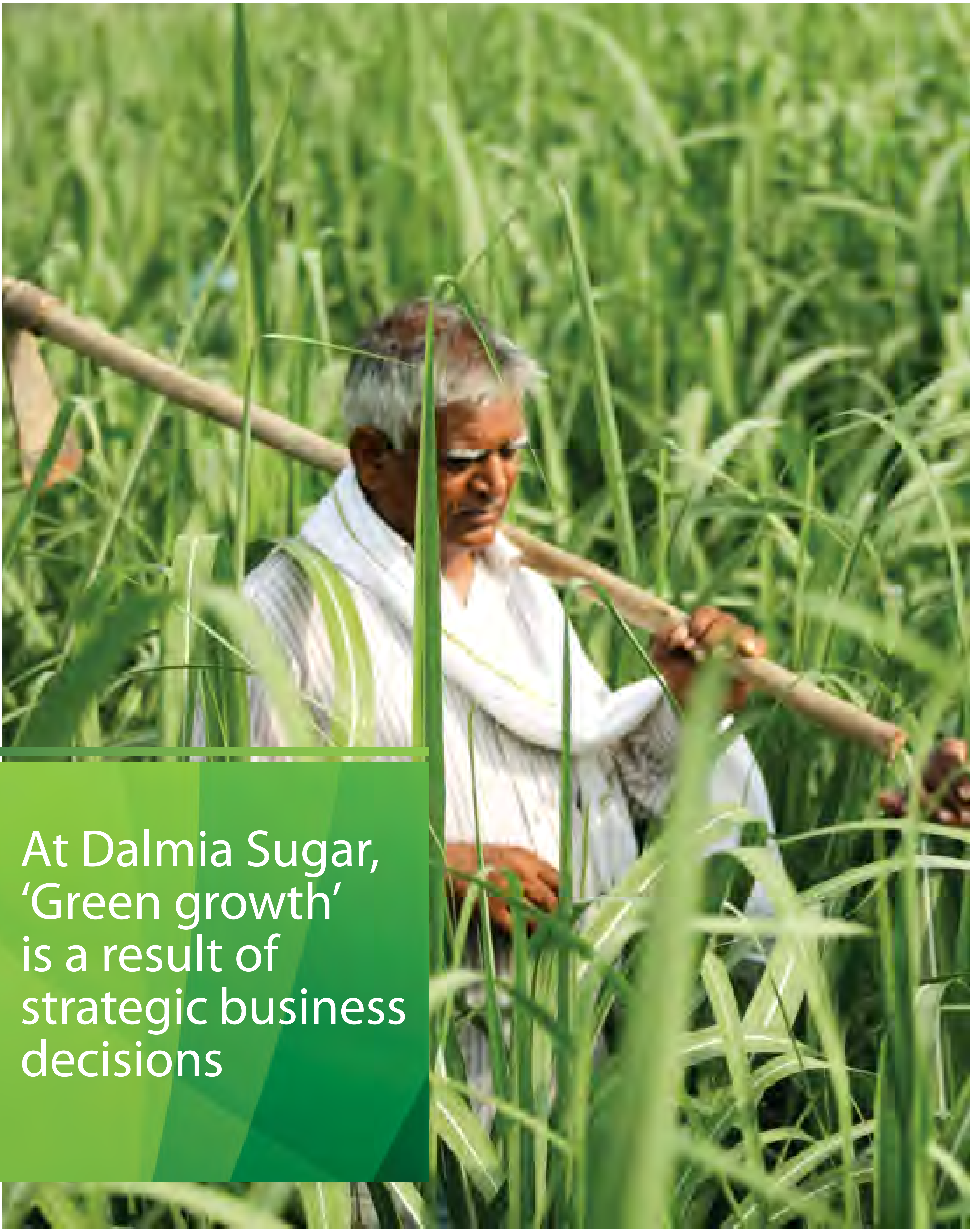
The result is Dalmia Sugar's distillery division accounts for 11% of the Company's topline and 37% of the EBIDTA.

To utilise bagasse generated from cane crushing better and reduce the reliance on fossil fuels for power, the Company set up its first co-generation plant in 2006-07 at Ramgarh Unit. The cumulative power generation capacity of 102 MW powers which is contributing approx. 11% to the topline.

The result

The Company's non-sugar revenues stood at ₹445 crore in FY2018-19 and accounted for of 125% the pre-tax profit.





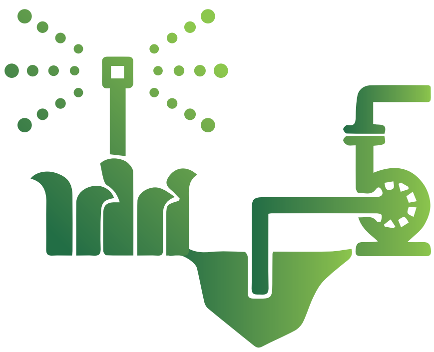
At Dalmia Sugar, 'Green growth' is a result of strategic business decisions

The Company's sugar business is dependent on ample water, where a drought season can impact cane growth and related profitability.

According to the Commission for Agricultural Costs and Prices (CACP), sugarcane cultivation, which takes place on less than 4% of the total cropped area in Maharashtra, accounts for almost 70% of Maharashtra's irrigation water. The drought-like situation in the state could see cane acreage shrink by at least 28% to 8.43 lakh hectare in the 2019-20 season as against 11.62 lakh hectare in 2018-19. Despite the drought, around 195 mills in Maharashtra crushed 951.79 lakh tonne of cane to produce 107.194 lakh tonne of sugar in 2018-19.

At Dalmia, we countered the reality of draught through the development of new cane varieties consuming a lower quantity of water, which can be cultivated within just nine months. We undertook drip irrigation, soil testing, seed distribution, manure and pesticides availability to enhance productivity.

The Company's Maharashtra operations reported 146409 MT tonnes of sugar manufactured in 2018-19, a 9.5 per cent increase over the previous year, corresponded by a sound recovery of 12.96%.



At Dalmia Sugar, 'Green growth' starts with employee welfare

In the business of sugar manufacture and marketing, success is derived from the ability to engage with a large number of farmers, employees, trade partners, government and policy makers.

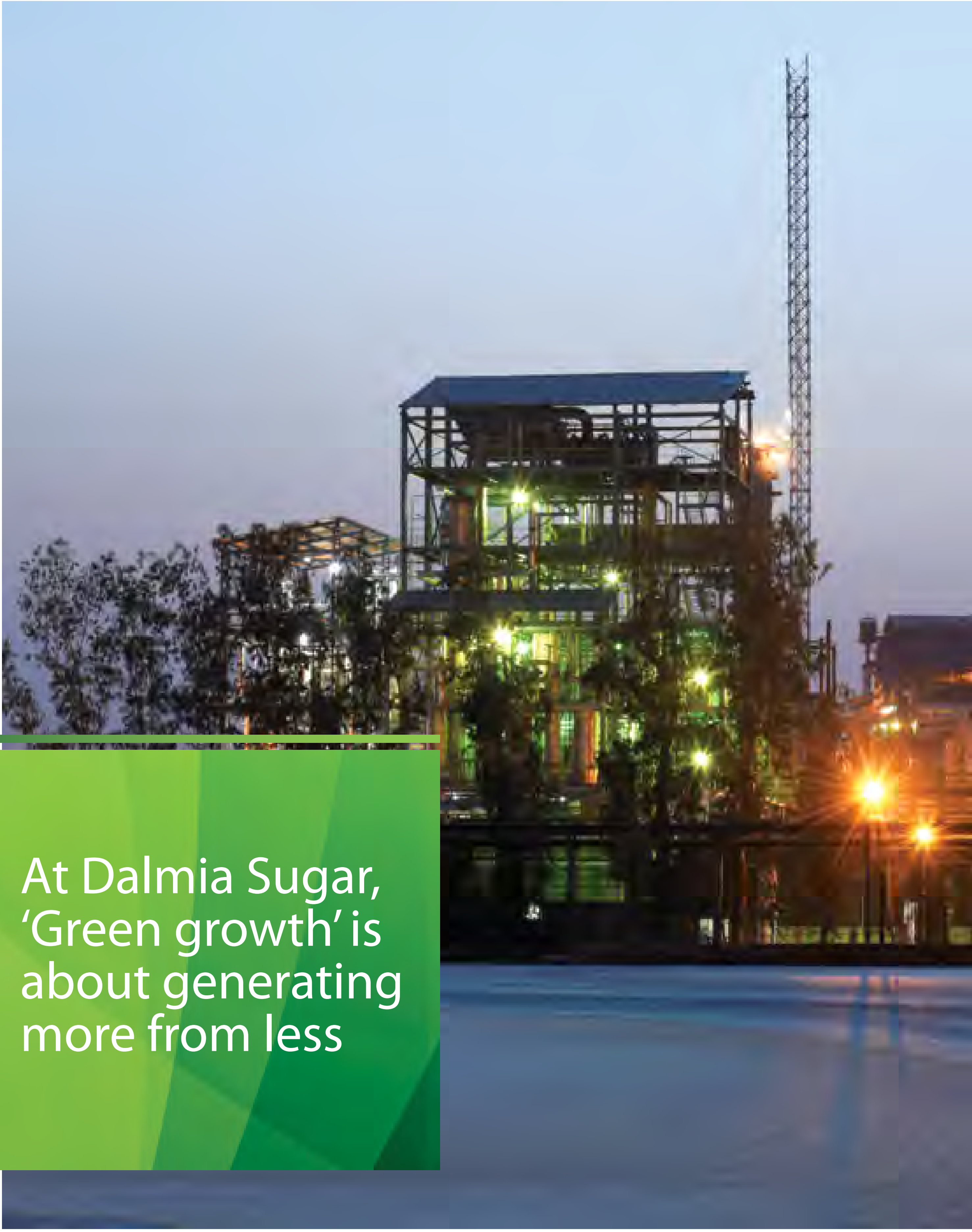
Over the years, Dalmia Sugar created an invigorating workplace with a focus on empowerment, responsibility-taking and accountability.

The Company embraced best-in-class practices and training that enhanced retention. Some of the initiatives comprised the following:

- Trained employees in inter-personal skills
- Enhanced team spirit through sports competitions
- Undertook programs for improved environmental awareness
- Conducted knowledge sessions on various topics (cane flow, molasses generation, sugar loss and sugar production).
- Reduced absenteeism and enhanced productivity by rotating jobs
- Trained employees in operational safety, tool management and efficiency practices.

The result of this commitment is that the Company widened its manufacturing footprint from one mill to five mills across two States. The Company reported a recovery in Uttar Pradesh that was among the highest achieved by sugar mills in the State. Besides, the Company reported related efficiencies that were higher than the sectoral or regional benchmarks. Across the years, average revenue per person increased, validating enhanced employee productivity.

The Company's total employee strength stood at 2,765 as on 31st March 2019 with an average attrition rate of 6.5%.



At Dalmia Sugar, 'Green growth' is about generating more from less

In a business marked by cyclicality and realisations largely outside the Company's direct control, there is a premium on being able to sweat every available resource to the highest efficiency.

Over the years, Dalmia Sugar strengthened business sustainability through various initiatives.

Expansion

- Enhanced capacity within existing manufacturing facilities to enhance economies

Capital expenditure

- Installed cutting-edge automation; improved operational efficiency.
- Installed high pressure boilers resulting in reduced steam-to-evaporation conversion; modified turbines to generate additional power.
- Invested in initiatives to moderate steam requirement as a percentage of cane crushed; reduced auxiliary power consumption.

Environment-friendly

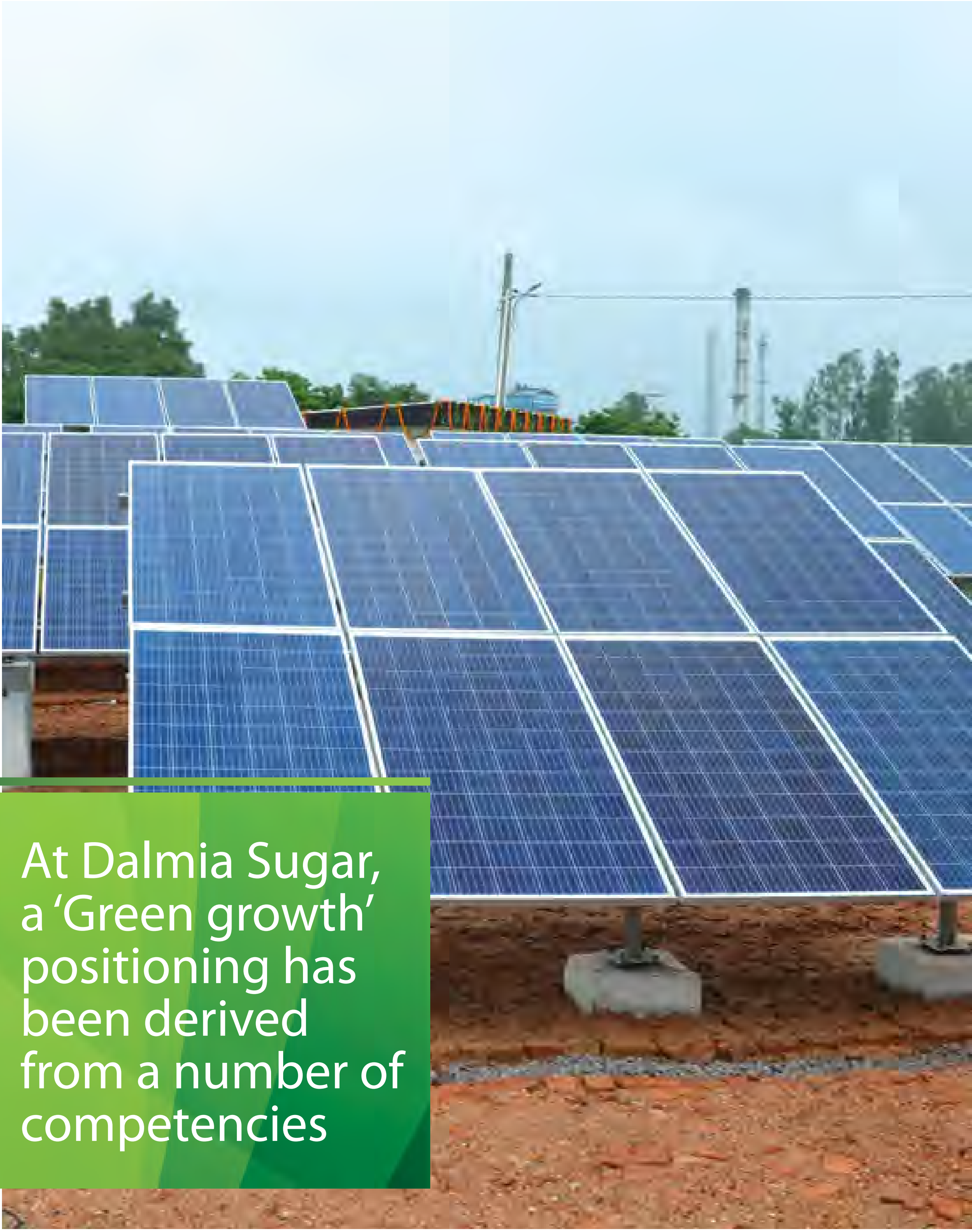
- Replaced conventional lighting with LED variants; optimised costs

Integration

- Enhanced molasses value through ethanol manufacture
- Scaled ethanol capacities 71% (140 KLPD in FY2017-18 to 240 KLPD in FY2018-19).

The result

The Company emerged as one of the most competitive sugar manufacturers in India, viable across market cycles.



At Dalmia Sugar, a 'Green growth' positioning has been derived from a number of competencies

Low cost

In FY2018-19, the Company's average cost of manufacturing remained among the most competitive in the sector, derived from a focus on continuously enhancing operating efficiencies, cane management and superior recovery.

Strategic

The Company's mills are located in the cane-rich states of Maharashtra and Uttar Pradesh, de-risking the business from the climatic vagaries.

Relationships

The Company deepened enduring relationships with cane farmers through fair and timely payment (dependable weight management equipment at cane purchasing centres). Each unit comprised at least four kisan seva kendras to distribute fertilisers, agrochemicals and seeds,

Diversified

The Company extended from the manufacture of sugar to ethanol production and cogeneration in 2006-07. In FY2018-19, it invested around ₹80 crore in enhancing its distillery capacity from 140 to 240 kilolitres per day.

Cane management

The Company's widening cane management footprint has benefited a large number of cane farmers (through incomes and productivity).

Sustainable

The Company produces ethanol, which is blended with petrol to enhance eco-friendliness.

Integrated

The Company's Jawaharpur, Nigohi and Kolhapur units are fully-integrated (sugar mill, distillery and cogeneration), maximising the utilisation of by-products (molasses and bagasse), reducing transportation costs and enhancing efficiency.

Quality-conscious

The Company produces quality sugar; its sulphur-less refinery in Nigohi produces refined sugar of the highest quality (exported to other countries).

Our integrated business report

STRATEGIC FOCUS	INNOVATE AND EXCEL	COST LEADERSHIP	SUPPLIER-OF-CHOICE	ROBUST PEOPLE PRACTICES	RESPONSIBLE CITIZENSHIP	VALUE CREATION
KEY ENABLERS	• Invested in best-in-class effluent treatment plants to achieve zero liquid discharge status. • Promoted alternative early-maturing cane varieties to reduce monoculture. • Adopted modern-day plantation techniques, resulting in a higher productivity.	• Rationalised costs through investments in superior equipment, capacity scale-up and operational integration. • Availed soft loans at subsidised rates of interest, lowering the cost of capital.	• Focused on improving product quality through scientific research and collaboration with marquee research institutes. • Emerged as a supplier-of-choice for FMCG giants.	• Undertook skill development programmes.	• Invested proactively in energy, soil and water conservation, livelihood generation and social development in local communities.	• Utilised molasses to manufacture ethanol, which, when blended with petrol, enhanced eco-friendliness. • Utilised waste material (bagasse) to manufacture power for captive use and merchant sales.
MATERIAL ISSUES ADDRESSED	• Technology • Automation • Collaboration	• Reduced overheads • Streamlined management	• Qualitative excellence • Sectoral credibility	• Workplace safety • Talent management	• Societal upliftment • Educational infrastructure • Health camps	• Customer delight
CAPITALS IMPACTED	• Manufactured • Intellectual • Human • Financial	• Financial • Manufactured • Intellectual • Natural • Human • Social	• Financial • Manufactured • Intellectual • Social	• Manufactured • Intellectual • Human • Financial	• Social and relationship • Natural • Financial	• Financial • Manufactured • Intellectual • Social

RESOURCES

Financial capital
The financial resources driving the Company comprise mobilisations from investors, promoters, banks and financial institutions (debt or net worth).

Manufactured capital
The Company's manufacturing infrastructure, technologies and equipment constitute its manufactured capital.

Human capital
The Company's management, employees and contractual workers constitute its human capital.

Intellectual capital
The Company's repository of proprietary knowledge forms a part of its intellectual capital.

Natural capital
The Company depends upon cane growers for sourcing raw materials; it depends on natural resources like water and energy.

Social capital
The Company's enduring ties with the stakeholder community and channel partners (cane growers, agents and customers) provide it with the respect accorded to a responsible corporate citizen.

VALUE CREATED

Financial capital
- Turnover: ₹2,018 crore
- Earnings per share: ₹23.15
- Market capitalisation (as on 31st March 2019): ₹994 crore

Manufactured capital
- Revenues earned from sugar manufacture: ₹1,573 crore
- Revenues earned from ethanol manufacture: ₹214 crore
- Revenues earned from the sale of power: ₹215 crore

Human capital
- Employees: 2,765
- Employee cost: ₹119 crore
- Total hours of training imparted: 10,691 person-hours

Intellectual capital
- Percentage of employees associated with the Company for five years or more: 70%

Natural capital
- Co-generated power produced in the past five years: around 245 crore units
- Quantity of ethanol sold for blending with petrol in the last five years: 10.57 crore litres

Social capital
- Number of cane growers associated with the Company: around 1,00,000
- Payment made to the exchequer: around ₹130 crore (including direct and indirect taxes)

VALUE SHARED WITH…

Investors
The Company enriched investors through dividends and capital appreciation.

Suppliers
The Company sourced ₹1,711 crore of cane from farmers.

Employees
The Company provided remuneration worth ₹119 crore and stable employment to more than 2,500 people.

Customers
The Company manufactured sugar, ethanol and power, generating ₹2001 crore in revenues from customers.

Government and regulations
The Company paid around ₹130 crore (including direct & indirect taxes) to the exchequer.

Distributors and suppliers
The Company enhanced value for cane farmers through sustained resource offtake.

Corporate social responsibility

At Dalmia Sugar, we play the role of a responsible corporate citizen. Our role is defined by a number of priorities.

We believe that we are engaged in business to make the world a better place

We focus on responsible engagement where we empower beneficiaries to assume control of their lives.

We have extended beyond 'cheque-writing' to a deeper engagement to make a lasting positive difference.

We partner specialized agencies who possess deep terrain experience and understanding.

Our engagement in corporate social responsibility projects is aligned with national and regional priorities.

We believe in making initial investments where a moderate engagement can translate into disproportionately larger societal impact.

We invested in social and cultural development, education, training, social awareness and livelihood generation. We also invested to safeguard the environment for the benefit of all.

CSR policy

As per guidelines issued by the Ministry of Corporate Affairs, in terms of Section 135 of the Companies Act, 2013, the Company constituted a Committee on Corporate Social Responsibility to oversee CSR activities. The CSR policy was approved by the Board in 2013 and is available on the website of the Company. The CSR Policy can be accessed at: http://www.dalmiasugar.com/upload/policies/DBSILCSR% 20POLICY.pdf

CSR journey

The Company has been engaged in CSR initiatives since inception. In recent years, the Company realigned its focus on issues material to the Company and stakeholders. The Company's CSR interventions are based on stakeholder expectations and a structured process of engagement and communication. This understanding helps implement outcome-based and impact-oriented projects. Stakeholder engagements and need assessment studies are carried out in the areas of water scarcity, erratic power supply, unemployment and rural infrastructure in neighbouring communities.

Initiatives undertaken, 2018-19

- Implemented drip irrigation across 236 acres; conserved 62 crore litres of water
- Dug five ponds (three in Ramgarh and two in Nigohi), benefiting 2,330 rural residents; commissioned two solar mini-grids, providing water through solar water pumps to 120 farmers and electricity through solar home lighting systems to 80 households
- Promoted the Ujjwala Scheme, providing 663 LPG connections and 710 solar lanterns, installing 16 solar streetlights and converting eight villages into 'clean cooking villages' and five villages into 'clean lighting villages'
- Promoted skill development via DIKSHa Centre in Sitapur, providing training and placement to youth as home health aides, security guards, electricians and customer relationship managers
- Undertook a dairy development project to benefit 5,000 households in three locations of Uttar Pradesh
- Set up a rural market in partnership with NABARD and Moonj Craft Production Centre in Ramgarh
- Created livelihood opportunities through skill training and credit linkages, benefiting more than 3,000 people
- Organised seven health camps and constructed 955 individual sanitary latrines, enabling eight villages to become open defecation-free; trained 1,105 students in computer courses with HP WoW Kolhapur and utilised them to train SHG members, farmers, ASHA workers and local youth
- Set up a common service lab to provide e-digital, e-health and e-citizen services in partnership with HP in Ramgarh
- Installed 63 hand pumps with in-built Taraltec water disinfecting reactors in 37 villages of Uttar Pradesh, RO water plants in two villages and a drinking water pipeline in Kolhapur
- Undertook several decisive initiatives in the realms of health and sanitation, education, infrastructure and community development to benefit ~30,000 people

Management discussion and analysis

Global economic overview

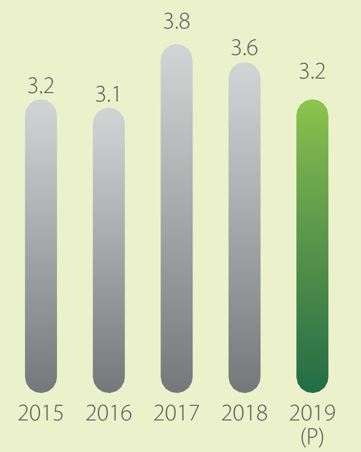
The global economy grew by 3.6% in 2018 compared to 3.8% in 2017, largely on account of the failure of Brexit negotiations, tightened financial conditions, geopolitical tension and higher crude oil costs. Global growth is estimated at 3.2% in 2019 and 3.5% in 2020 on account of a sustained weakening in advanced economies. (Source: World Economic Outlook).

Indian economic overview

India retained its position as the sixth largest global economy and the fastest growing trillion-dollar economy. However, the Indian economy slowed as well, reporting 6.8% growth in FY2018-19 after 7.2% in 2017-18. This slowdown was pronounced in the second half of the financial year when the economy was marked by a decline in liquidity, consumer sentiment and offtake. The decline may have been more pronounced but for annual inflation (including food and energy prices) declining to 2.6%, one of the lowest in years. The rupee weakened to ₹74.45 to a dollar during the course of the year but rebounded to close at a more respectable ₹69.44. India attracted US$ 38 billion in foreign inflows in 2018. India reported a 23-notch jump to the 77th position in the World Bank's list of countries ranked for facilitating business ease. India is expected to grow attractively across the medium-term benefiting from structural reforms. *(Source: CSO, Fitch, Economic Times, Business Standard, IBEF, Business Today, India Today, IMF)*

Global economic growth

Real GDP growth (%)



[Source: World Economic Outlook, July 2019]
P: Projected

GLOBAL SUGAR INDUSTRY OVERVIEW

Global sugar production for MY (marketing year) 2018-19 is expected to reach 178.75 million tonnes. Global consumption is expected to rise to 176.91 million tonnes in 2018/19 from 174 million tonnes in 2017/18. However, sugar consumption is expected to reach record levels owing to growth in markets such as India and Indonesia. The 2018/19 sugar surplus is expected at 1.832 mln tonnes compared to 9.068 mln tonnes estimated for 2017/18. Global stocks are expected to reach 53 million metric tonnes (raw value) as massive stock-building in India could more than offset the impact resulting from lower stock levels in China and the European Union. Production in the European Union is expected to fall by 1.4 million tonnes to 19.5 million tonnes. With unchanged import and consumption levels, stock availability could tighten.

Brazil's centre-south cane region production is expected to rise to 28.6 million tonnes in 2019/20 from an expected 26.5 million tonnes in 2018/19. Exports from Brazil are projected to drop by 19.6 million tonnes, lowering the market share of exports to 34 percent.

US's production is expected to reach 8.95 million tonnes in 2018/19 and forecasted to reach 9.12 million tonnes by 2019/20. Imports stood at 2.85 million tonnes in 2018/19 and forecasted to reach 3.21 million tonnes by 2019/20. Sugar beet production for 2019/20 is projected at 33.56 million tonnes with a yield forecast at 30.5 tonnes/acre. Consumption is forecasted to remain relatively flat while stock levels are pegged to decline.

China's production is expected to rise for the third straight year, this time to 10.7 million tonnes due to favourable climatic conditions and an expansion in the sowing area. Sugar consumption is estimated at 15.8 million metric tonnes on the back of a steady growth in the urban population. Chinese per capita sugar demand was 10.5kg annually compared to the world average of 17kg.

Russia's sugar beet-processing season has come to a close, with ~5.86 million tonnes of sugar produced nationwide. This season, beet processing was fast and ended on February 1, much earlier than the previous year. ~100,000 metric tonnes of additional sugar will be produced through molasses processing, bringing the total sugar production for the year to 5.95 million tonnes. Annual domestic sugar requirements were estimated at 6.1 million tonnes.

(Source: ISO)

Leading sugar-producing countries

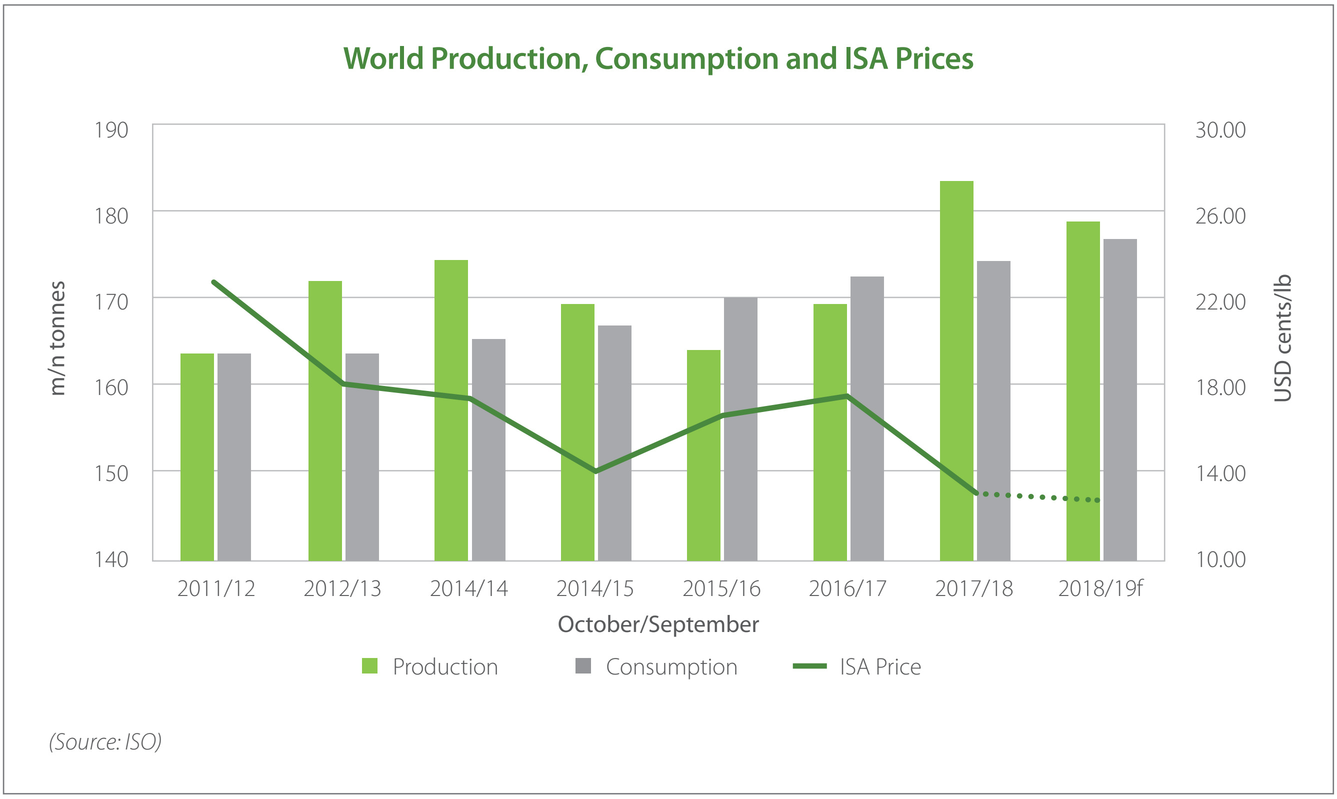
- India
- Brazil
- China
- Thailand
- Pakistan
- Mexico
- Columbia
- Indonesia
- The Philippines
- The US

[Source: The Daily Records]

World Sugar balance (October/September in million tonnes)

Particulars	2018/19	2017/18	Changes	
			In million tonnes	in %
Production	179	183	-4	-2.45
Consumption	177	174	3	1.58
Surplus/Deficit	2	9		
Import demand	58	59	-1	-2.28
Export availability	58	60	-2	-2.77
End Stocks	95	93	2	1.97
Stocks/Consumption ratio in %	54	53		

(Source: ISO)



World Cane and Beet Sugar Production (million tonnes)

Particulars	1970s*	1980s*	1990s*	2000s*	2016/17	2017/18	2018/19f
World production	81.9	101.8	118.4	140.2	169.5	183.2	178.7
From beet	32.6	37.9	37.4	32.0	37.6	41.3	37.4
From cane	49.3	63.9	81.0	108.2	131.9	141.9	141.3
Cane sugar as % of world total	60.2	62.8	68.4	77.2	77.8	77.5	79.1

*raw sugar value

(Source: ISO)

Global sugar price trends

Sugar stockpiles are poised to reach record levels as demand reduction and a production surge joined forces to ensure that sugar ended up being one of the worst-performing commodities during 2018. Consumers are increasingly wary of the adverse impacts resulting from excessive sugar consumption. While global consumption is still rising, the pace of growth has slowed to an average of 1.4% during the recent seasons, down from 1.7% over the past decade. This has come at a time when production is growing, especially in India, the world's second largest producer. Farmers in Thailand are also reporting massive output. World stockpiles are set to swell to the highest-ever this season and veer around similar levels during the next year. Sugar futures in New York slumped by 25% during 2018, the biggest loss on the Bloomberg Commodity Index, which tracks returns for 22 items.

(Source: Green Pool Commodity Specialists, USDA, Bloomberg)

Outlook

The sugar market is expected to improve in mid-2021, with a slightly more positive picture emerging after two years of surplus and lower sugar prices. The sugar market is heading for a balanced supply and demand.

India's sugar production stood at 32.1 million tonnes for the marketing year of 2017/18 and was expected to rise to 32.8 million tonnes in 2018/19, owing to increasing inventories in the world's second biggest producer and pressure on local prices. The annual domestic requirement of India was 26 million tonnes.

The sugarcane area in Uttar Pradesh increased slightly compared to the 2017-18 sugar season. With the sowing area under the high-yielding variety (Co 0238) increasing, sugarcane and sugar production is expected to increase by ~10-15 lakh tonnes compared to the 2017-18 sugar season. A tender for ethanol procurement during 2018-19 was signed by oil marketing companies. The result: for the first time there was a bid for 51 crore litres of ethanol from B-heavy molasses and 1.84 crore litres from sugarcane juice. This could lead to a further reduction of ~4.5 lac tonnes in sugar production. Cane price arrears were pegged at >₹30,000 crore. This was substantially higher than arrears in the previous season, which was pegged at ~₹19,780 crore. *[Source: ISMA]*

Domestic sugar Balance Sheet

(Figures in lac tonnes)

Particulars	2017-18	2018-19
Opening stock as on 1st October	39	107
Production during the season	315	330
Imports	1.84*	00
Total availability	356	437
Offtake		
i) Internal consumption	250	255
ii) Exports	00	35
Total offtake	250	290
Closing stock as on 30th September	106	147
Stock as percentage of offtake	42.20%	50.75%

(Source: ISMA)

State-wise analysis

The country's top three sugar producing states - Uttar Pradesh, Maharashtra and Karnataka - produced 11.82 million tonnes, 10.7 million tonnes and 4.32 million tonnes, respectively, during the October-April period of the 2018/19 marketing year. Also, Gujarat, Tamil Nadu, Andhra Pradesh & Telangana, Madhya Pradesh & Chhattisgarh, Bihar, Punjab and Haryana produced 1.1 million tonnes, 0.7 million tonnes, 0.76 million tonnes and 0.55 million tonnes, 0.84 million tonnes, 0.78 million tonnes and 0.69 million tonnes respectively. Uttar Pradesh, the leading sugarcane producing state in the country, was estimated to have a higher sugarcane area at 23.40 lakh hectares as against 23.30 lakh hectares in 2017-18.

Maharashtra, the other major sugar producing state, reported an increase in cane area by about 25 per cent in 2018-19, mainly due to timely and adequate rainfall from June to September 2017. Cane area of 9.15 lakh hectares in 2017-18, was expected to increase to 11.42 lakh hectares in 2018-19.

Sugarcane area in Tamil Nadu in 2018-19 increased to 2.60 lakh hectare as against 2.01 lakh hectare in 2017-18. But due to deficient rainfall in major cane growing districts during the NE monsoon of 2017, sugarcane yield was expected to increase marginally, resulting in an increase in sugar production.

(Source: ISMA)

Government initiatives

- The government increased the import duty from 50% to 100% and removed the export duty (20%)
- Implemented stock holding limit on sugar mills in February and March 2018
- Announced DFIA scheme and export quotas without subsidy
- Introduced production subsidy in cane as a part of FRP in 2017-18
- Fixed maximum monthly sugar sale quota for each mill since June 2018
- Fixed minimum ex-mill sugar sale price at Rs 29/- kg since June 2018
- Implemented buffer stock subsidy for three million tonne
- Announced production subsidy, transport subsidy and five million tonne export quotas
- Increased mimimum ex-mill sugar sale price to Rs 31/- kg from mid-February 2019
- Announced subsidy of 7% on loan to sugar mills to pay cane price

(Source: The Economic Times)

Indian sugar sector price trends

The Central Government increased the FRP of sugarcane to ₹275 per quintal for a basic recovery rate of 10% for the sugar season 2018-19. This translated into a rise of 7.8% y-o-y compared with the FRP of sugarcane of the previous year. The cost of sugarcane production for the sugar season of 2018-19 was at ₹155 per quintal. The price fixed by the Central Government was 77.4% higher than the cost of production, which is estimated to provide a return of more than 50% to farmers over their cost. The Central Government also increased the MSP of sugar from ₹29 per kilogram to ₹31 per kilogram to help sugar mills generate additional revenues, which, in turn, would help them pay their cane price arrears. An increase in MSP would reduce arrears from ₹16,500 crore by the end of the sugar season of 2018-19, but they will continue to stay above the average of ₹9,000 crore over the last three sugar seasons.

(Source: ISMA)

INDIAN ETHANOL SECTOR OVERVIEW

India aims to triple its ethanol production by 2022 and thereby reducing the country's oil import bill by ₹12,000 crore. Currently, Uttar Pradesh sugar mills have unsold inventory amounting to~2.62 million tonnes of molasses, which have not been procured by liquor manufacturers. With the domestic sourcing of ethanol continuously failing to achieve the target, there is a need to look at other alternatives. The National Bio-fuels Policy, 2018, seeks to widen the range of feedstock for ethanol production from the present sugar-molasses to other waste such as rural-urban garbage and cellulosic and lingo-cellulosic biomass, in line with the 'waste-to-wealth' concept. The permissible feedstock includes sorghum, sugar-beet, and cassava, decaying potatoes, and damaged grain including maize, wheat, rice, and most importantly, crop residue such as wheat and rice stubble. This allows farmers to sell their surplus output to ethanol manufacturers when prices slump. However, increasing the production of biofuels can strain India's water resources and affect food availability. Among bio-fuels, ethanol appears to be the most viable alternative and the Central Government intends to raise ethanol blending in petrol to 20% by 2030 from the current ~3%. Historically, the entirety of ethanol used for ethanol-blended petrol came from C-molasses and had borne the brunt of the vagaries of the sugar cycle. However, things improved somewhat during the past three years on the back of surplus sugar production, remunerative pricing policies introduced by the Central Government and the renewed desire of oil-manufacturing companies to procure ethanol. The volume of ethanol procured by public sector OMCs increased from 380 million litres in ethanol supply year 2013-14 to an estimated 1.5 billion litres in 2017-18. Further, India is expected to triple its ethanol production over the next four years till 2022 which could, in turn, save ₹12,000 crore in the country's oil import bill. The Indian government is expecting to produce 450 crore litres of ethanol in the next four years compared to 141 crore litres in August 2018.

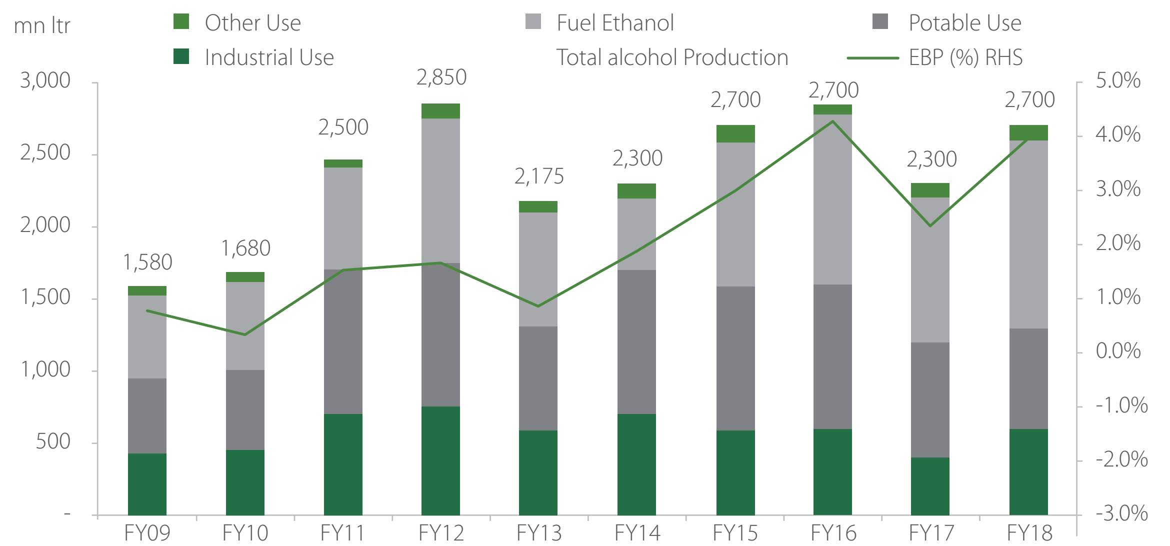
The capacity of ethanol production in Maharashtra's 72 mills is 57.18 crore litre. In June, 2018, the Central Government announced a grant of ₹8,500 crore to the sugar industry. ₹4,440 crores was given in the form of a soft loan for increasing the production capacity of ethanol to absorb excess cane. The loan will bear an interest subvention of ₹13.32 billion over five years, including a moratorium period of one year.

In 2018, India allowed sugar mills to produce ethanol directly from sugarcane juice or B-molasses. Previously, only C-molasses was used. The government also set higher prices for the fuel and offered financial assistance to sugar mills interested in producing more ethanol.

With additional ethanol production capacities getting installed and expanding existing capacities at a very fast pace, the sugar industry will be better placed to divert larger quantities of B-heavy molasses/sugarcane juice, away from sugar into ethanol in the last season. That, in turn could further reduce sugar production in the next season. Major ethanol consumers in India are potable liquor sector (45%), the alcohol-based chemical industry (40%) and the rest used for blending and other purposes. For the current ethanol year ending November 2019, contracts for the supply of about 2,350 million litres (620.8 gal) of ethanol were finalized. In the previous year, the amount of ethanol produced in India was 1,510 million litres against a target of 3,140 million litres to meet demand under the Ethanol Blended Petrol (EBP) Programme.

In India, blending of ethanol with petrol reached 4 per cent from 1-1.5 per cent in the last four years, owing to better price offered by oil marketing companies (OMCs), who are expected to double the blending level to 8%.
(Source: Business Standard, JM Financial, Hindu, Live Mint, Economic Times, Renewables Now)

Exhibit 1. Alcohol Consumption mix and Ethanol Blending (%)



Source: JM Financial, Industry

BIOMASS POWER AND CO-GENERATION IN INDIA

Biomass power generation in India is an industry that attracts investments of over ₹600 crore every year and generates more than 5,000 million units of electricity and ensures yearly employment of more than 10 million person-days in the rural areas. For the efficient utilisation of biomass, bagasse-based cogeneration in sugar mills and biomass power generation were taken up under the biomass power and cogeneration programmes. The current availability of biomass in India is estimated at ~500 million metric tonnes a year. Surplus biomass availability has been estimated at ~150 million metric tonnes per annum covering agricultural and forestry residues corresponding to a potential of ~18,000 megawatts. ~5,000 megawatts of additional power could be generated through bagasse-based cogeneration via the country's 550 sugar mills, if these sugar mills were to adopt technically and economically optimal levels of cogeneration for extracting power from the bagasse produced by them. A total capacity of 9.54 GW of grid-connected bio-power was installed in the country as on October 2018 against a target of 10 GW bio-power by 2022. This included 8.73 GW from bagasse cogeneration, 0.68 GW from non-bagasse cogeneration and 0.13 GW from waste-to-energy. About 32% of the total primary energy use in the country was derived from biomass and more than 70% of the country's population depended on it for their energy needs. Biomass-related projects receive an investment of about $ 9251 million a year, leading to electricity generation of 5000 million units.

India has over 5,940 MW biomass-based power plants comprising 4,946 MW grid connected and 994 MW off-grid power plants. Out of the total grid connected capacity, major share comes from bagasse co-generation and around 115 MW from waste-to-energy power plants, whereas off-grid capacity comprises 652 MW non bagasse cogeneration, mainly as captive power plants, about 18 MW biomass gasifier systems being used for meeting electricity needs in rural areas, and 164 MW-equivalent biomass gasifier systems deployed for thermal applications in industries.

Considering the present status of biomass-based power generation and thermal applications, only about 30-35 million tonnes of surplus biomass is being used annually for existing and ongoing biomass projects.

[Source: MNRE]

STATE-WISE REVIEW

OUR OPERATIONS IN UTTAR PRADESH

3
Number of facilities

2,500
Capacity at inception (tonnes per day

24,000
Total capacity today (tonnes per day)

Overview

Dalmia commenced sugar operations with one unit in Uttar Pradesh in 1994 and thereafter expanded its presence to three locations in Ramgarh, Jawaharpur and Nigohi. It has emerged as one of the top 10 players in sugar industry in India.

Cane management

The Company is extensively involved in cane development to improve cane cultivation, educate farmers, reduce losses and varietal rejections.

The Company commissioned kisan sewa kendras near its sugar mills. These institutions distribute fertilisers, pesticides and farm equipment at subsidised rates. The Company initiated a program called Unnati, focusing on the cultivation of high-yield cane varieties, customising desired nutrients based upon the scientific soil testing and varietal shift in cane mix, increasing farm productivity through the same available natural resources.

Challenges

- Low yield of ratoon cane
- Demand and supply mismatch

Highlights, 2018-19

- Crushed 38.99 lac metric tonnes of cane in FY 2018-19.
- Maintained recovery at 11.96% compared to the previous year's 11.33%.
- Highest ethanol production at 33515 KL
- Enhanced power sales to 27.32 crore units.

OUR OPERATIONS IN MAHARASHTRA

2
Number of facilities

2,500
Capacity at inception (tonnes per day

10,000
Total capacity today (tonnes per day)

Overview

The Company established its first sugar manufacturing unit in Maharashtra in 2013 at Kolhapur. The Company is now present in two locations (Kolhapur and Sangli). The Company's Maharashtra operations have expanded beyond sugar manufacture to ethanol production and co-generation as well.

Challenges

Demand and supply mismatch

Highlights, 2018-19

- Crushed 11.30 lac metric tonnes of cane
- Recovery stood at 12.96% as against the previous year's 13.17%.
- Increased ethanol production at 14514 KL
- Power generation stood at 16.28 crore units.

DIVISIONAL ANALYSIS

OUR SUGAR BUSINESS

Particulars	FY2017-18	FY2018-19	Increase/decrease
Sales volumes (lac tonnes)	5.24	5.31	1%
Contribution to revenues (%)	84	74	-12%
Contribution to EBITDA margin (%)	17	14	-18%

Overview

The sugar segment is the major revenue contributor to Dalmia's topline. Its constant evolution to streamline the business resulted in staying profitable since 2013.

Strengths

- Among the ten largest Indian sugar manufacturers
- The only private sector player from Uttar Pradesh to enter Maharashtra
- One of the most efficient sugar producers (average recovery in Uttar Pradesh stood at a high 11.96% and Maharashtra recovery at 12.96%)

Challenges

The increasing sugar production amidst slow demand increment reduces growth prospects. The Company forayed into distillery and co-generation, which provides business sustainability. Besides, the initiatives taken over the years helped achieve a recovery of more than 13% across its units, increasing sugar production while keeping the cost of production relatively low.

Outlook, 2019-20

With increasing sugar inventory, the Company is focusing on de-risking its business through process efficiencies, cane management and increasing distillery production.

OUR DISTILLERY BUSINESS

Particulars	FY2017-18	FY2018-19	Increase/decrease
Sales volumes (Kilolitres)	28,810	48,030	67%
Contribution to revenues (%)	5	11	120%
Contribution to EBITDA margin (%)	14	34	149%

Overview

The Company's cumulative distillery capacity stands at 240 kilolitres per day (comprising distilleries in Uttar Pradesh and Maharashtra). The unit in Maharashtra commenced operations from 2016-17. Increasing government focus on ethanol blending helped the Company capitalise on the opportunity. Its captive raw material consumption (molasses) de-risked material availability issues.

Strengths

The Company possesses the capacity to produce different grades of alcohol (ethanol, rectified spirit and extra neutral alcohol), addressing different user segments

Achievements, FY2018-19

- Net distillery revenues stood at ₹215 crore
- Distillery production stood at 48030 KL.

Outlook, FY 2019-20

The Company is expected to grow the segment's revenues by a significant extent on the back of enhanced capacities and improved efficiencies.

OUR CO-GENERATION BUSINESS

Particulars	FY2017-18	FY2018-19	Increase/decrease
Revenue from power exports (Rs. crore)	206	214	3.88%
Contribution to revenues (%)	9	10	11.11%
Contribution to EBITDA margin (%)	63	55	12.70%

To make efficient use of bagasse generated in sugar production, the Company commissioned co-generation by setting up a 79 megawatts capacity plant in Uttar Pradesh in 2007-08. Dalmia's cogeneration capacity now stands at 102 megawatts, spanning four units. Nearly 30% of the total power generated was consumed captively in 2018-19 and the rest exported to the state electricity grid. The utility of the division lies in revenue visibility derived from long-term power purchase agreements with the grids.

Strengths

- The Company possesses adequate capacity to cater to 100% of its power requirement
- The Kolhapur co-generation plant is equipped with cutting-edge high-pressure boilers, enhancing power generation per metric tonne of cane

Achievements, FY2018-19

- Increased power generation by 14.05% from 52.80 crore units in 2017-18 to 60.22 crore units in 2018-19
- Increased power exported to the grid by 8.57% from 35 crore units in 2017-18 to 38 crore units in 2018-19
- Earned revenues from power exports worth ₹206 crore

FINANCE REVIEW

Key performance metrics

Parameters	2017-18	2018-19
Total revenue (₹ crore)	2312	2105
EBIDTA (₹ crore)	271	353
PBT (₹ crore)	148	204
PAT (₹ crore)	134	187
Earnings per share (₹)	16.57	23.15

Analysis of the Profit & Loss statement

Revenues: The revenues from operation of the Company stood at ₹2,105 crore as against ₹2,312 crore in the preceeding year. The reduction was primarily on account of lower sugar selling prices. The Other Income of the Company reported 132.5% growth, largely driven by the Government's Grant and Cane Incentive. Other income accounted for only 4.14% of the Company, reflecting the Company's dependence on core business operations.

Expenses: Total expenses of the Company decreased from ₹2,164 crore in 2017-18 to ₹1,902 crore, largely on account of a change in stock. Raw material costs, comprising 83% of the Company's revenues in 2018-19 (64.52 % in 2017-18), increased 16.58% from ₹1,489 crore in 2017-18 to ₹1,736 crore in 2018-19 owing to an increase in the operations of the Company.

Employees' expenses, comprising 5.64% of the total revenues, increased 9.17% from ₹109 crore in 2017-18 to ₹119 crore in

2018-19 owing to an increased operational base as well as a yearly revision in the remuneration of employees.

Analysis of the Balance Sheet

Sources of funds

The net worth of the Company increased 7% from ₹1,449 crore as on 31st March 2018 to ₹1,550 crore as on 31st March 2019 owing to an increase in the reserves and surpluses. The Company's equity share capital, comprising 8.09 crore equity shares of ₹2 each, remained unchanged during the year under review.

Long-term debt

Long-term debt of the Company increased 22.63 % from ₹376 crore as on 31st March 2018 to ₹461 crore as at 31st March 19 due to SEFASU loan amounting ₹150 crore. The long-term debt-equity ratio of the Company stood at 0.35 as on March 31, 2019 compared to 0.30 as on March 31, 2018, reflecting an increased use of debt to meet the operational demand.

Finance cost

Finance cost of the Company decreased 1.25% from ₹69.47 crore in 2017-18 to ₹68.60 crore in 2018-19 due to the repayment of liabilities. The Company's interest cover stood at a comfortable 5.88 times in 2018-19 (3.90 times in 2017-18), reflecting a comfort in servicing the interest obligations of the Company.

Applications of funds

Fixed assets (net) of the Company increased 1.87% from ₹1,292 crore as on 31st March 2018 to ₹1,316 crore as on 31st March 2019 largely owing to a capitalization of the Nigohi distillery and Jawaharpur distillery expansion. Depreciation on assets decreased 4.17 % from ₹54 crore in 2017-18 to ₹52 crore in 2018-19 owing to the application of the Reducing Balance Method for a part of the assets (majorly co-gen segment).

Investments

Non-current investments of the Company reduced from ₹284 crore as on 31st March 2018 to ₹198 crore as on 31st March 2019 mainly due to a reduction in the mark-to-market value of shares.

Working capital management

- Current assets of the Company increased 34 % from ₹1,214 crore as on 31st March 2018 to ₹1,626 crore as on 31st March 2019 owing to an increase in sugar stocks and power segment debtors. Current ratio and quick ratio of the Company stood at 1.56 and 0.52 respectively in 2018-19 as against 1.38 and 0.53 in 2017-18.
- Inventories, including raw materials, work in progress and finished goods, among others, increased 46.06 % from ₹750 crore as on 31st March 2018 to ₹1,095 crore as on 31st March 2019.
- Cash and bank balances of the Company decreased from ₹59 crore as on 31st March 2018 to ₹28 crore as on 31st March 2019

Margins

Strong cost control helped the Company report better margins during the year under review. The EBIDTA margin of the Company improved from 12% in 2017-18 to 17% while the net profit margin of the Company improved 40 basis points.

Key performance ratios

Particulars	2017-18	2018-19	Growth
ROCE %	14.86	17.54	18.03%
ROE %	9.26	12.09	30.64%
Interest cover (x)	3.90	5.14	31.66%
EBIDTA to Revenue %	11.72	16.75	42.84%
PBT to Revenue %	6.39	9.68	51.37%
PAT to Revenue %	5.80	8.90	53.46%
Debt Equity	0.30	0.35	16.67%

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The internal control and risk management system is structured and applied in accordance with the principles and criteria established in the corporate governance code of the organisation. It is an integral part of the general organisational structure of the Company and Group and involves a range of personnel who act in a coordinated manner while executing their respective responsibilities. The Board of Directors offers its guidance and strategic supervision to the Executive Directors and management, monitoring and support committees. The control and risk committee and the head of the audit department work under the supervision of the Board-appointed Statutory Auditors.

HUMAN RESOURCES

The Company believes that its intrinsic strength lies in its dedicated and motivated employees. As such, the Company provides competitive compensations, an amiable work environment and acknowledges employee performance through a planned reward and recognition programme. The Company aims to create a workplace where every person can achieve his or her true potential. The Company encourages individuals to go beyond the scope of their work, undertake voluntary projects that enable them to learn and devise innovative ideas.

CAUTIONARY STATEMENT

This statement made in this section describes the Company's objectives, projections, expectation and estimations which may be 'forward looking statements' within the meaning of applicable securities laws and regulations. Forward–looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised by the Company. Actual results could differ materially from those expressed in the statement or implied due to the influence of external factors which are beyond the control of the Company. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements on the basis of any subsequent development, information or events.

DIRECTORS' REPORT

Dear members

Your Directors have pleasure in presenting their sixty seventh report alongwith the audited Financial Statements of the Company for the financial year ended March 31, 2019.

Financial Highlights

(₹ crore)

Particulars	2018-19	2017-18
Net Sales Turnover	2018.51	2274.88
EBIDTA	352.61	271.13
Less:- Interest & Financial Charges	68.61	69.47
PBDT	284.00	201.67
Less:- Depreciation & Impairment	80.20	53.79
PBT	203.80	147.87
Less:- Tax		
Current Tax	43.63	31.52
Deffered Tax	(27.21)	(17.75)
PAT	**187.38**	**134.10**
Add:- Surplus brought forward	1,117.39	1,021.78
Balance available for appropriation	**1,304.77**	**1,155.88**
Appropriations		
Debenture Redemption Reserve (net)		
Transferred to General Reserve	-	19.00
Dividend	-	16.19
Dividend Distribution Tax	-	3.30
Balance carried Forward	**1,304.77**	**1,117.39**

Operations and Business Performance

The Company has achieved the highest ever operational volumes in all segments of the business, with distillery segment being the major growth driver. It has also recorded the highest ever sugar recovery in this year. Consequently despite the challenging business environment, the Company has reported excellent results during the financial year 2018-19.

Management Discussion and Analysis for the year under review, as stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations"), giving detailed analysis of the performance of the Company during the financial year 2018-19 is presented in a separate section forming part of this Report. Further, the working results for key businesses are attached and marked as Annexure - 1 and forms part of this Report.

The Company continues to be engaged in the same business during the financial year 2018-19. There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year to which the Financial Statements relate and the date of this Report.

Dividend

Your Directors are pleased to recommend a dividend of ₹ 1.60 per equity share of face value of ₹ 2/- (@80%) for the financial year 2018-19 amounting to ₹ 15.62 Crore (inclusive of dividend distribution tax of ₹ 2.66 Crore), payable to those shareholders whose names appear in the Register of Members as on the Book Closure / Record Date.

The Register of Members and Share Transfer books will remain closed from August 22, 2019 to August 29, 2019 (both days inclusive) for the purpose of payment of the dividend for the financial year ended on March 31, 2019 and the Annual General Meeting. The Annual General Meeting is scheduled to be held on August 29, 2019.

Transfer to General Reserves

Your Directors do not propose to transfer any amount to the General Reserves for the year under review.

Investor Education and Protection Fund

During the financial year under review, the Company has transferred unpaid/unclaimed dividend of ₹ 4,15,110/- to the Investor Education & Protection Fund. Further, 56,465 Equity Shares, on which dividend had not been claimed for seven consecutive years, have also been transferred to the Demat account of Investor Education & Protection Fund Authority.

Credit rating

During the financial year 2018-19, ICRA has, on November 30, 2018, reaffirmed the rating for long term and short term facilities of the Company at AA- and A1+, respectively. Instruments with the said rating are considered to have high degree of safety regarding timely servicing of financial obligations.

Consolidated Financial Statements

In accordance with the provisions of the Companies Act, 2013 read with the Indian Accounting Standards (Ind AS), the Consolidated Financial Statements of the Company and its subsidiary(ies) for the financial year 2018-19 have been prepared in accordance with applicable accounting standards and form part of the Annual Report.

Subsidiaries

The Company has one wholly owned subsidiary as on March 31, 2019, i.e., Himshikhar Investment Limited. There is no material unlisted subsidiary of the Company in terms of SEBI LODR Regulations as amended from time to time and the Company's Policy for determining Material Subsidiary. The said Policy may be accessed at the Company's website at www.dalmiasugar.com/upload/policies/DBSIL-Material-Subsidiary-Policy-Board.pdf.

During the financial year 2018-19, Dalmia Bharat Sugar Venture Limited and Dalmia Solar Power Limited have ceased to be the subsidiaries of the Company with effect from May 31, 2018. The Company has no Associates or Joint Ventures.

A statement containing the salient features of the Financial Statements of the Company's subsidiary for the financial year ended on March 31, 2019 in Form AOC 1 is attached and marked as Annexure - 2 and forms part of this Report.

The Financial Statements including Consolidated Financial Statements of the Company including all other documents required to be attached thereto, are placed on the Company's website at www.dalmiasugar.com. These documents will also be available for inspection till the date of the Annual General Meeting on all working days, during business hours, at the registered office of the Company and any member desirous of obtaining a copy of the same may write to the Company Secretary in terms of Section 136 of the Companies Act, 2013.

Board Meetings

The Board of Directors of the Company met four times during the financial year 2018-19, i.e., on May 28, 2018, August 06, 2018, November 13, 2018 and February 14, 2019 in due compliance with and following the procedures prescribed in the Companies Act, 2013, SEBI LODR Regulations and applicable Secretarial Standards. Detailed information on the meetings of the Board of Directors is included in the report on Corporate Governance which forms part of this Report.

Directors and Key Managerial Personnel

Shri Jai Hari Dalmia, Vice Chairman and Managing Director, Shri Gautam Dalmia, Managing Director and Chief Executive Director and Shri Anil Kataria, Chief Financial Officer continue to hold their respective offices during the financial year 2018-19.

Shri Bharat Bhushan Mehta, who was a Non Executive Director, has been appointed as the Whole Time Director of the Company with effect from April 01, 2019.

Smt. Isha Kalra has resigned as the Company Secretary of the Company due to personal reasons with effect from October 11, 2018 and Smt. Sneha Sharma has been appointed as Company Secretary of the Company with effect from November 13, 2018.

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, the office of Shri Bharat Bhushan Mehta as Director is liable to determine by retirement by rotation at the forthcoming Annual General Meeting. He being eligible has offered himself for re-appointment and has furnished the requisite declaration to the effect that he is qualified to be appointed as a Director of the Company.

Shri J.S. Baijal, Shri M. Raghupathy and Shri P. Kannan, being the Independent Directors, have given their declaration of meeting the criteria of independence laid down in the Companies Act, 2013 and SEBI LODR Regulations. The term of five years of the Independent Directors would be completed at the forthcoming Annual General Meeting. Shri J. S. Baijal and Shri M. Raghupathy have shown their unwillingness for re-appointment as Director in view of the old age. Ms. Himmi Gupta has given resignation from the Board of Directors with effect from July 30, 2019 due to personal reasons. The Board places on record its appreciation for the valuable services rendered by Shri J. S. Baijal, Shri M. Raghupathy and Ms. Himmi Gupta.

Ms. Amita Misra has given consent to act as Director and declaration of meeting the criteria of independence and is proposed to be appointed as an Independent Director at the forthcoming Annual General Meeting of the Company. Her resume and other details required as per SEBI LODR Regulations are provided in the explanatory statement in the notice of Annual General Meeting.

Committees of the Board

In terms of the Companies Act, 2013 and SEBI LODR Regulations, the Company has following Committees of the Board:

- Audit Committee
- Stakeholders' Relationship Committee
- Nomination and Remuneration Committee
- Corporate Social Responsibility Committee

The details with respect to the compositions, powers, terms of reference, etc. of the Committees are given in detail in the Corporate Governance Report which forms part of this Report. The Board has accepted the recommendations made by the Committees during the financial year 2018-19.

Nomination and Remuneration Policy

The Nomination and Remuneration Policy of the Company lays down the constitution and role of the Nomination and Remuneration Committee. The Policy has been framed with the objective –

(a) to ensure that appointment of directors, key managerial personnel and senior managerial personnel and their removals are in compliance with the applicable provisions of the Companies Act, 2013 and the SEBI LODR Regulations;

(b) to set out criteria for the evaluation of performance and remuneration of directors, key managerial personnel and senior managerial personnel;

(c) to recommend to the Board, the remuneration payable to senior management;

(d) to adopt best practices to attract and retain talent by the Company; and

(e) to ensure diversity of the Board of the Company.

The Policy specifies the manner of effective evaluation of performance of Board, its Committees and individual Directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance. The Nomination and Remuneration Policy of the Company can be accessed at www.dalmiasugar.com

Performance Evaluation

The annual evaluation of the performance of the Board, its Committees and individual Directors was carried out by the Board, the Nomination and Remuneration Committee and Independent Directors in compliance with the Companies Act, 2013 and SEBI LODR Regulations during financial year 2018-19.

An indicative criteria was circulated to the Directors to facilitate such evaluation. Based on the feedback of the Directors and on due deliberations of the views and counter views, the evaluation was carried out in terms of the Nomination and Remuneration Policy and such indicative criterion.

It was observed that the Board was well composed in as much as there was a mix of youth and maturity, competencies and experience in the business of the Company as well as other areas like finance, compliance, policy making, etc. and that there was adequate gender and other diversity in the Board. The Board had met the high standards in relation to Corporate Governance as envisaged by the Companies Act, 2013 as well as those provided in the SEBI LODR Regulations and/or the other requirements of the SEBI. The Board functioned as a cohesive team and the decision making was based on due deliberations where views and counter views were encouraged.

It was further observed that the mandate and composition of Committees was clearly defined. The Committees performed their duties diligently and contributed effectively to the decisions of the Board.

All the Directors were performing their role effectively and discharging their responsibilities and obligations efficaciously and had been meeting the high standards of professing and ensuring best practices in relation to overall governance of the Company's affairs.

Directors' Responsibility Statement

Your Directors state that:

(a) in the preparation of the annual accounts for the year ended March 31, 2019, the applicable accounting standards have been followed and there are no material departures from the same;

(b) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit/loss of the Company for that period;

(c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;

(d) the Directors have prepared the annual accounts on a going concern basis;

(e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and

(f) the Directors have devised proper system to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Particulars of Remuneration of Directors, Key Managerial Personnel and Employees

The details relating to the ratio of the remuneration of each Director to the median employee's remuneration and other prescribed details in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are attached and marked as Annexure – 3 and forms part of this Report.

A statement showing the names of the top ten employees in terms of remuneration drawn and other employees drawing remuneration in excess of the limits set out in Rule 5(2) and other particulars in terms of Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are attached and marked as Annexure - 4 and forms part of this Report.

Corporate Governance Report

Your Directors are committed to achieve the highest standards of ethical and corporate governance and continue to comply with the Code of Conduct. The endeavour is to enhance the reputation of the Company as a responsible and sustainable Company in order to attract as well as retain talents, customers, suppliers, investors and to maintain fulfilling relationships with the communities.

The strong corporate governance and a zeal to grow has helped the Company to deliver the best value to the stakeholders. We have always been positively cautious about the near term and optimistic about the medium and long term in view of the improved macro indicators for the economy, significant growth in public spending and focused execution plans.

The Corporate Governance Report for the financial year 2018-19 as required under SEBI LODR Regulations of the Company is attached hereto and forms part of this Report. The certificate from the Secretarial Auditors of the Company confirming compliance with the conditions of Corporate Governance is attached to the Corporate Governance Report. Further certificate from the Secretarial Auditors is also attached confirming that none of the Directors of the Company have been debarred or disqualified from being appointed or continuing as Directors of the Company by SEBI/Ministry of Corporate Affairs or any such authority.

Annual Return

In terms of the provisions of Section 92(3) of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, the the extract of the Annual return of your company of your Company is posted at the Company's website www.dalmiasugar.com.

Corporate Social Responsibility

The Company has been following the concept of giving back and sharing with the under privileged sections of the society for more than eight decades. The Corporate Social Responsibility of the Company is based on the principal of Gandhian Trusteeship. The Company has addressed the issues of health care and sanitation, education, rural development, women empowerment and other social development issues. The prime objective of our Corporate Social Responsibility Policy is to hasten social, economic and environmental progress. We remain focused on generating systematic and sustainable improvement for local communities surrounding our plants and project sites.

The Corporate Social Responsibility Policy of the Company may be accessed at the Company's website at www.dalmiasugar.com/upload/policies/DBSIL-CSR-POLICY.pdf.

Pursuant to the said Policy, the Company has made expenses aggregating to ₹2.92 Crore towards corporate social responsibility activities during the financial year 2018-19 which are slightly more than 2% of average net profits of the Company made during three immediately preceding financial years. The annual report on corporate social responsibility activities is attached and marked as Annexure – 5 and forms part of this Report.

Related Party Policy and Transactions

Your Company has formulated a policy on materiality of related party transactions and dealing with related party transactions duly approved by the Board of Directors and same may be accessed at the Company's website at www.dalmiasugar.com/upload/policies/ DBSIL-RPT-Policy-Board.pdf.

Prior omnibus approval is obtained for related party transactions which are of repetitive nature and entered in the ordinary course of business and at an arms' length basis. All related party transactions are placed before the Audit Committee for review and approval.

All related party transactions entered during the financial year 2018-19 were in ordinary course of the business and on an arms' length basis. During the financial year 2018-19 there were no material contracts or arrangements entered into by the Company with the related parties referred to in section 188(1) of the Companies Act, 2013.

Risk Management

Your Company has formulated the Risk Management Policy that defines the adequate risk management process and procedures, which are based upon business environment, operational controls and compliance procedures. The major risks are assessed through a systematic procedure of risk identification and classification. Risks are prioritized according to significance and likelihood. The purpose of risk management is not to eliminate the risks inherent to the business but to proactively address such risks. The Audit Committee oversees the risk management plan and ensures its effectiveness.

Adequacy of Internal Financial Controls

Internal financial controls are an integrated part of the risk management process. Your Company has in place adequate internal control systems commensurate with the size of its operations and the policies and procedures adopted by your Company ensures the orderly and efficient conduct of business, the safeguarding of assets, the prevention and detection of frauds and errors, the adequacy and completeness of the accounting records, and the timely preparation of reliable financial information. The entire system is complemented by external auditing of selected functions such as the Secretarial functions.

The internal auditors of the Company conduct regular internal audits as per approved plan and the Audit Committee reviews periodically the adequacy and effectiveness of internal control systems and takes steps for corrective measures whenever required. There are established Cause-Effect-Action (CEA) systems and escalation matrices to ensure that all critical aspects are addressed well in time.

Whistle Blower Policy and Vigil Mechanism

The Company has in place the Whistle Blower Policy and Vigil Mechanism for Directors, employees and other stakeholders which provides a platform to them for raising their voice about any breach of code of conduct, financial irregularities, health, safety, environmental issues, adequate safeguards against victimisation of stakeholders and provide the direct access to the Chairperson of the Audit Committee in appropriate cases. The Policy can be accessed at the website of the Company at http://www.dalmiasugar.com/upload/policies/DBSIL-Whistle-Blower-Policy-Vigil-Mechanism.pdf.

Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Your Company is committed to ensuring that all are treated with dignity and respect. The Human Resource and the Legal, Secretarial & Compliance department, in collaboration with other functions, ensure protection against sexual harassment of women at workplace and for the prevention and redressal of complaint in this regard.

In line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013, an Anti-Sexual Harassment Policy has been put in place and Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. During the financial year 2018-19, no complaint has been received by ICC.

Loans, Guarantees and Investments

Your Company has given loans and guarantees and made investments within the prescribed limits with the necessary approvals and in terms and accordance with the provisions of Section 186 of the Companies Act, 2013.

The particulars of such loans and guarantees given and investments made are provided in the Standalone Financial Statements at note no. 5.

Energy Conservation, Technology Absorption and Foreign Exchange Transactions

A statement giving details of Energy Conservation, Technology Absorption and Foreign Exchange Transactions, is given in Annexure – 6 and forms part of this Report.

Auditors

Statutory Auditor

NSBP & Co, Chartered Accountants (Firm Registration No. 001075N), Statutory Auditors of the Company hold office till the conclusion of Seventieth Annual General Meeting of the Company to be held in 2022.

There is no qualification, reservation or adverse remark in their report on the Financial Statements. The notes on Financial Statements referred to in the Auditors' Report are self-explanatory and do not call for any comments and explanation. The Auditors have not reported any matter under Section 143 (12) of the Act during the year under review.

Cost Auditor

HMVN & Associates, Cost Accountants, were appointed as the Cost Auditors of the Company to conduct Cost Audit for the year ended March 31, 2018, and they had submitted the Cost Audit Report for the said year on August 06, 2018.

R.J. Goel & co., Cost Accountants, New Delhi, was appointed as the Cost Auditors to conduct cost audit for the year ended March 31, 2019 and they will be submitting their report in due course of time.

The Board of Directors of the Company has re-appointed R.J. Goel & Co., Cost Accountants, New Delhi, as the Cost Auditors to conduct cost audit for the year ended March 31, 2020 at a remuneration to be ratified by the shareholders at the forthcoming Annual General Meeting.

Secretarial Auditor and Report thereon

The Board of Directors of the Company had appointed Harish Khurana & Associates, Practising Company Secretaries, as the Secretarial Auditor of the Company for the Financial Year 2018-19.

The Secretarial Audit Report in Form MR - 3 for financial year 2018-19 is attached and marked as Annexure – 7 and forms part of this Report. There is no qualification, reservation or adverse remark in the Secretarial Audit Report.

Your Company is in compliance with all the Secretarial Standards issued by the Institute of Company Secretaries of India and having become effective.

Public Deposits

The Company has not accepted any deposits from public during the year under review.

Orders Passed By Regulators

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

Health, Safety and Environment

Safety and health of employees and clean environment is the core value of the Company. The endeavour of the Company is to continue safe and healthy environment at all its units.

Towards this end, regular training programmes are being conducted for all levels of employees. Towards greener environment, the Company and employees have made it a habit to plant more and more trees.

Industrial Relations

The industrial relations during the year under review were harmonious and cordial.

Acknowledgement

The Board of Directors would like to express their sincere appreciation for the assistance and cooperation received from the financial institutions, banks, government authorities, customers, vendors and stakeholders during the year under review. The Board of Directors also wish to place on record its deep sense of appreciation for the committed services by all the Company's executives, staff and workers.

For and on behalf of the Board

(J.S. Baijal)
Chairman
DIN: 00049565

Place: New Delhi
Dated: July 29, 2019

Dalmia
Bharat Sugar

Annexure - 1

Working Results of Key Business

Particulars	FY 18-19	FY17-18	FY 2016-17
Sugar Division ('000 MT)			
Cane Crushed	5,029	4222	3147
Sugar Production	613	499	365
Sugar Sales	531	524	367
Molasses Production	241	187	140
Magnesite Division ('000 MT)			
Refractory Product Production	9	3	7
Refractory Product Sale & Self Consumption	6	7	6
Electronic Division ('000 MT)			
Chip Capacitor Production	1	0	31
Chip Capacitor Sales	1	0	33
Wind Farm			
Installed Capacity (MW)	16.53	16.53	16.50
Production (Million Units)	24.09	29.15	28.40
Plant Load Factor	17%	20%	20%
Govan Travels			
Business Handled (₹ In Crore)	24.88	24.38	18.72
Co-Generation			
Installed Capacity (MW)	107	102	102
Production (Million Units)	602	528	541

Annexure - 2

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the Financial Statement of Subsidiaries/Associate Companies/Joint Ventures

Part A: Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in ₹ Crore)

SL. No.	Name of the subsidiary	HIMSHIKHAR INVESTMENT LIMITED
1	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Same as Holding Company (31st March of every year)
2	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Not Applicable
3	Share capital	0.45
4	Reserves & surplus	(14.07)
5	Total Assets	134.15
6	Total Liabilities	147.77
7	Investments	129.91
8	Turnover	0.44
9	Profit before taxation	(12.25)
10	Provision for taxation	Nil
11	Profit after taxation	(12.25)
12	Proposed Dividend	Nil
13	% of shareholding	100%

1. Names of subsidiaries which are yet to commence operations: **NIL**
2. Names of subsidiaries which have been liquidated or sold during the year:

Subsidiaries sold during the financial year 2018-19
a. Dalmia Bharat Sugar Venture Limited
b. Dalmia Solar Power Limited

Part B : Associates and Joint Ventures: Not Applicable

Sneha Sharma	**Anil Kataria**	**J.S. Baijal**	**Gautam Dalmia**
Company Secretary	*Chief Financial Officer*	*Director*	*Managing Director*
Membership No:A37986	PAN: AALPK4889N	DIN: 00049565	DIN: 00009758

Place: New Delhi
Date: May 20, 2019

Annexure - 3

Details pertaining to remuneration as required under Section 197(12) read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

1. Details of the ratio of remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2018-19 and the percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2018-19 are as under:

Name of the Director/KMP and Designation	Remuneration of Director/KMP for the F.Y. 2018-19 ₹ crores	Ratio of remuneration of each Director to median remuneration* of employees of the Company	% increase in the remuneration during the F.Y. 2018-19
Shri J. S. Baijal, Chairman, Non-Executive Independent	0.26	13	30
Shri Jai H. Dalmia, Managing Director	1.42	71	(21.54)
Shri Gautam Dalmia, Managing Director and Chief Executive Officer	5.84	292	30.35
Shri T. Venkatesan, Non-Executive	0.02	1	Nil
Shri M. Raghupathy, Non-Executive Independent	0.25	12.5	31.57
Shri B.B. Mehta, Non-Executive**	0.03	1.5	Nil
Shri Panchapakesan Kannan, Non-Executive Independent	0.18	9	5.88
Smt. Himmi Gupta, Non-Executive	0.02	1	Nil
Shri Anil Kataria, Chief Financial Officer	0.92	46	2.22
Smt. Isha Kalra, Company Secretary (Resigned w.e.f 11.10.2018)	0.08	-	-
Ms. Sneha Sharma, Company Secretary (appointed w.e.f 13.11.2018)	0.02	-	-

Note:* The median remuneration of employees of the Company during the financial year 2018-19 was ₹ 2,05,003/-.
** Appointed as Whole Time Director with effect from April 01, 2019.

1. The median remuneration of employees during the financial year was decreased by 16.55% due to transfer of certain employees.
2. The number of permanent employees on the rolls of the Company at the end of the financial year 2018-19 was 2,580.
3. The average percentage increase in the salaries of employees other than the managerial personnel was about 8.07% during the financial year 2018-19. The percentage increase in the remuneration of Shri Gautam Dalmia, Managing Director during the said financial year was about 30% pursuant to the annual increment and the remuneration of Shri Jai Hari Dalmia, Managing Director has reduced by 21.54% due to non payment of commission.
4. It is hereby affirmed that the remuneration paid to Directors, Key Managerial Personnel and Senior Management was paid as per the Nomination and Remuneration Policy of the Company.

Annexure - 4

Statement of Particulars of Employees pursuant to Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the financial year 2018-19

S. No	Name	Age	Designation	Qualifications	Experience (years)	Date of Commencement of Employment	Last Employment held	Remuneration received (₹ in Crore)
A.	Employed throughout the year							
1	Shri Jai Hari Dalmia	74	Vice Chairman & Managing Director	B.E. (ELEC.), M.S. in Electrical Engineering	48	01/04/2007	Orissa Cement Limited	1.42
2	Shri Gautam Dalmia	51	Managing Director	B.SC, M.S. in Electrical Engineering	26	16/01/2007	NONE	5.84
3	Shri Anil Kataria	59	Chief Financial Officer	B.Com, FCA & ACS	33	06/04/2009	Escorts Group	0.92
4	Shri Naresh Paliwal	62	Deputy Executive Director	B.Com, FCA	32	24/06/2010	Oudh Sugar Mills Limited	1.02
5	Shri Gopendra Singh	50	Assistant Executive Director	PGDM	26	11/09/2006	Veetee Fine Foods Ltd,Graintec India	0.63
6	Shri Kuldeep Kumar	49	Assistant Executive Director	MBA-Operations	28	17/07/2015	Mawana Sugar Works	0.63
7	Shri Sreenivas Madabhushi	57	Gerneral Manager	MSC Agri	30	01/05/2016	D1 Oil Fuel Crops (P) Ltd	0.48
8	Shri Chander Pal	51	Assistant Executive Director	Diploma-Materials Management	31	20/08/2007	Century Metals & Recycling Pvt. Ltd.	0.53
9	Shri Rangaprasad S	56	Assistant Executive Director	ANSI-Sugar Tech.	33	06/07/2017	NSL Sugar	0.43
B.	Employed for the part of the year							
10	Shri Randhir Singh (Till 09-10-2018)	57	General Manager - Cane	B.SC. - Agriculture	24	24/06/2006	Dhampur Sugar Mill Unit Asmoli	0.34

Notes:

1. Shri Jai Hari Dalmia is the father of Shri Gautam Dalmia and hence they are related to each other. No other Director is related to each other.
2. None of the above employees held 2% or above of the equity share capital of the Company as on March 31, 2019 either himself and /or alongwith his spouse and dependent childern.
3. Remuneration shown above, inter alia, includes value of perquisites, all other allowances and all retiral benefits (excluding gratuity.)
4. Shri Jai Hari Dalmia and Shri Gautam Dalmia are employed as Managerial Personnel on fixed term basis.

Annexure - 5

ANNUAL REPORT ON CSR ACTIVITIES

for the financial year 2018-19

1. A brief outline of the Company's Corporate Social Responsibility Policy, including overview of projects or programs undertaken and a reference to the web-link of the Corporate Social Responsibility Policy.

CORPORATE SOCIAL RESPONSIBILITY

Dalmia Bharat Sugar and Industries Limited is a part of Dalmia Bharat Group which was founded in 1935 and has been following the concept of giving back and sharing with the under privileged sections of the society for more than eight decades. The Corporate Social Responsibility of the Company is based on the Gandhian principle of Trusteeship. The Company has over the years addressed the issues of health and sanitation, education, rural infrastructure, women empowerment and other social development issues.

The prime objective of our Corporate Social Responsibility Policy is to hasten social, economic and environmental progress. We remain focussed on generating systematic and sustainable improvement for local communities surrounding our plants and project sites.

In the recent years, the Company has realigned its Corporate Social Responsibility to focus on issues material to the Company and its stakeholders. The approach is to make significant and sustainable difference through our programmes in the lives of beneficiaries by working in partnership with our stakeholders. Stakeholder engagements and baseline studies highlighted the issues of water scarcity, erratic power supply, unemployment amongst rural youths and basic rural infrastructure needs in our neighbouring community. The Company realized that these issues were more material to the Group's businesses as well as to the communities around the Group's facilities. Company thus planned its' Corporate Social Responsibility programmes in sectors of Soil & Water Conservation, Access to Clean Energy, Livelihood Skill Training and Social Development and started aiming at creation of shared values for all stakeholders.

Our Corporate Social Responsibility Policy can be accessed on http://www.dalmiasugar.com/upload/policies/DBSIL-CSR%20 POLICY.pdf

Presently, Dalmia Bharat Sugar and Industries Limited is working in two states of Uttar Pradesh and Maharashtra, across 38 villages in 4 districts.

Programme outreach during financial year 2018-19:

Our Key Focus Areas

1. **Soil and Water Conservation**

   Depleting water table is a massive problem being faced across the country. In our neighbouring communities, the water table is depleting, creating water scarcity and stress for agriculture and household use. We are thus working on a systematic, integrated and predictive approach for water management along with the community for water conservation, water management, construction, renovation and maintenance of water harvesting structures for improving surface and ground water availability like village and farm ponds, etc.

   - Our initiatives have enabled an additional water harvesting and saving of 6.89 lakh m3 this year, taking the total water harvested and saved per year to 22.89 lakh m3.
   - Drip Irrigation was implemented in 236 acres of land, benefiting 630 villagers and saving 6.2 lakh m3 of water. Drip irrigation help farmers to go for multi-cropping, grow two crops a year, 60 percent less water consumption and increased income.
   - Five village ponds were constructed and interlinked - 3 in Ramgarh and 2 in Nigohi, Uttar Pradesh benefiting more than 1,700 people.

2. **Access to Clean Energy**

   Energy is another major concern in rural India, with majority of the population being dependent on depleting fuel wood and erratic electricity supply. Clean and renewable energy for the poor and vulnerable rural communities is another focus area of Dalmia Bharat Sugar and Industries Limited. Our technology innovation initiatives have helped operationalize and decentralize renewable energy solutions in the rural areas by promoting cook stoves, Liquified Petroleum Gas connections, bio gas plants, Solar lighting systems like lanterns, street lights, study lamps and home lighting systems.

- With the cumulative effort of our initiatives in this focus area, we were able to convert
  - o 8 villages to Clean Cooking Villages, where each household uses a cleaner cooking fuel. Till now, we have converted 16 villages to Clean Cooking villages.
  - o 5 villages to Clean Lighting Villages, where no household uses kerosene for lighting. Till now, we have converted 16 villages to Clean Lighting villages.
- This year, we extended the Ujjwala Scheme of Government of India to promote 663 Liquefied Petroleum Gas Connections among beneficiaries.
- 710 Solar Lanterns and 16 Solar Street Lights were promoted.
- Under the Smart Power project initiated in partnership with Schneider and Smart Power India, 2 Solar Mini Grids have been installed in Ramgarh and Nigohi. The Grids have the capacity to provide electricity at night to 100 households and power for irrigation pumps to 100 farmers for 400 acres of land. The grid is providing water through solar water pumps to 120 farmers and electricity to solar home lighting systems to 80 households.

2. Livelihood Skill Training

Unemployment amongst the rural youth is significantly high and substantiate number of them are just employed seasonally. Aiming at long term benefits for the youths and their family, the Company has started many Skill Development programmes and provided training in various areas. It has set up 3 Dairy Development Centers in Ramgarh, Jawaharpur and Nigohi which is helping 1,000 households with alternative livelihood generation.

- The centre of our flagship skill training programme - Dalmia Institute of Knowledge and Skill Harnessing Centre (DIKSHa) has been set up in Sitapur. The centre will provide certified skill training to youth on Home Health Aide, Security Guard, Electrician Lab and Customer Relationship Management. Through this centre, the 1st batch of 30 trainees in Security Guard Training has passed and are in placement process. 150 trainees are undergoing Training.
- 5 new Self Help Groups were promoted with 62 members. The total number of Self Help Groups are 70 with 983 women members. The corpus of the SHGs is INR 4.24 Lakh.
- In the Dairy Development project initiated in partnership with BAIF Development Research Foundation in 3 locations of Uttar Pradesh, 1,721 cows and buffaloes were artificially inseminated. Out of the 1,011 animals examined, 593 animals were found pregnant. During the year, 17 calves were born. The project aims to benefit 5,000 households with increased income through Livestock Development and Breed Improvement Programme.
- A Rural Haat has been set up in Ramgarh to provide a place for local farmers to sell their products directly to buyers. The Haat will provide selling place to 70 beneficiaries at a time.
- A Moonj Craft Production Centre is being developed in Ramgarh to provide a production and training centre to local women to produce Moonj products. The centre will benefit around 350 women.
- 95 women of Self Help Groups in Ramgarh who had been previously trained on Moonj Craft by Dalmia, sold Moonj products worth INR 3 Lakh.

3. Social Development

The stakeholder engagement highlighted the issue of poor basic infrastructure which hinders the daily life as well as development of these villages. The Company is helping in building the basic infrastructure needs of the community like School Sanitation blocks, low cost toilets, community halls, school buildings etc. Health is another concern among the community and Company has pitched in by arranging General as well as Specialized Health Camps, providing medicines, Immunizations, Maternal and Child health Care.

- 7 Health Camps organized across all locations benefitting 1,100 people.
- 8 Villages in Uttar Pradesh have been made Open Defecation Free (ODF). In total, 15 villages have been made ODF.
- 955 Individual Sanitary Latrines (ISLs) were constructed benefitting more than 4,775 people.
- "World on Wheels" Project promoting "Digital Learning" is operational in Kolhapur. The project has provided

assisted learning on computers and academic subjects to 1,105 school students and youth. Along with this, the technology in bus was utilized to provide training to SHGs, farmers, ASHA workers, training to youth on computers and awareness on government schemes, etc. These initiatives helped 1,280 beneficiaries.

- A Common Service Lab (CSL) providing e-digital, e-health and e-citizen services, has been set up in partnership with HP in Ramgarh. The computer education courses were given to 350 students.
- 63 Handpumps with inbuilt Taraltec Water Disinfectant Reactor installed in Ramgarh, Jawaharpur and Nigohi benefitting around 3,000 people of 37 villages.
- 2 Village level RO Water Plants and a Drinking Water pipeline to college was set up in Kolhapur benefitting 11,130 people.
- Events such as Independence day, Republic Day, Women's Day. Children Day, World Environment day, World Water Day, World Earth Day, etc. were celebrated in program area villages with participation of more than 3,684 people.
- Under Dalmia Happy School project, 10 Anganwadis were given a new look through painting Building as learning Aid (BALA Art).

2. The Composition of the Corporate Social Responsibility Committee.

   Composition of the Corporate Social Responsibility Committee of Dalmia Bharat Sugar and Industries Limited is:

   1. Shri J. S. Baijal, Chairman, Independent Director
   2. Shri B. B. Mehta, Member, Non-Executive Director
   3. Shri Gautam Dalmia, Member, Executive Director

3. Average net profit of the Company for last three financial years – ₹ 143.26 Crore

4. Prescribed Corporate Social Responsibility Expenditure (two per cent of the amount as in item 3 above) – ₹2.87 Crore

5. Details of Corporate Social Responsibility spent during the financial year:

   (a) Total amount spent for the financial year: ₹2.92 Crore

   (b) Amount unspent, if any: Nil

   (c) Manner in which the amount spent during the financial year is detailed in the annexure attached hereto and forming part of this Report.

6. In case the Company has failed to spend the two per cent, of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report.

   Not Applicable

7. A responsibility statement of the Corporate Social Responsibility Committee that the implementation and monitoring of Corporate Social Responsibility Policy, is in compliance with Corporate Social Responsibility objectives and Policy of the Company.

   The implementation and monitoring of Dalmia Bharat Sugar and Industries Limited Corporate Social Responsibility programmes is in compliance with the Corporate Social Responsibility objectives and Policy of the Company.

Gautam Dalmia	**J. S. Baijal**
Managing Director	*Chairman, CSR Committee*
DIN: 00009758	DIN: 00049565

Place: New Delhi
Date: May 20, 2019

₹ in Crore

S. No.	CSR project or activity identified.	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or program wise	Amount spent on the projects or programs Subheads: (1) Direct expenditure on projects or programs. (2) Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
1	Soil and Water Conservation (Village Ponds, Drip Irrigation)	Schedule VII / item No IV Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water	1. The project was implemented in local area 2. Area of programme: Uttar Pradesh, District Sitapur and Shahjahanpur; Maharashtra, District Kolhapur	0.37	0.37	0.37	Implementing agency - Dalmia Bharat Foundation
2	Access to Clean Energy (LPG Connections, Fuel efficient Cookstoves, Solar products)	Schedule VII / item No IV Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water	1. The project was implemented in local area 2. Area of programme: Uttar Pradesh, District Sitapur and Shahjahanpur; Maharashtra, District Kolhapur	0.07	0.07	0.07	
3	Education and Livelihood (Education in schools, Stithcing and Tailoring, Moonj Craft training, etc.)	Schedule VII / item No II Promotion of education including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled & livelihood enhancement project	1. The project was implemented in local area 2. Area of programme: Uttar Pradesh, District Sitapur and Shahjahanpur; Maharashtra, District Kolhapur	1.31	1.31	1.31	
4	Women Empowerment (SHG formation and Training)	Schedule VII / item No III Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;	1. The project was implemented in local area 2. Area of programme: Uttar Pradesh, District Sitapur and Shahjahanpur; Maharashtra, District Kolhapur				
5	Health and Sanitation (Health Camps, Low Cost Toilets, Awareness Programs on health issues, school toilet units)	Schedule VII / item No I Eradicating extreme hunger and poverty and malnutrition, promoting health care including preventive health care promoting preventive health care and sanitation and making available drinking water	1. The project was implemented in local area 2. Area of programme: Uttar Pradesh, District Sitapur and Shahjahanpur; Maharashtra, District Kolhapur and Sangli	0.92	0.92	0.92	
6	Rural development (Infrastructure, Sports Events, Awareness programs on Social issues)	Schedule VII / item No X Rural development projects	1. The project was implemented in local area 2. Area of programme: Uttar Pradesh, District Sitapur and Shahjahanpur; Maharashtra, District Kolhapur and Sangli				
7	Bharat ke Veer	Schedule VII / item No VI Measures for the benefit of armed forces veterans, war widows and their dependents	PAN INDIA	0.25	0.25	0.25	Direct
	Total			2.92	2.92	2.92	

Annexure - 6

PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO AND EARNINGS

(A) Conservation of Energy:

I. **The steps taken/impact on conservation of energy-**

a) Better utilization of boiler flue gasses resulting into lower auxiliary consumption at Ramgarh unit.

b) Installation of new distillation plant with integrated evaporation system along with waste heat type incineration cogeneration plant is installed at Nigohi location.

c) Replacement of conventional CFL lighting with LED is implemented in some areas.

d) More Falling Film Evaporators are resulting into reduction into Steam consumption % cane.

e) Continuous Vacuum Pans are resulting into reduced steam consumption in Pan boiling.

f) More AC Variable Frequency Drives and high efficiency helical gearboxes are installed for mill drive to achieve better milling efficiency and reduced power consumption per MT cane.

g) Output of distillery is enhanced with process modification to increase capacity utilization resulting into energy conservation.

II. **The steps taken by the Company for utilizing alternate sources of energy-**

The Company is primarily using the renewable source of energy. Also the Company has implemented solar based water pumping system in farms.

III. **The capital investment on energy conservation equipments-**

Company has invested around Rs. 4 Crore during the financial year 2018-19 to conserve the energy.

(B) Technology Absorption :

I. **The efforts made towards technology absorption-**

a. Company is investing in state of art latest technologies for the treatment of effluents with continuous digestor (anaerobic) along with aerobic system for recycling of process condensate.

b. Company is installing state of art incineration technology for the treatment of liquid effluent of distillery at Jawaharpur.

c. Almost ZERO water consumption in sugar cane processing has been continued and further improvement to use recycle water.

d. Centrifugal type solid and liquid separation through Decanters are used for filtration of spent wash to improve efficiency of incineration boiler.

e. Distributed control system (DCS): State of art Operations of Cane Milling, Pan boiling, Co-Gen, Decanters, etc. are automated and controlled.

f. Air-cooled condensers: Surface condensers without use of water are environment friendly.

g. Drip irrigation schemes have been further boosted to conserve water and increase of productivity per hectare.

h. Water management: various schemes like- CPU are implemented to conserve use of water in processing.

II. **The benefits derived like product improvement, cost reduction, product development, import substitution, etc-**

The Company as a result of the efforts made has achieved better quality of sugarcane which will result into increased yield and recovery % cane. The consistent efforts at micro level are resulting into lower stoppage days, hence the costs.

III. **In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year)-**

No technology has been imported for the last three years.

IV. **Expenditure incurred on Research and Development**

The Company has incurred the expenditure of Rs. 7 Crore on cane development and Rs. 0.52 Crore for research & development at Salem.

(C) Foreign Exchange Earnings And Outgo

i. **Foreign Exchange earned in terms of actual inflows during the year**

Rs. 100.51 Crore

ii. **Foreign Exchange outgo during the year in terms of actual outflows**

Rs. 0.54 Crore

Annexure - 7

Secretarial Audit Report

(For the Financial Year ended March 31, 2019)

To,
The Members,
Dalmia Bharat Sugar and Industries Limited
Dalmiapuram, Tiruchirapalli Distt., Tamil Nadu

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Dalmia Bharat Sugar and Industries Limited, (herein after called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, e-Forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place.

We have examined the books, papers, minute books, e-forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2019 according to the provisions of:

1) The Companies Act, 2013 (the Act) and the rules made there under;
2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
3) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
4) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
    a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
    c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
    d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
    e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
    f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
    g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
    h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
6) As per our discussion with the management and based on the compliance certificates placed before the Board by the respective head of the departments in respect of the following other Acts:
    - Electricity Act, 2003
    - Food Safety and Standards Act, 2006
    - Food Safety and Standards (Licensing and Registration of Food Business) Regulations, 2011
    - Essential Commodities Act, 1955
    - Industries (Development and Regulation) Act, 1951
    - Molasses Control Order, 1961
    - Sugar Cess Act, 1982 and Sugar Cess Rules, 1982
    - Employees State Insurance Act, 1948 and Employees State Insurance (General) Regulations, 1950
    - Payment of Bonus Act, 1965 and Payment of Bonus Rules, 1975
    - Employee Provident Fund and Miscellaneous Provisions Act, 1952
    - Contract Labour (Regulation and Abolition) Act, 1970
    - Employees Compensation Act, 1923
    - U. P. Industrial Disputes Act, 1947

- Maternity Benefit Act, 1961
- Minimum Wages Act, 1948
- Payment of Wages Act, 1936
- Industrial Employment (Standing Orders) Act, 1946
- Factories Act, 1948
- Energy Conservation Act, 2001
- Uttar Pradesh Labour Welfare Fund Act, 1965 and Uttar Pradesh Labour Welfare Fund Rules, 1972
- Uttar Pradesh Shops and Commercial Establishment Act, 1947 and Uttar Pradesh Shops and Commercial Establishment Rules, 1963

Compliances in respect of other laws, as stated above was generally made during the financial year 2018-19.

7) Secretarial Standards I & II as issued by The Institute of Company Secretaries of India.

8) We have also examined compliance with the applicable Regulations of SEBI (LODR) Regulations, 2015, as amended, in connection with listing of its securities with BSE Limited and National Stock Exchange of India Limited;

During the year under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors during the year under review.

Adequate notice was given to all Directors to schedule the Board meetings, agenda and detailed notes on agenda were sent at least seven days in advance for all the meetings of the Board and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines, however, we have been informed that there was no transaction reported under the provisions of FEMA relating to point no. 4 supra, during the year under report.

Signature:
Harish Khurana & Associates
Company Secretaries
FCS No. 4835
C P No. 3506

Place: Delhi
Date: May 20, 2019

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

"Annexure A"

To
The Members,
Dalmia Bharat Sugar and Industries Limited
Dalmiapuram, Tiruchirapalli Distt., Tamil Nadu

Our report of even date is to be read along with this letter..

(1) Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

(2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure the correct facts are reflected in secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.

(3) We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

(4) Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events, etc.

(5) The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.

(6) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Signature: Sd/-
Harish Khurana & Associates
Company Secretaries
FCS No. 4835
C P No. 3506

Place: Delhi
Date: May 20, 2019

REPORT ON CORPORATE GOVERNANCE

(I) COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance is about maximizing stakeholders' value sustainably while ensuring fairness to them all. It is a systematic continuous process which ensures enhancement in wealth-generating capacity and long term success. The pillars of successful Corporate Governance are accountability, transparency, fairness, assurance, leadership and stakeholder management. Effective Corporate Governance practices build the strong foundation on which commercial enterprises are built to succeed and sustain.

The Company's philosophy on Corporate Governance is to conduct business in a fair, transparent and ethical manner and enhancing stakeholders' value.

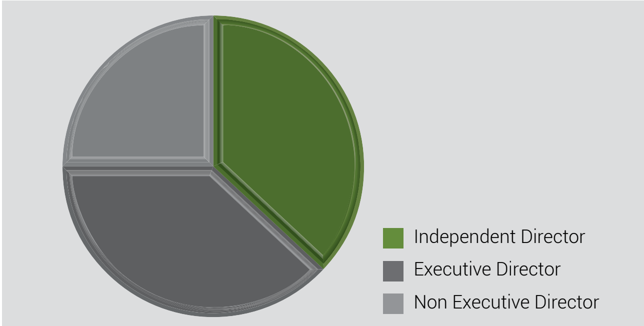
Our corporate structure, business, operations and disclosure practices have been strictly aligned to our Corporate Governance Philosophy. Transparency, accountability, fairness and intensive communication with stakeholders are integral to our functioning. We believe in system driven performance and accord highest priority to these systems. Growth and efficiency are blended with the governance and ethics. The Board of Directors, guided by the mission statement, formulates strategies and policies having focus on optimising value for various stakeholders including consumers, shareholders and the society at large.

This Corporate Governance Report gives insights into the systems and practices followed by the Company towards achieving the highest standards of governance in compliance with the SEBI LODR Regulations and the Companies Act, 2013.

(I) BOARD OF DIRECTORS

(a) Composition of the Board

Our Board comprises of a total 8 Directors out of which about 62% are Non Executive and 38% are Executive Directors. About 37% of the total strength of the Board are the Independent Directors.



The Board of Directors is presently constituted of the professionals from the industry, finance, bureaucracy and administrative functions which are the core skills/expertise/ competencies required to enable the Company function effectively.

The appointment process of Independent Directors is independent of the Company management; while selecting Independent Directors the Nomination & Remuneration Committee and the Board ensures that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively. The eminent personalities having independent standing in their respective field / profession and having strong expertise capable to effectively contribute to the Company's business and policy decisions and who upholds the standards of integrity and probity are considered and appointed on the Board.

Every Independent Director, at the first meeting of the Board in which he participates and thereafter at the first meeting of the Board in every financial year, gives a declaration that he meets the criteria of independence as prescribed in SEBI LODR Regulations and the Companies Act, 2013. Based on the said declarations, it is confirmed that in the opinion of the Board, the Independent Directors fulfill the conditions specified in SEBI LODR Regulations and the Companies Act, 2013 and are independent of the management. None of the Independent Directors has resigned from the Board during the financial year 2018-19.

The Composition of the Board, category of Directors and details of their other directorships, committee memberships and chairmanships as on March 31, 2019 are provided in below Table 1.

Table 1: Composition of the Board of Directors and other directorship, committee memberships and chairmanships as on March 31, 2019

Name	Retiring/Non retiring and tenure	Shareholding	No. of Directorships in other public limited Companies	Names of other listed companies where director and category of directorship		No. of membership(s)/ chairmanship of Audit and Stakeholders' Relationship committee in other public limited companies (listed and unlisted)
				Name of the Listed Companies	Category	
Independent Directors						-
Shri J.S. Baijal (Chairman)	Non retiring 30.08.14 till 29.08.19	-	2	1. Polylink Polymers (India) Limited	Independent	3
				2. Hindustan Wires Limited	Independent	
Shri M. Raghupathy	Non retiring 30.08.14 till 29.08.19	-	0	-	-	-
Shri P. Kannan	Non retiring 30.08.14 till 29.08.19	2,730	0	-	-	-
Executive Directors						
Shri. Jai Hari Dalmia (Managing Director)	Non retiring 01.04.2017 till 31.03.2022	2,40,000	4	1. Dalmia Bharat Limited	Non-Executive and Non Independent	1
				2. Alirox Abrasives Limited	Non-Executive and Non Independent	
Shri Gautam Dalmia (Managing Director and Chief Executive Officer)	Non retiring 16.01.2017 till 15.01.2022	1,51,990	4	1. Dalmia Bharat Limited	Managing Director	1
				2. Indian Energy Exchange Limited	Non-Executive and Non Independent	
Non- Executive Directors						
Shri Bharat Bhushan Mehta*	Retiring	-	8	-	-	-
Shri T. Venkatesan	Retiring	-	3	1. Srikalahasthi Pipes Limited	Independent	1
Smt. Himmi Gupta	Retiring	-	0	-	-	-

Shri Gautam Dalmia is son of Shri Jai H. Dalmia. None of the other Directors are related to any other Director of the Board.

None of the Directors is director in more than eight listed companies and does not serve as an independent director in more than seven listed companies. The Managing Director / Whole Time Director of the Company is not Independent Director in any listed company.

None of the Directors is a member of more than ten Board level Committees and does not act as Chairperson of more than five such Committees.

None of the Directors have been debarred or disqualified from being appointed or continuing as Director of companies by SEBI/Ministry of Corporate Affairs or any such statutory authority. A certificate in this regard of Mr. Harish Khurana & Associates, Company secretaries is attached and forms part of this Report.

The Chairman of the Board is a Non-Executive Director and is not related to the Managing Director or Chief Executive Officer as per the term "relative" defined under the Companies Act, 2013.

(b) **Board Meetings, Directors' Attendance Record and Directorships Held**

The Board meetings are generally held at the corporate office of the Company at 12th Floor, Hansalaya Building, 15, Barakhamba Road, New Delhi – 110 001. The Board meets at least once in a quarter. During the financial year 2018-19, the Board of Directors met four times, i.e., on May 28, 2018, August 06, 2018, November 13, 2018, and February 14, 2019.

The Company Secretary plays an important and key role in ensuring that correct procedures are followed resulting in the correctness, authenticity and comprehensiveness of the information, statements and reports been made available to the Directors and senior management for effective decision making at the meetings and in various filings with different authorities including the Stock Exchanges and Registrar of Companies as required under the Companies Act, 2013 and SEBI LODR Regulations. The Company Secretary is responsible to assist the Board in conduct of its affairs, ensure compliance with applicable regulatory requirements, provide guidance to the Directors and facilitate convening of meetings.

The Company Secretary advices the schedule of Board meeting dates to the Company's various plant heads / business heads / functional heads / service heads well in advance. This enables them to communicate the matters, detailing the purpose, available options and proposals alongwith detailed presentations and support papers which require the consideration, review, discussion, decision and approval at Board / Committee meetings, to the Company Secretary in advance so that same are incorporated in the agenda for the Board / Committee meetings.

The Directors have complete access to the relevant information and the agenda, qualitative and quantitative information and related support papers are circulated at least seven days prior to the date of the Board meeting to enable the Board to take informed decision. The Directors devote sufficient time and attention to their professional obligations for informed and balanced decision making.

The details of the attendance of Directors at the Board meetings are provided in below Table 2.

Table 2: Attendance at the Board meetings held during financial year 2018-19

Name of the Director	Chairman/Member	No. of Meetings held	No. of Meetings attended
Shri J.S. Baijal	Chairman	4	4
Shri Jai H. Dalmia	Vice-Chairman	4	4
Shri Gautam Dalmia, Managing Director	Member	4	3
Shri M. Raghupathy	Member	4	4
Shri P. Kannan	Member	4	4
Shri T. Venkatesan	Member	4	4
Smt. Himmi Gupta	Member	4	4
Shri B.B. Mehta	Member	4	4

The Company Secretary drafts and circulates the draft minutes to the Directors for their comments within a period of 15 days from the date of meeting(s) in accordance with the Secretarial Standards. The Directors are provided a period of 7 days to go through the draft minutes and to provide their comments/suggestions/inputs/ confirmation. The Company Secretary thereafter incorporates such comments and finalizes and enters the minutes in the minutes books within a period of 30 days from the date of the respective meeting.

(c) **Meeting of Independent Directors and familiarization programmes**

The Company's Independent Directors of the Company met once during the financial year on February 14, 2019 without the presence of Non-Independent Director(s) and members of the management.

At the said meeting the Independent Directors discussed, inter alia, matters pertaining to review of performance of Non-Independent Directors and the Board as a whole, review the performance of the Chairman of the Company (taking into account the views of the Executive and Non-Executive Directors), assess the quality, quantity and timeliness of flow of information between the Company's Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

The Directors are regularly familiarized by way of periodic presentations at the Board and Committee meetings inter-alia with respect to updates on capital projects, business opportunities and proposed projects, updates on Enterprise Risk Management, demand supply scenario, benchmarking and statutory and regulatory changes. The details of such familiarisation programme for the financial year 2018-19 are disclosed at https://www.dalmiasugar.com in terms of the SEBI LODR Regulations.

(d) **Remuneration paid to Directors**

The Board of Directors comprises of six non-executive directors and two executive directors during the financial year 2018-19.

The Non-Executive Directors are entitled to sitting fees for attending the Board of Directors meetings and the Committee meetings, profit related commission and reimbursement of expenses incurred by them for undertaking their duties as Directors of the Company.

The sitting fees is paid to the Non-Executive Directors within the limits prescribed under the Companies Act, 2013 and as approved by the Board of Directors of the Company.

The commission is paid to the Non-Executive Directors within the limits prescribed under the Companies Act, 2013 i.e., not exceeding 1% of the net profits of the Company. The commission to the Non-Executive Directors varies in view inter-alia of the responsibility held as a Chairman / member of various Board Committees of the Company, overall participation and contribution in the decision making process of the Company, objectivity and constructive exercise of duties and devotion of time and attention. The commission payable is decided by the Board of Directors of the Company.

The details of sitting fees and commission paid to the Non-Executive Directors and remuneration paid to Executive Directors during the financial year 2018-19 are provided in below Table 3.

Table 3: Remuneration details

S. No.	Name of Director	Sitting fees	Commission	Salary and perquisites	Retirement benefits	Total
1	Shri J.S. Baijal, Chairman	0.06	0.20	-	-	0.26
2	Shri M. Raghupathy	0.05	0.20	-	-	0.25
3	Shri P. Kannan	0.05	0.13	-	-	0.18
4	Shri B.B. Mehta	0.03	-	-	-	0.03
5	Shri T. Venkatesan	0.02	-	-	-	0.02
6	Smt. Himmi Gupta	0.02	-			0.02
7	Shri Jai H. Dalmia, Vice-Chairman	-	-	1.26	0.16	1.42
8	Shri Gautam Dalmia, Managing Director	-	-	5.23	0.61	5.84

The retirement benefits to the Executive Directors comprise of the Company's contribution to provident fund and superannuation fund. In addition to the above the Company also contributes amounts to the gratuity fund towards gratuity of its employees including the Vice Chairman and Managing Director.

There is no other pecuniary relationship/transaction of the Non- Executive Directors vis a vis the Company.

As per the terms of the appointment of Managing Director(s), the appointment may be terminated by either party by giving three months' notice. If appointment is terminated by the Company, no severance fee is payable.

(e) **Code of Conduct for the Directors and Senior Management of the Company**

The Company's Board has laid down a code of conduct for all the Board members and designated senior management of the Company. The Code of Conduct includes the Code of Conduct for Independent Directors and provides in detail the guidelines of professional conduct, role and functions and duties of Independent Directors. The Code of Conduct is available on the website of the Company www.dalmiasugar.com. All Board members and senior management personnel have affirmed compliance with the Code of Conduct. A declaration signed by the Chief Executive Officer to this effect is enclosed at the end of this report.

Members of the Board of Directors and key managerial personnel discloses to the Board whether they have any material interest in any transaction or matter affecting the Company and they conduct themselves so as to meet the expectations of operational transparency and at the same time maintaining the confidentiality of information to foster culture of good decision making.

The members of the Board acts on a full informed basis, in good faith, with due diligence and care, and in the best interest of the Company. They maintain high ethical standards and takes into account the interests of the stakeholders. The Board of Directors sets a corporate culture and the values by which the executives throughout the Company behaves.

(f) **CEO/ CFO certification**

The CEO and CFO certificate on the Financial Statements for the financial year 2018-19 is enclosed at the end of this report.

(II) COMMITTEES OF THE BOARD OF DIRECTORS OF THE COMPANY

(a) **Composition of Committees, their meetings and attendance**

The Board of Directors of the Company has constituted five (5) Board level Committees, namely Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee and Finance Committee. The composition, constitution and functioning of these Committees meets the requirements of the Companies Act, 2013 and SEBI LODR Regulations. The Chairman and members of these Committees are selected by the Board based on the category of Director(s) and their expertise, knowledge and experience. The role and terms of reference of these Committees is approved by the Board of Directors. The Company Secretary acts as Secretary to these Committees.

Details of Committee(s) composition and meetings thereof are given below in Tables 4, 5, 6, 7 and 8.

Table 4: Audit Committee composition and meetings held during the Financial Year 2018-19 thereof

Name of the member	Category	Chairman/ Member	No. of meeting held and dates thereof	No. of meeting attended
Shri P. Kannan	Independent Director	Chairman	1. May 28, 2018 2. August 06, 2018 3. November 13, 2018 4. February 14, 2019	4
Shri M. Raghupathy	Independent Director	Member		4
Shri J. S. Baijal	Independent Director	Member		4

Table 5: Nomination and Remuneration Committee composition and meetings thereof

Name of the member	Category	Status	No. of meeting held and dates thereof	No. of meeting attended
Shri M. Raghupathy	Independent Director	Chairman	1. May 28, 2018 2. August 06, 2018 3. February 14, 2019	3
Shri P. Kannan	Independent Director	Member		3
Shri J. S. Baijal	Independent Director	Member		3

Table 6: Stakeholders' Relationship Committee composition and meetings thereof

Name of the member	Category	Status	No. of meeting held and dates thereof	No. of meeting attended
Shri P.Kannan	Independent Director	Chairman	1. May 28, 2018 2. August 06, 2018 3. November 13, 2018 4. February 14, 2019	4
Shri J.S. Baijal	Independent Director	Member		4
Shri Gautam Dalmia	Executive Director	Member		3
Shri B.B. Mehta	Non- Executive Director*	Member		4

Table 7: Corporate Social Responsibility Committee composition and meetings thereof

Name of the member	Category	Status	No. of meeting held and dates thereof	No. of meeting attended
Shri J. S. Baijal	Independent Director	Chairman	1. May 28, 2018 2. August 06, 2018 3. November 13, 2018 4. February 14, 2019	4
Shri Gautam Dalmia	Executive Director	Member		3
Shri B.B. Mehta	Non-Executive Director	Member		4

Table 8: Finance Committee composition and meetings thereof

Name of the member	Category	No. of meeting held and dates thereof	No. of meeting attended
Shri J. S. Baijal	Independent Director	No meeting has been held during the financial year 2018-19	-
Shri Gautam Dalmia	Executive Director		-
Shri B.B. Mehta	Non-Executive Director*		-

** Shri B.B. Mehta is appointed as Whole Time Director of the Company with effect from April 01, 2019.*

(b) Terms of reference and other details

Audit Committee

The Audit Committee of the Board of Directors comprises of qualified and independent members of the Board, who have expertise, knowledge and experience in the field of accounting and financial management.

The role, powers and terms of reference of the Audit Committee covers all the areas prescribed under Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI LODR Regulations besides other terms as referred by the Board of Directors from time to time. The role of Audit Committee broadly includes the following:

- Recommendation for appointment, remuneration and terms of appointment of Auditors of the Company and payment for any other services rendered by them, review and monitor their independence and performance, and effectiveness of audit process.
- Oversight of the Company's financial reporting process, reviewing the quarterly and the annual Financial Statements and auditor's report thereon before submission to the Board for approval and to ensure that the Financial Statements are correct, sufficient and credible.
- Approval or any subsequent modification of transactions of the Company with related parties.
- Scrutiny of inter-corporate loans and investments.
- Reviewing performance of statutory and internal auditors, adequacy of the internal control systems, risk management systems and internal audit function.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Reviewing the functioning of the Whistle Blower mechanism.
- Approval of appointment of Chief Financial officer.

The representatives of Statutory Auditors, Internal Auditors, executives from finance and secretarial department attend the Audit Committee meetings. The Cost Auditors attend the Audit Committee meetings in which the Cost Audit Report is discussed and approved. All the recommendations of the Audit Committee during the financial year 2018-19 were accepted by the Board of Directors.

The Chairman of the Audit Committee, i.e., Shri P. Kannan, was present at the Annual General Meeting of the Company held on September 14, 2018.

Nomination and Remuneration Committee

The role, powers and terms of reference of the Nomination and Remuneration Committee covers all the areas prescribed under Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI LODR Regulations besides other terms as referred by the Board of Directors from time to time. The role of Nomination and Remuneration Committee broadly includes the following:

- Formulate criteria for determining qualifications, age, extension of term, positive attributes and independence of a Director and recommend to the Board the Nomination and Remuneration Policy.
- Devise a Board diversity policy.
- Formulate criteria for performance evaluation of Directors.
- Identify qualified persons and recommend to the Board of Directors appointment, remuneration and removal of Directors and senior management.
- Review Human Resource policies and succession planning.

All the recommendations of the Nomination and Remuneration Committee during the financial year 2018-19 were accepted by the Board of Directors.

The Chairman of the Nomination and Remuneration

Committee, i.e., Shri M. Raghupathy, was present at the Annual General Meeting of the Company held on September 14, 2018.

Performance evaluation criteria –

The Nomination and Remuneration Committee, as part of the Nomination and Remuneration Policy, has formulated criteria and specified the manner of effective evaluation of performance of the Board, its Committees and individual Directors to be carried out either by the Board, by the Committee or by an independent external agency and effective evaluation of performance of key managerial personnel and senior management; and reviews its implementation and compliance.

During the financial year 2018-19, the performance evaluation of the Board and Committees of the Board was carried out by the Board. Further, the performance evaluation of Independent Directors was done by the entire Board excluding the Directors being evaluated.

Stakeholders' Relationship Committee

The role, powers and terms of reference of the Stakeholders' Relationship Committee covers all the areas prescribed under Section 178 of the Companies Act, 2013 and Regulation 20 of SEBI LODR Regulations besides other terms as referred by the Board of Directors from time to time. The role of Stakeholders' Relationship Committee broadly includes the following:

- Resolve grievances of security holders.
- Review measures taken for effective exercise of voting rights by shareholders.
- Review adherence to service standards adopted in respect of services being rendered by the Registrar and Share Transfer Agent.
- Review measures for reducing quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/statutory notices by shareholders.

Shri P. Kannan, Chairman of the Stakeholders' Relationship Committee was present at the Annual General Meeting of the Company held on September 14, 2018.

Smt. Sneha Sharma, the Company Secretary, is the compliance officer of the Company and responsible for ensuring compliance with the requirements of Securities Laws.

Shareholders complaints:

During the financial year 2018-19, the Company received 223 complaints from the shareholders. Details of shareholders complaints are given below in Table 9:

Table 9: Shareholders complaints

S. No.	Nature of Complaint	Pending as on April 01, 2018	Received during the year	Resolved satisfactorily during the year	Pending as on March 31 2019
1	Transfer / Transmission / Duplicate	0	95	95	0
2	Non-receipt of Dividend/Interest/Redemption Warrants	0	115	115	0
3	Non-receipt of securities/electronic credits	-	-	-	-
4	Non-receipt of Annual Report	0	4	4	0
5	Complaints received from:		-	-	
	- Securities and Exchange Board of India	0	8	7	1*
	- Stock Exchanges	0	1	1	0
	- Registrar of Companies/ Department of Company Affairs	-	-	-	-
6	Others	Nil	-	-	Nil
	Total	**Nil**	**223**	**222**	**1***

**The complaint has been resolved on April 25, 2019.*

Corporate Social Responsibility Committee

The role, powers and terms of reference of the Corporate Social Responsibility Committee covers all the areas prescribed under Section 135 of the Companies Act, 2013 besides other terms as referred by the Board of Directors from time to time. The role of Corporate Social Responsibility Committee broadly includes the following:

- Formulate and recommend Corporate Social Responsibility Policy to the Board.
- Recommend the amount of expenditure to be incurred on activities to be undertaken by the Company in the areas or subject, specified on Schedule VII of the Companies Act, 2013.
- Monitor the Corporate Social Responsibility Policy from time to time.

(I) GENERAL BODY MEETINGS

(a) **Annual General Meeting ("AGM")**

The AGMs, are held at the registered office of the Company.

The Chairman / Member of the Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee attend the AGMs to respond to the queries of the shareholders.

Also, the representatives of the Statutory Auditors and Secretarial Auditors attend the AGMs to respond to the queries of shareholders, if any, with respect to audit observation / matter of emphasis or otherwise.

The representatives of the Registrar and Share Transfer Agent checks and verifies the attendance of members and Scrutinizer scrutinizes the voting (e-voting and physical) and provide report thereon.

The details of the last three AGMs are given below in Table 11.

Table 11: Details of last three AGMs

AGM	Date	Time	Location
2017-18	September 14,2018	10:30 a.m.	Dalmia Higher Secondary School Auditorium, Dalmiapuram, Dist. Tiruchirapalli, Tamil Nadu, 621651
2016-17	August 31, 2017	10:00 a.m.	Community Centre, Dalmiapuram, Dist. Tiruchirapalli, Tamil Nadu, 621651
2015-16	September 09, 2016	10:00 a.m.	Dalmia Higher Secondary School Auditorium, Dalmiapuram, Dist. Tiruchirapalli, Tamil Nadu, 621651

(b) **Special Resolutions**

Special Resolutions passed at the 66th AGM held on September 14, 2018:

- Continuation of appointment of Shri J.S. Baijal as an Independent Director, having attained more than seventy five years of age, till his remaining term as an Independent Director in the Company.
- Continuation of appointment of Shri M. Raghupathy as an Independent Director, having attained more than seventy five years of age, till his remaining term as an Independent Director in the Company.

Special Resolutions passed at the 65th AGM held on August 31, 2017:

- Increase in the commission payable to Shri Jai Hari Dalmia, Vice Chairman & Managing Director and Shri Gautam Dalmia, Managing Director, from existing 3% each of the net profits as computed under Section 198 of the Companies Act, 2013 to 5% each of the net profits as computed under Section 198 of the Companies Act, 2013 per person for the balance period of appointment.
- Revision in remuneration of Shri Jai Hari Dalmia, Vice Chairman & Managing Director, with effect from April 1, 2017, as set out in the Deed of Variation dated June 15, 2017 to the Agreement dated August 10, 2016 entered into between the Company and Shri Jai Hari Dalmia.
- Revision in remuneration of Shri Gautam Dalmia, Managing Director of the Company, with effect from April 1, 2017, as set out in the Deed of Variation dated June 15, 2017 to the Agreement dated August 10, 2016 entered into between the Company and Shri Gautam Dalmia.

Special Resolutions passed at the 63rd AGM held on September 09, 2016:

- Reappointment of Shri Jai Hari Dalmia as Managing Director, designated as Vice Chairman of the Company with effect from April 1, 2017 for a period of 5 years.
- Reappointment of Shri Gautam Dalmia as Managing Director of the Company with effect from January 16, 2017 for a period of 5 years.

(c) **Postal Ballot**

All the Special Resolutions were passed at the AGM, during the financial year 2018-19. The Company had provided the facility to members to vote by electronic means in the manner provided in Section 108 of the Companies Act, 2013. No Special Resolution was passed through Postal Ballot during the financial year 2018-19. Also, no Special Resolution is proposed to be passed through Postal Ballot.

(IV) MEANS OF COMMUNICATION

Quarterly results

The quarterly unaudited/audited financial results of the Company prepared in the format prescribed by SEBI LODR are recommended by the Audit Committee and approved by the Board of Directors. The same are limited reviewed/ audited by the Statutory Auditors and are submitted to the Stock Exchanges, on which the shares of the Company are listed, i.e., BSE Limited and National Stock Exchange of India Limited, within a period of 45 days of the close of every quarter and within a period of 60 days in case of annual financial results. The results are disseminated on the Stock Exchanges electronically (through NEAPS / BSE listing centre) within 30 minutes of the closure of the Board meetings.

The financial results are normally published in Business Line, i.e., the English language national daily newspaper circulating in the whole or substantially the whole of India and in Dinamani, i.e., the daily newspaper published in the language of the region where the registered office of the Company is situated, i.e., Tamil.

The financial results are also posted on the website of the Company, i.e., www.dalmiasugar.com.

Press Release / Presentations

The Company also issues the press release on the results immediately after the Board meeting and same is also disseminated on the Stock Exchanges electronically (through NEAPS / BSE listing centre) and is also posted on the website of the Company, i.e., www.dalmiasugar.com.

Disclosures

Also, the quarterly Shareholding Pattern, Investors Complaints Report, Corporate Governance Report, Disclosures as per SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, SEBI (Prohibition of Insider Trading) Regulations, 2015 are filed electronically on NEAPS and BSE Listing Centre.

(V) GENERAL SHAREHOLDERS INFORMATION

(a) The AGM of the Company is scheduled to be held on August 29, 2019 at 10.30 a.m. at Community Centre Premises, Dalmiapuram -621651, Dist. Tiruchirapalli, Tamil Nadu.

The Register of Members and Share Transfer Books of the Company shall remain closed from Thursday, August 22, 2019 to Thursday, August 29, 2019 (both days inclusive) for the purpose of AGM and dividend.

(b) **Financial year**

The financial year of the Company is from April 01, 2018 to March 31, 2019.

(c) **Dividend payment date**

The Board of Directors has recommended payment of dividend of ₹ 1.60 (80%) per equity share of face value of ₹ 2/- each. Such dividend shall be paid to those shareholders, whose names appear on the Company's Register of Members as on the date of commencement of the Book Closure for the purposes of payment of dividend. The Dividend payment date is September 03, 2019 and it will be paid within a period of thirty days from the date of declaration by the shareholders at the AGM.

The dividend shall be paid through any of the electronic mode of payment facility as approved by the Reserve Bank of India. However, where it is not possible to use electronic mode of payment, 'payable at par' dividend warrants shall be issued.

(d) **Listing**

The Equity Shares of the Company are listed on the following Stock Exchanges:

(a) BSE Limited,
Phiroze Jeejeebhoy Towers, Dalal Street,
Mumbai - 400001.

(b) The National Stock Exchange of India Limited,
Exchange Plaza, 5th Floor, Plot No. C/1, G - Block,
Bandra Kurla Complex, Bandra (East),
Mumbai – 400051

The Company has made the payment of annual listing fees to both the Stock Exchanges.

(e) **Stock codes**

BSE Limited	500097
National Stock Exchange of India Limited	DALMIASUG
ISIN (for Dematerialised Shares)	INE495A01022

(f) **Market price data and performance comparison**

The market price data as per quotations of BSE Limited and National Stock Exchange of India Limited, i.e., high, low and close during each month in the financial year 2018-19 is given below in Table 12.

Table 12: High, low and close market price of the shares during financial year 2018-19 at BSE and NSE

Month	BSE Sensex Close	BSE			S & P CNX Nifty Close	NSE		
		High	Low	Close		High	Low	Close
April, 2018	35160.36	75.30	61.55	64.50	10739.35	75.25	61.40	64.65
May, 2018	35322.38	68.15	52.10	66.10	10736.15	68.30	52.10	66.65
June, 2018	35423.48	69.35	52.05	54.30	10714.3	69.40	52.20	54.15
July, 2018	37606.58	58.40	46.00	55.70	11356.5	58.50	48.00	55.25
August, 2018	38645.07	70.95	54.65	61.40	11680.5	72.25	55.05	62.05
September, 2018	36227.14	100.80	59.00	70.55	10930.45	100.85	58.75	70.15
October, 2018	34442.05	98.55	63.60	91.10	10386.6	98.90	63.15	91.10
November, 2018	36194.3	112.60	88.10	101.30	10876.75	113.65	88.25	101.50
December, 2018	36068.33	106.15	87.00	91.95	10862.55	106.25	87.35	92.15
January, 2019	36256.69	107.90	88.60	91.75	10830.95	108.50	88.50	91.95
February, 2019	35867.44	125.15	88.90	122.75	10792.5	125.45	88.50	122.40
March, 2019	38672.91	136.00	107.05	122.75	11623.9	135.50	109.45	123.80

Chart A: Share Performance versus BSE Sensex

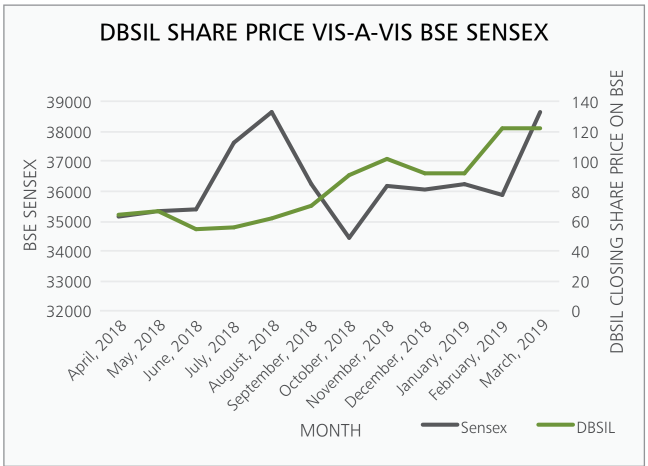
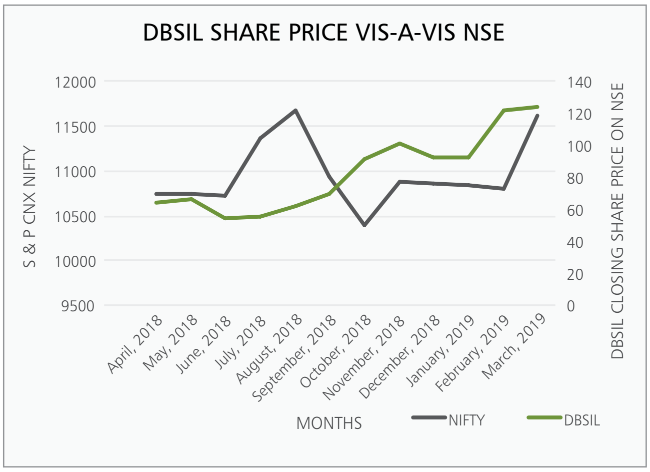


Chart B: Share Performance versus NIFTY



(g) **Registrar and Share Transfer Agent**

The Registrar and Share Transfer Agent of the Company is:

Karvy Fintech Private Limited
Karvy Selenium Tower B, Plot 31-32
Gachibowli Financial District
Nanakramguda, Hyderabad – 500 032.

All activities in relation to the share transfer facility are maintained by the Registrar and Share Transfer Agent. A compliance certificate to this effect is submitted by the Company with the Stock Exchanges on a half yearly basis under signatures of the Compliance Officer of the Company and the authorized representative of the Registrar and Share Transfer Agent.

(h) **Share Transfer System and dematerialization of shares and liquidity**

The Company has provided demat facility to its shareholders with National Securities Depository Limited as well as Central Depository Services Limited.

A 98.47% of the equity shares of the Company are in the dematerialised form. The promoters of the Company hold their entire shareholding in dematerialised form

The transfer of shares in physical form is processed by the Registrars and Share Transfer Agent and completed and duly endorsed share certificates are returned to the shareholders within a period of 15 days of receipt of complete documents.

A summary of transfer and transmission of shares of the Company and the Reconciliation of Share Capital Audit Report by Practicing Company Secretaries is presented to the Board at the quarterly Board meetings.

(c) **Distribution of Shareholding**

Table 13 and 14 list the distribution of the shareholding of the equity shares of the Company by size and by ownership class as on March 31, 2019.

Table 13: Distribution of shareholding by size

S. No.	No. of Equity Shares held (Range)	No. of Shareholders	% of Shareholders	No.of Shares held	% of Shareholding
1	1 – 500	15640	80.54	2022705	2.50
2	501 – 1000	1708	8.80	1357025	1.68
3	1001 – 2000	993	5.11	1496072	1.85
4	2001 - 3000	362	1.86	922488	1.14
5	3001 - 4000	182	0.94	655301	0.81
6	4001 - 5000	126	0.65	581659	0.72
7	5001 - 10000	217	1.12	1491747	1.84
8	10001 and above	190	0.99	72412306	89.46
	TOTAL:	**19418**	**100.00**	**80939303**	**100.00**

Table 14: Distribution of shareholding by ownership

Particulars	No. of Shareholders	% of Shareholders	No.of Shares held	% of Shareholding
Promoters	9	0.05	1120450	1.38
Promoters Bodies Corporate	9	0.05	59513672	73.53
Central/State Governments	4	.02	128155	0.16
Financial Institutions/Banks	19	0.10	1526086	1.89
Mutual Funds	1	0.00	2500	0.00
Foreign Institutional Investors	27	0.14	2097114	2.59
Bodies Corporates	356	1.83	1591859	1.97
NRI/Foreign Nationals	358	1.84	375984	.46
IEPF	1	0.00	1319649	1.63
Individuals/Others	18634	95.96	13263834	16.40
Total	**19418**	**100.00**	**80939303**	**100.00**

(j) **Outstanding GDRs/ADRs/Warrants/Options**

Nil

(k) **Commodity price risk or foreign exchange risk and hedging activities**

Commodities form a major part of business of the Company and hence commodity price risk is one of the important risks for the Company. The Company has a robust mechanism in place to protect the Company's interest from risks arising out of market volatility. The Company's forward integration into cogeneration and distillery helped hedge revenues and moderate dependence on sugar for profitability. Further, as matter of prudence, the Company hedges its long-term and short term foreign exchange exposure, protecting its financials.

(l) Plant locations

The Company has manufacturing plants at 11 locations as detailed below in Table 15.

Table 15: Plant Locations

Sugar Plants

Unit: Ramgarh Village & Post – Ramgarh, Tehsil - Mishrikh, District - Sitapur, Pincode - 261403, Uttar Pradesh	**Unit: Nigohi** Village-Kuiyan, Post- Areli, Tehsil - Tilhar, District - Shahjahanpur, Pincode - 242407, Uttar Pradesh	**Unit: Jawaharpur** Village- Jawaharpur, Post - Ramkot, Tehsil - Sitapur Sadar, District - Sitapur, Pincode - 261001, Uttar Pradesh
Unit: Shri Datta, Asurle - Porle Village - Asurle-Porle, Post – Porle Turf Thane, Taluka – Panhala, District - Kolhapur, Pincode- 416229, Maharashtra	**Unit: Ninaidevi, Kokrud** Village & Post-Karungali-Aarala, Taluka – Shirala, District - Sangli, Pincode-415405, Maharashtra	

Distillery Units

Unit – Jawaharpur Village- Jawaharpur, Post-Ramkot, Tehsil- Sitapur Sadar, District - Sitapur, Pincode - 261001, Uttar Pradesh	**Unit – Nigohi** Village-Kuiyan, Post- Areli, Tehsil - Tilhar, District - Shahjahanpur, Pincode -242407, Uttar Pradesh	**Unit–Asurle-Porle** Village - Asurle-Porle, Post – Porle Turf Thane, Taluka – Panhala, District - Kolhapur, Pincode- 416229, Maharashtra
Magnesite Refractory Products: Dalmia Magnesite Corporation (Prop. Dalmia Bharat Sugar and Industries Limited) Salem (Tamil Nadu) Vellakkalpatti, P.O. Karuppur, Salem – 636012.	**Wind Farm Unit:** Dalmia Wind Farm (Prop. Dalmia Bharat Sugar and Industries Limited) Muppandal (Tamil Nadu) Aralvaimozhy –629301 District Kanyakumari, (Tamil Nadu)	**Electronics Division:** Dalmia Bharat Sugar and Industries Limited Plot No. 53, 54A, Keonics Electronics City, Phase - 1 Hosur Road, Bangalore – 560100 Karnataka

(m) Address for correspondence

Dalmia Bharat Sugar and Industries Limited

(1) Share Department
Dalmiapuram – 621651
Dist. Tiruchirapalli, Tamil Nadu
Phone: 04329 – 235132 Fax: 04329 235111

(2) Company Secretary
7th, 11th and 12th Floor
Hanasalaya Building
15, Barakhamba Road
New Delhi – 110 001

(VI) DISCLOSURES

(a) Materially significant related party transactions

All the related party transactions have been entered into in the ordinary course of business and at arms' length basis.

There are no materially significant related party transactions that may have potential conflict with the interests of the Company.

The Company's Policy on Related Party Transactions is posted at https://www.dalmiasugar.com/upload/policies/DBSIL-RPT-Policy-Board.pdf

(b) Policy on Material Subsidiaries

The Company's Policy on Material Subsidiaries is posted at https://www.dalmiasugar.com/upload/policies/DBSIL-Material-Subsidiary-Policy-Board.pdf

As per the said policy, the Company do not have any material unlisted subsidiary.

The Audit Committee periodically reviews the financial performance of the subsidiary companies and the annual Financial Statements are placed at the Audit Committee meetings and Board meetings of the Company. The minutes of meetings of the Board of Directors of the subsidiary company are placed before the Board meetings of the Company. Statement of all significant transactions and arrangements entered into by subsidiaries is brought to the notice of the Board of Directors of the Company.

(c) **Disclosure in relation to the Sexual Harassment of Women at Work place (Prevention Prohibition & Redressal) Act, 2013**

The Company is committed to create a workplace free from harassment and discrimination, where co-workers are respected, and provided an appropriate environment so as to encourage good performance and conduct.

The Company has in place Policy against Sexual Harassment of Women. During the year no complaint has been received by the Company.

(d) **Whistle Blower Mechanism**

The Company has framed Whistle Blower Policy and Vigil Mechanism and same is posted on the Company's web-site at https://www.dalmiasugar.com/upload/policies/DBSIL-Whistleblower-Policy-Board.pdf.

(e) **Disclosure of accounting treatment in preparation of Financial Statements.**

The Company has followed the guidelines of Ind AS specified under Section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Amendment Rules, 2015 as amended/ laid down by the Central Government under the provisions of section 129(1) of the Companies Act, 2013 in the preparation of its Financial Statements.

(f) **Details of non-compliance**

During last three years, there were no instances of non-compliance and no penalty or strictures were imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority, on any matter related to capital markets.

(g) **Compliance**

Mandatory requirements:

The Company has complied with all the applicable mandatory requirements specified in Regulations 17 to 27 and Regulation 46 of SEBI LODR Regulations.

Discretionary requirements:

The discretionary/non-mandatory requirements, as stipulated in Regulation 27(1) read with Part E of Schedule II of the SEBI (LODR) Regulations, other than the half-yearly declaration of financial performance to shareholders have been adopted by the Company.

The Non-Executive Chairman is entitled to maintain a Chairman's office at the Company's expense and is provided reimbursement of expenses incurred in performance of his duties.

The Financial Statements are with unmodified audit opinion.

The Internal Auditor reports directly to the Audit Committee.

(h) **Details of utilization of funds raised through preferential allotment or qualified institutions placement**

No funds have been raised by the Company through preferential allotment or qualified institutions placement in the last three years.

(i) **Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the Statutory Auditors and all entities in the network firm / network entity of which Statutory Auditor is a part.**

₹ 0.15 Crore.

(j) **Unclaimed Suspense Account**

Not applicable.

CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
Dalmia Bharat Sugar and Industries Limited

We have examined the compliance of conditions of corporate Governance by Dalmia Sugar and Industries Limited ("the Company") for the year ended 31st March 2019, as stipulated in Regulations 17-27, clause (b) to (i) of Regulation 46 (2) and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

Management's Responsibility for compliance with the conditions of Listing Regulations

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statements of the Company.

Opinion

In our opinion and to the best of our information and according to explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Restriction on use

The certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirement of Listing Regulations, and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For Harish Khurana & Associates
Company Secretaries

Harrish Khurana
Membership No: F4835
CP No: 3506

Date: May 20, 2019
Place: Delhi

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(As per clause C of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Regulation 34(3) of the said Listing Regulations).

To The Members,
Dalmia Bharat Sugar and Industries Limited
Dalmiapuram, Disctrict - Tiruchirapalli,
Tamil Nadu

As required by item 10(i) of Part C of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we certify that none of the Directors on the Board of Dalmia Bharat Sugar and Industries Limited have been debarred or disqualified from being appointed or continuing as Directors of Company by the SEBI/Ministry of Corporate Affairs or any such statutory authority

For Harish Khurana & Associates
Company Secretaries

Harrish Khurana
Membership No: F4835
CP No: 3506

Date: May 20, 2019
Place: Delhi

CFO-CEO CERTIFICATION

To
The Board of Directors,
Dalmia Bharat Sugar and Industries Limited
Registered Office: Dalmiapuram – 621651
District Tiruchirapalli, Tamil Nadu

Dear Sirs/Madam,

I do hereby certify that all the Members of the Board of Directors of the Company and the Senior Management Personnel have affirmed their compliance with the Code of Conduct laid down by the Board of Directors of the Company in their Meeting held on November 06, 2015.

This certificate is being given in compliance with the requirement of Regulation 34(3) of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015.

Dated: May 20, 2019
Place: New Delhi

Gautam Dalmia
Managing Director & Chief Executive Officer
DIN: 00009758

The Audit Committee/Board of Directors,
Dalmia Bharat Sugar and Industries Limited

Sub: - Certificate in terms of Regulation 17(8) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Dear Sir(s)/ Madam,

In accordance with Regulation 17(8) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we certify that:

1. We have reviewed the Financial Statements and the cash flow statement for the financial year ended March 31, 2019 and that to the best of our knowledge and belief:
   a. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
   b. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the financial year ended March 31, 2019 which are fraudulent, illegal or violative of the Company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. We have not come across any reportable deficiencies in the design or operation of such internal controls.
4. We have indicated to the auditors and the Audit Committee:-
   a. that there are no significant changes in internal controls over financial reporting during the financial year ended March 31, 2019;
   b. that there are no significant changes in accounting policies during the financial year ended March 31, 2019; and
   c. that there are no instances of significant fraud of which we have become aware.

	Anil Kataria	**Gautam Dalmia**
Dated: May 20, 2019	*Chief Financial Officer*	*Managing Director & Chief Executive Officer*
Place: New Delhi	PAN: AALPK4889N	DIN:00009758

Independent Auditors' Report

To
The Members of
Dalmia Bharat Sugar and Industries Limited

Report on the standalone financial statements

Opinion

We have audited the accompanying standalone financial statements of Dalmia Bharat Sugar and Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and notes to the standalone financial statements including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the standalone financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr.No.	Key Audit Matters	Auditor's Response
1.	**Recognition of Government subsidies/ Impact of government policies/ notifications on recognition of subsidy accruals/claims.** During the year, Government has announced various incentive to sugar Companies due to depressed sugar prices in the market. The Company has recognised subsidy claims amounting to Rs. 52.56 crores. We considered this as key audit matter because recognition of accruals/claims and assessment of recoverability of the claims is subject to significant judgement of the management. The area of judgement includes certainty in relation to the satisfaction of conditions specified in the notifications/policies, collections, provisions thereof, likelihood of variation in the related computation rates, and basis for determination of accruals/ claims. For details: - Refer Note No. 39 to the Financial Statements.	**Principal Audit Procedures** We understood and tested the design and operating effectiveness of controls as established by management in recognition and assessment of the recoverability of the claims. Company has formulated the policy for recognition of subsidy in the books of accounts and based on the same the company has accounted the income during the year. We evaluated the management's assessment regarding reasonable certainty for complying with the relevant conditions as specified in the notifications/ policies and collections. We considered the relevant notifications/policies issued by various authorities to ascertain the appropriateness of the recognition of accruals/claims, adjustments to claims already recognized pursuant to changes in the rates and basis for determination of claims. The company has recognized the subsidy to the extent the company has complied with relevant notifications. Based on the above procedures performed, the management's estimates related to recognition of subsidy accruals/claim and their recoverability are considered to be reasonable.

Sr.No.	Key Audit Matters	Auditor's Response
2.	**Determination of net realizable value of inventory of sugar as at the year ended March 31, 2019** As on March 31, 2019, the Company has inventory of sugar with the carrying value Rs. 981.26 Crores. The inventory of sugar is valued at the lower of cost and net realizable value. We considered the inventory valuation of sugar as a key audit matter given the relative size of the balance in the financial statements and significant judgement involved in the consideration of factors such as minimum sale price, monthly quota, fluctuation in selling prices and the related notifications of the Government in determination of net realizable value. For details: - Refer Note No 35 (b) to the Financial Statements.	**Principal Audit Procedures** We understood and tested the design and operating effectiveness of controls as established by the management in determination of net realizable value of inventory of sugar. Assessing the appropriateness of Company's accounting policy for valuation of finished goods and compliance of the policy with the requirements of the prevailing accounting standards. We considered various factors including the actual selling price prevailing around and subsequent to the year-end, minimum selling price, monthly quota and other notifications of the Government of India, initiatives taken by the Government with respect to sugar industries. Compared the cost of the finished goods with the estimated net realizable value and checked if the finished goods were recorded at net realizable value where the cost was higher than the net realizable value. For the purpose of determination of cost, the Company has considered the prevailing market conditions. Based on the above procedures performed, the management's determination of the net realizable value of the inventory of sugar as at the year end and comparison with cost for valuation of inventory, is considered to be reasonable.
3.	**Impairment assessment of carrying value of property, plant and equipment (PPE).** **(Refer to note 4 and 47 of the financial statement) (Rs. 28.65 Crores).** During the year company has performed an impairment assessment for PPE by: Calculating the 'Value in use' for each operating segment and the cash generating unit (CGU) using a discounted cash flow model. We considered the value of impairment as a key audit matter given the relative size of the balance in the financial statements and significant judgement involved in the consideration of factors to arrive at value in use comparing with the recoverable amount of CGU. For the purpose of 'value in use' Management has considered the various factors such as future cash flow, sugar and other by – product sales realization price, capacity utilization, cane availability, recovery of sugar from the cane, other cost of production and various Government policies and regulations.	**Principal Audit Procedures** We reviewed the impairment testing process implemented by management of the company, in order to identify trigger events and proceed to impairment testing, on the basis of cash-flow forecasts from the budget and business plan established by the Board of Management. To evaluate the cash flow forecasts in the model for each operating segment and the process by which they were developed, we compared previous cash flow forecasts to actual results to assess the historical accuracy of forecasting. Assessed the identification of the CGU which is smallest and indivisible group of assets that can generate largely independent cash inflows. Tested the mathematical accuracy of the model's calculations. To evaluate the cash flow forecast to derive the value in use using assumption and methodologies such as discount rates, cash flow forecast and terminal growth rate. We have also verified the valuation report as obtained by the management from the independent valuer to determine the current disposal value of CGU. Based on the above procedures performed, the management's estimates related to impairment of CGU are considered to be appropriate

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report and Corporate Governance but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with the Companies

(Indian Accounting Standards) Rules, 2015, as amended thereof.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonable ness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 "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, based on our audit 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 purposes of our audit of the aforesaid standalone financial statements;

   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 including other comprehensive income, the statement of cash flows and statement of changes in equity 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 the Companies (Indian Accounting Standards) Rules, 2015, as amended thereof;

   e. On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting;

   g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

      In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act; and

   h. 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, as amended 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 as at March 31, 2019 on its financial position in its standalone Ind AS financial statements – Refer Note 31 to the standalone financial statements;

      ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; and

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2019.

For NSBP & Co.
Chartered Accountants
Firm Registration No. 001075N

Deepak K. Aggarwal
Partner
Membership No: 095541

Place: New Delhi
Date: May 20, 2019

Annexure A to the Independent Auditor's Report to the Members of Dalmia Bharat Sugar and Industries Limited on its standalone financial statements dated May 20, 2019.

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 have been physically verified by the management during the year, the frequency of which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No discrepancies were noticed on such verification.

(c) In our opinion, and according to the information and explanations given to us, the title deeds of immovable properties are held in the name of the company except for 2.79 acres (having gross block and net block of Rs. 0.13 Crores) of land at Salem for which all dues for transfer of land in favour of the Company have been paid and transfer of title in the name of company is awaited.

ii. The Management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.

iii. (a) The Company has granted unsecured loans to a company covered in the register maintained under section 189 of the Act. In our opinion and according to the information and explanations given to us, the terms and conditions of the grants and loans is not prejudicial to the interest of the Company's.

(b) The Company has granted loans re-payable on demand to party covered in the register maintained under section 189 of the Act. As per information and explanations given to us the company has not demanded repayment of such loans during the year and thus there is no default on these loans and advances. The payment of interest has been regular as per the contractual terms.

(c) Since there is no overdue amount as on the date, the relevant reporting is not applicable.

iv. In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Act in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the company.

v. In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public within the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under.

vi. We have broadly reviewed the Cost Accounting records maintained by the Company pursuant to the Rules prescribed by the Central Government for the maintenance of cost records under sub-section (1) of section 148 of the Act and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We are, however, not required to make a detailed examination of such books and records.

vii. (a) According to the records of the Company examined by us and the information and explanations given to us, the Company is generally regular in depositing its undisputed statutory dues including Provident Fund, employees' State Insurance, Income-tax, Sales-tax, Service Tax, goods and service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues, as applicable, with the appropriate authorities during the year and there are no such undisputed amounts payable which have remained outstanding as at March 31, 2019 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 the records of the Company examined by us, there are no dues of income tax, sales-tax, duty of customs, goods and service tax & value added tax which have not been deposited on account of any dispute, except dues of service tax, duty of excise and sales tax along with the forum where the dispute is pending as follows:

Name of Statue	Nature of dues	Forum where dispute is pending	Period for which the amount relates	Amount (in Rs Crores)*
Central Excise Act, 1944	Demand of differential duty reversed under Rule 6 (3) (A).	Assistant Commissioner, LTU, Delhi.	2012 to 2015	0.29
Central Excise Act, 1944	Demand of duty on sale of Electricity.	CESTAT, Delhi	April 2010 to June 2010	1.64
Central Excise Act, 1944	Demand of duty on storage loss of R.S. and ENA.	CESTAT, Delhi	December 2009 to March 2010	0.01
Central Excise Act, 1944	Denial of cenvat credit on M.S. Pipes, MS Angles, Steel, Channels, Aluminium Sheets, Bars & Rods, etc.	High Court, Allahabad	June 2005 to September 2005	0.04

Name of Statue	Nature of dues	Forum where dispute is pending	Period for which the amount relates	Amount (in Rs Crores)*
Finance Act, 1994	Denial of credit on Service tax paid by Sugar selling agent.	Commissioner (A) , LTU	April 2011 to July 2014	0.18
Central Excise Act, 1944	Demand of Interest on reversal of credit taken on Cement.	Dy. Commissioner	March 2006 to March 2007	0.06
Central Excise Act, 1944	Denial of credit on Welding Electrodes.	Commissioner(A)	December 2009 to March 2010	0.01
Finance Act, 1994	Denial of credit on Service tax paid by Sugar selling agent.	Commissioner(A)	April 2010 to July 2014	0.47
Finance Act, 1994	Demand of Service tax on Commissioning & Installation charges.	Dy. Commissioner	2006-07 & 2007-08	0.03
Central Excise Act, 1944	Demand of differential duty reversed under Rule 6 (3) (A).	Commissioner (A)	2012 to 2015	0.36
Finance Act, 1994	Demand of Service tax on the Commission paid by Galilio on their system.	Dy. Commissioner	December 2008 to September 2009	0.02
Central Excise Act, 1944	Denial of Cenvat Credit to erstwhile SDSSKL	Rev. Authority	2004-2005	0.13
Finance Act, 1994	Demand of Service tax on reimbursement of expenses received from various banks for the dividend a/c under Reverse charge mechanism.	Additional Commissioner LTU, New Delhi	2013-14	0.05
Central Sales Tax	Entry tax demand	Additional Commissioner (Appeal)	2006-2007	0.11
Central Sales Tax	Entry tax demand	High Court, Allahabad	2000-2001	0.03
Central Sales Tax	Entry tax demand	Additional Commissioner (Appeal) Lucknow	2012-13	0.12
Central Sales Tax	Entry tax demand	Tribunal, Lucknow	2010-11	0.01

*Net of amount deposited.

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 repayment of its dues to a financial institution, banks and Government. The Company has not taken any loans from debenture holders.

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). During the year the company repaid the loan taken towards financing of capital expenditure. Subsequent to the above repayment the company took another loan from the same lender of Rs. 50 crores for the same purpose.

x. During the course of our examination of the books and 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 or any fraud on the Company by its officers or employees has been noticed or reported during the year, nor have we been informed of such case by the management.

xi. In our opinion, and according to the information and explanations given to us, the managerial remuneration has been paid/ provided in accordance the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

xii. The company is not a Nidhi company, hence the related reporting requirement of the Order are not applicable.

xiii. In our opinion, and according to the information and explanations given to us during the course of audit, transactions with the related parties are in compliance with section 177 and section 188 of the Act and the details have been disclosed in the notes to the standalone 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 Act are not applicable.

xv. In our opinion, and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him.

xvi. According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For NSBP & Co.
Chartered Accountants
Firm Registration No. 001075N

Deepak K. Aggarwal
Partner
Membership No: 095541

Place: New Delhi
Date: May 20, 2019

Annexure B to the Independent Auditor's Report to the members of Dalmia Bharat Sugar and Industries Limited ('the Company') on its standalone financial statements dated May 20, 2019.

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 1(f) of 'Report on Other Legal and Regulatory Requirements' section

We have audited the internal financial controls over financial reporting of Dalmia Bharat Sugar and Industries Limited ("the Company") as of March 31, 2019 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 Board of Directors of the Company 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 Act.

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 Act, 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.

An 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 judgement, including the assessment of the risks of material misstatement of the standalone 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, to the best of our information and according to the explanations, given to us 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, 2019, 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 NSBP & Co.
Chartered Accountants
Firm Registration No. 001075N

Deepak K. Aggarwal
Partner
Membership No: 095541

Place: New Delhi
Date: May 20, 2019

Dalmia
Bharat Sugar

Standalone balance sheet as at March 31, 2019

(₹ in crores)

	Notes	As at March 31, 2019	As at March 31, 2018
ASSETS			
A) Non-current assets			
a) Property, plant and equipment	**4**	**1,315.61**	1,291.49
b) Capital work - in - progress	**4**	**10.92**	6.93
c) Intangible assets	**4**	**0.52**	1.72
d) Financial assets	**5**		
i) Investments	**(i)**	**198.43**	283.89
ii) Loans	**(ii)**	**27.50**	27.08
iii) Others	**(iii)**	**0.51**	3.02
e) Income tax assets (net)	**6**	**18.96**	19.00
f) Other non-current assets	**7**	**8.85**	9.87
Total Non-current assets		**1,581.30**	1,643.00
B) Current assets			
a) Inventories	**8**	**1,095.09**	749.77
b) Financial Assets	**9**		
i) Investments	**(i)**	**90.00**	151.37
ii) Trade receivables	**(ii)**	**203.57**	76.03
iii) Cash and cash equivalents	**(iii)**	**27.61**	58.85
iv) Bank Balances other than (iii) above	**(iv)**	**0.54**	0.58
v) Loans	**(v)**	**128.34**	128.00
vi) Others	**(vi)**	**48.01**	35.01
c) Other current assets	**10**	**32.63**	14.50
Total Current assets		**1,625.79**	1,214.11
Total Assets		**3,207.09**	2,857.11
EQUITY & LIABILITIES			
A) Equity			
a) Equity share capital	**11**	**16.19**	16.19
b) Other equity	**12**	**1,533.56**	1,432.71
Total Equity		**1,549.75**	1,448.90
B) Liabilities			
Non- current liabilities			
a) Financial liabilities	**13**		
i) Borrowings	**(i)**	**460.75**	375.72
ii) Others	**(ii)**	**3.67**	3.67
b) Provisions	**14**	**22.82**	16.75
c) Deferred tax liabilities (Net)	**15**	**97.11**	124.95
d) Other non current liabilities	**16**	**16.53**	5.38
Total Non- current liabilities		**600.88**	526.47
Current liabilities			
a) Financial liabilities	**17**		
i) Borrowings	**(i)**	**517.00**	345.17
ii) Trade payables	**(ii)**		
Due to MSME		**0.05**	0.23
Others		**420.13**	428.39
iii) Other financial liabilities	**(iii)**	**97.46**	83.89
b) Other current liabilities	**18**	**15.11**	19.78
c) Provisions	**19**	**6.71**	4.28
Total Current liabilities		**1,056.46**	881.74
Total equity & liabilities		**3,207.09**	2,857.11
Corporate Information	**1**		
Basis of preparation of financial statement	**2**		
Significant accounting policies	**3**		

The accompanying notes are an integral part of these financial statements.
As per our report of even date

For NSBP & Co.
Chartered Accountants
FRN - 001075N

For and on behalf of the Board of Directors of Dalmia Bharat Sugar and Industries Ltd.

Deepak K. Aggarwal
Partner
Membership No.: 095541

Sneha Sharma
Company Secretary
Membership No.: A37986

Anil Kataria
Chief Finance Officer
PAN: AALPK4889N

J.S.Baijal
Director
DIN:00049565

Gautam Dalmia
Managing Director
DIN:00009758

Place : New Delhi
Date : May 20, 2019

Standalone statement of profit and loss for the year ended March 31, 2019

(₹ in crores)

	Notes	For the year ended March 31, 2019	For the year ended March 31, 2018
Revenue			
Revenue from operations (including excise duty)	**20**	2018.51	2274.88
Other income	**21**	86.91	37.46
Total Income (I)		**2105.42**	**2312.34**
Expenses			
Cost of raw materials consumed	**22**	1736.24	1489.32
Change in inventories of finished goods and work in progress	**23**	(328.02)	215.33
Excise duty on sales		-	30.51
Employee benefits expense	**24**	118.66	108.69
Finance costs	**25**	68.61	69.46
Depreciation and amortization expense	**4 & 26**	51.55	53.79
Impairment of Property, plant and equipment	**4 & 47**	28.65	-
Other expenses	**27**	225.93	197.37
Total Expenses (II)		**1901.62**	**2164.47**
Profit/(loss) before exceptional items and tax		**203.80**	**147.87**
Exceptional items		**-**	**-**
Profit/(loss) before tax		**203.80**	**147.87**
Tax expense:	**28**		
Current tax		43.63	31.52
Deferred tax		(27.21)	(17.75)
Total of tax expense		**16.42**	**13.77**
Profit/(loss) for the year from operations		**187.38**	**134.10**
Other comprehensive income	**29**		
a. i) Items that will not be reclassified to profit/(loss)		**(88.73)**	83.10
ii) Income tax relating to items that will not be reclassified to profit/(loss)		**1.18**	1.19
b. i) Items that will be reclassified to profit/(loss)			
Fair value changes on derivatives designated as cash flow hedge		**1.57**	-
ii) Income tax relating to items that will be reclassified to profit/(loss)		**(0.55)**	-
Total comprehensive income for the year		**100.85**	**218.39**
(Comprising profit/(loss) and other comprehensive income for the year)			
Earning per share	**30**		
Basic (in Rs.)		**23.15**	**16.57**
Diluted (in Rs.)		**23.15**	**16.57**
[Face value of share Rs. 2 each]			
Corporate Information	**1**		
Basis of preparation of Financial Statement	**2**		
Significant Accounting Policies	**3**		

The accompanying notes are an integral part of these financial statements.
As per our report of even date

For NSBP & Co.
Chartered Accountants
FRN - 001075N

For and on behalf of the Board of Directors of Dalmia Bharat Sugar and Industries Ltd.

Deepak K. Aggarwal	**Sneha Sharma**	**Anil Kataria**	**J.S.Baijal**	**Gautam Dalmia**
Partner	*Company Secretary*	*Chief Finance Officer*	*Director*	*Managing Director*
Membership No.: 095541	Membership No.: A37986	PAN: AALPK4889N	DIN:00049565	DIN:00009758

Place : New Delhi
Date : May 20, 2019

Standalone statement of cash flows for the year ended March 31, 2019

(₹ in crores)

		For the year ended March 31, 2019	For the year ended March 31, 2018
A.	**Cash Flow from Operating Activities**		
	Net Profit before tax	**203.80**	**147.87**
	Adjustments for Non-cash and Non -operating items:-		
	Add:-		
	Depreciation / Amortization and impairment	80.20	53.69
	Provision for doubtful debts/ advances	0.00	1.35
	Bad Debts/ Advances written off	0.02	0.02
	Finance Cost	68.61	69.46
	Less:-		
	Dividend Income	(0.34)	(0.21)
	Interest Income	(16.54)	(15.07)
	(Profit)/Loss on sale of Investments	(5.47)	(1.50)
	Changes in Fair Value of Investments	(6.29)	(6.01)
	(Profit)/Loss on sale of property, plant & equipment and Assets written off	(0.14)	(0.05)
	Grant amortized	(15.86)	(6.52)
	Operating Profit before working Capital Changes	**307.99**	**243.03**
	Adjustments for working Capital changes :		
	Inventories	(345.33)	270.92
	Trade and Other Payables	2.51	195.37
	Trade and Other Receivables	(141.92)	(5.09)
	Cash Generated from Operations	**(176.75)**	**704.24**
	Direct Taxes (Paid)/Refund	(43.60)	(45.04)
	Net Cash generated from operating activities	**(220.35)**	**659.20**
B.	**Cash Flow from Investing Activities**		
	Purchase of property, plant and equipment	(106.97)	(71.60)
	(Purchase)/ Sale of Investments	73.22	(66.00)
	Interest Received	3.87	6.53
	Dividend Received from Non Current Investments	0.34	0.21
	Net Cash used in Investing Activities	**(29.54)**	**(130.86)**
C.	**Cash Flow from Financing Activities**		
	Proceeds/(Repayment) of Short term Borrowings (net)	171.82	(380.16)
	Proceeds/(Repayment) of Long term Borrowings (net)	99.66	(64.94)
	Finance Cost	(52.83)	(62.93)
	Dividend Paid	0.00	(16.19)
	Corporate Dividend tax paid	0.00	(3.30)
	Net cash used in financing activities	**218.65**	**(527.52)**
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	**(31.24)**	**0.81**
	Cash and cash equivalents at the beginning of the year	58.85	58.04
	Cash and cash equivalents at the end of the year	**27.61**	**58.85**
	Components of Cash & Cash Equivalents		
	Balances with banks	As at March 31, 2019	As at March 31, 2018
	Cash on hand	0.16	0.23
	Cheques, drafts on hand	0.00	0.06
	Balances with banks	27.45	58.56
	Net Cash & Cash Equivalents	**27.61**	**58.85**

Note:

1) Cash & cash equivalents components are as per Note 9 (iii).

2) Cash flow statement has been prepared in accordance with Ind AS 7- "Statement of Cash Flows".

3) last year numbers are regrouped and reclassified, wherever considered necessary.

As per our report of even date

For NSBP & Co.
Chartered Accountants
FRN - 001075N

For and on behalf of the Board of Directors of Dalmia Bharat Sugar and Industries Ltd.

Deepak K. Aggarwal
Partner
Membership No.: 095541

Sneha Sharma
Company Secretary
Membership No.: A37986

Anil Kataria
Chief Finance Officer
PAN: AALPK4889N

J.S.Baijal
Director
DIN:00049565

Gautam Dalmia
Managing Director
DIN:00009758

Place : New Delhi
Date : May 20, 2019

Standalone statement of changes in equity for the year ended March 31, 2019

A. Equity Share Capital

(₹ in crores)

	As at March 31, 2019	Changes during the year	As at March 31, 2018	Changes during the year	As at April 01, 2017
Balance of Equity Share Capital	**16.19**	-	**16.19**	-	**16.19**

B. Other equity

(₹ in crores)

	Reserves and Surplus			Items of other comprehensive income			
	Capital reserve	Retained earnings	General Reserve	Equity instruments through other comprehensive income	Cash flow hedge	Acturial Gain & Losses on Defined Benefits Plan	Total
Balances as at April 01, 2017	4.07	1021.78	33.54	175.52	-	(1.10)	1233.81
Movement during FY 17-18							
Dividends including Dividend distribution tax paid during the year		(19.49)					(19.49)
Profit for the year		134.10					134.10
Transfer to general reserve		(19.00)	19.00				-
Other comprehensive income				86.55		(2.26)	84.29
Balances as at March 31, 2018	**4.07**	**1117.39**	**52.54**	**262.07**	**-**	**(3.36)**	**1432.71**
Movement during FY 18-19							
Profit for the year		187.38					187.38
Other comprehensive income				(85.36)	1.02	(2.19)	(86.53)
Balances as at March 31, 2019	**4.07**	**1304.77**	**52.54**	**176.71**	**1.02**	**(5.55)**	**1533.56**

	Note No.
Corporate Information	1
Basis of preparation of Financial Statement	2
Significant Accounting Policies	3

The accompanying notes are an integral part of these financial statements.
As per our report of even date

For NSBP & Co.
Chartered Accountants
FRN - 001075N

For and on behalf of the Board of Directors of
Dalmia Bharat Sugar and Industries Ltd.

Deepak K. Aggarwal	**Sneha Sharma**	**Anil Kataria**	**J.S.Baijal**	**Gautam Dalmia**
Partner	*Company Secretary*	*Chief Finance Officer*	*Director*	*Managing Director*
Membership No.: 095541	Membership No.: A37986	PAN: AALPK4889N	DIN:00049565	DIN:00009758

Place : New Delhi
Date : May 20, 2019

Notes to Financial Statements for the year ended March 31, 2019

1. Corporate Information

The company was incorporated as Dalmia Cement (Bharat) Limited. Name of the company was changed from Dalmia Cement (Bharat) Limited to Dalmia Bharat Sugar and Industries Limited ('The Company') vide fresh certificate of incorporation dated 7th September, 2010 issued by registrar of companies, Tamilnadu.

The company is mainly engaged in manufacturing of sugar, generation of power, manufacturing of Industrial alcohol and manufacturing of refractory products.

The company is listed on the National Stock Exchange of India and Bombay Stock Exchange of India. These financial statements are presented in Indian Rupees (Rs).

2. Basis of accounting and preparation of Financial Statements

A. Statement of Compliance with Ind AS

The Financial Statements have been prepared in accordance with Indian Accounting Standards (IND AS) as prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016 and relevant provisions of the Companies Act, 2013. The Financial Statements comply with IND AS notified by Ministry of Company Affairs ("MCA"). The Company has consistently applied the accounting policies used in the preparation for all periods presented.

These financial statements are approved and adopted by board of directors of the Company in their meeting held on May 20, 2019.

B. Basis of preparation and presentation.

The financial statements have been prepared accrual basis on historical cost convention, except as stated otherwise.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

C. Current/Non-current assets and liabilities:

A. Current Assets – An asset is classified as current when:

(a) The company expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;

(b) The company holds the asset primarily for the purpose of trading;

(c) The company expects to realise the asset within twelve months after the reporting period;

(d) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current assets.

B. Current Liability – A liability is classified as current when:

(a) The company expects to settle the liability in its normal operating cycle;

(b) The company holds the liability primarily for the purpose of trading;

(c) The liability is due to be settled within twelve months after the reporting period; or

(d) The company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current liabilities.

D. Functional and presentation currency

The financial statements including notes thereon are presented in Indian rupees, which is the functional currency of the company. All the financial information presented in Indian rupees has been rounded to the nearest crore as per the requirement of Schedule III to the Act, unless stated otherwise.

E. Use of judgment, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires the Management to make judgement, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities and contingent assets at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon the Management's best knowledge of current events and actions, actual results could differ from these estimates. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods

Notes to Financial Statements for the year ended March 31, 2019

a. Property, plant and equipment and intangible assets

The useful life and residual value of plant, property equipment and intangible assets are determined based on technical evaluation made by the management of the expected usage of the asset, the physical wear and tear and technical or commercial obsolescence of the asset. Due to the judgements involved in such estimations, the useful life and residual value are sensitive to the actual usage in future period.

b. Recognition and measurement of defined benefit obligations

The cost of the leave encashment, defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are periodically reviewed at each reporting date.

c. Fair value measurement of financial instruments

When the fair value of the financial assets and liabilities recorded in the balance sheet cannot be measured based on the quoted market price in active markets, their fair value is measured using valuation technique. The input to these models are taken from the observable market wherever possible, but where this is not feasible, a review of judgment is required in establishing fair values. Changes in assumption relating to these assumption could affect the fair value of financial instrument.

d. Provision for litigations and contingencies

The provision for litigations and contingencies are determined based on evaluation made by the management of the present obligation arising from past events the settlement of which is expected to result in outflow of resources embodying economic benefits, which involves judgements around estimating the ultimate outcome of such past events and measurement of the obligation amount.

e. Impairment of financial and non-financial assets

The impairment provision for financial assets are based on assumptions about risk of default and expected losses. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The Company assesses at each reporting date whether there is an indication that a Non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount which is higher of an asset's or Cash generating unit (CGU) fair value less costs of disposal and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

F. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets & liabilities on the basis of the nature, characteristics and the risks of the asset or liability and the level of the fair value hierarchy as explained above.

Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis as explained above, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

3. Significant accounting policies

A. Property, plant and equipment and Capital work-in-progress

Property, plant and equipment are stated at original cost net of tax/ duty credit availed, less accumulated depreciation and accumulated impairment losses. The cost of an asset includes the purchase cost of materials including import duties and non-refundable taxes, and any directly attributable costs of bringing an asset to the location and condition of its intended use. Interest on borrowings used to finance the construction of qualifying assets are capitalized as part of cost of the asset until such time that the asset is ready for its intended use. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

When significant part of the property, plant and equipment are required to be replaced at intervals, the company derecognized the replaced part and recognized the new parts with its own associated useful life and it is depreciated accordingly. Likewise when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance cost are recognized in the statement of the profit and loss as incurred.

Internally manufactured property, plant and equipment are capitalised at factory cost.

Capital work in progress include property plant & equipment under installation/under development as at the balance sheet date and are carried at cost, comprising direct cost, related incidental expenses and attributable borrowing cost.

Property, plant and equipment are derecognised from the financial statement, either on disposal or when no economic benefits are expected from its use or disposal. Losses arising in the case of retirement of property, plant and equipment and gain or losses arising from disposal of property, plant and equipment are a recognized in the statement of profit and loss in the year of occurrence.

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment, except Land, recognised as of April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date. For Land the company has elected to use Fair Value at the transition to Ind AS and use this value as its deemed cost.

B. Investment Property

Investment properties are properties, either land or building or both, held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost including transactions costs. Subsequent to initial recognition, investment properties are measured in accordance with requirement for cost model.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is de-recognised.

C. Intangible assets

Intangible asset are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the entity and the cost of asset can be measured reliably.

Capital expenditure on purchase and development of identifiable assets without physical substance is recognized as intangible assets in accordance with principles given under Ind AS-38 – Intangible Assets.

Notes to Financial Statements for the year ended March 31, 2019

Internally generated intangible asset, excluding capitalized development cost, are not capitalized and the related expenditure is reflected in statement of profit & loss in the period in which the expenditure is incurred.

The useful lives of intangible asset are assed as either finite or indefinite. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible asset with indefinite useful lives, if they are not amortised, but are tested for impairment either individually or at the cash generating unit level. The assessment of indefinite useful life is reviewed annually to determine whether the indefinite life continues to be supportable. Currently there are no intangible assets with indefinite useful life.

Gain or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit & loss when the asset is derecognised.

D. Depreciation and amortization

Depreciation on Property, Plant and Equipment (PPE) and Intangible assets is calculated on the basis of useful lives as prescribed under Schedule II to the Companies Act, 2013. The following methods of depreciation are used for PPE and Intangible assets:

"Plant and machinery" at Salem (excluding earth moving machinery) and on all PPE at Wind Farm Unit, MLCC devision and Dalmia Chini Mills (Sugar Units) excluding machinery in Power Plants.	Straight line method
Leasehold land	Amortised over the period of lease, i.e., 99 years
Remaining PPE	Written down value method
Computer software	Amortised over a period of 3-5 years on a Straight line basis.
Other intangible assets	Amortised over a period of maximum 10 years on a straight line basis.
Capital Spares	Based on technical estimates by the management depreciated on straight line method over a period of 10 years.

E. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Where the Company is the lessee

Finance leases are capitalized as assets at the commencement of the lease, at an amount equal to the fair value of leased asset or present value of the minimum lease payments, whichever is lower, valued at the inception date. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the company's general policy on borrowing cost. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Payment made under operating leases are recognized as expense in the Statement of Profit and Loss on a straight line basis over the lease term, unless the receipts are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increase.

Where the Company is the lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Where the escalation of lease rentals is in line with the expected general inflation so as to compensate the lessor for expected inflationary cost, the increases in the rentals is not straight lined.

Notes to Financial Statements for the year ended March 31, 2019

F. Government grants

Government grants are recognised at fair value when there is reasonable assurance that the grant would be received and the Company would comply with all the conditions attached with them.

Government grants whose primary condition is that the company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the balance sheet and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the company with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

G. Borrowing costs

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalized as part of the cost of such asset till such time that is required to complete and prepare the asset to get ready for its intended use. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing costs also include exchange differences to the extent regarded as an adjustment to the borrowing costs.

All other borrowing costs are charged to the statement of profit and loss in the period in which they are incurred.

H. Segment accounting and reporting

The chief operational decision maker monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit and loss and is measured consistently with profit and loss in the financial statements.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM).

The accounting policies adopted for segment reporting are in line with the accounting policies adopted for preparing and presenting the Financial Statements of the Company as a whole. In addition, the following specific accounting policies have been followed for segment reporting:

- Segment revenue includes sales and other income directly identifiable with / allocable to the segment including inter segment transfers.

  Inter segment transfers are accounted for based on the transaction price agreed to between the segments which is at cost in case of transfer of Company`s intermediate and final products and estimated realisable value in case of by-products.

- Revenue, expenses, assets and liabilities are identified to segments on the basis of their relationship to the operating activities of the segment. Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on direct and/or on a reasonable basis, have been disclosed as "Unallocable"

I. Employee benefits

Expenses and liabilities in respect of employee benefits are recorded in accordance with Indian Accounting Standard (Ind AS)-19 - 'Employee Benefits'.

a. Short-term employee benefits

Short-term employee benefits in respect of salaries and wages, including non-monetary benefits are recognised as an expense at the undiscounted amount in the statement of profit and loss for the year in which the related service is rendered

b. Defined contribution plan

Retirement benefits in the form of provident fund, pension fund, superannuation fund and ESI are a defined contribution scheme and the contributions are charged to the statement of profit and loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the provident fund/trust.

Notes to Financial Statements for the year ended March 31, 2019

c. **Defined benefit plan**

Retirement benefits in the form of gratuity and provident fund contribution to Dalmia Cement Provident Fund Trust are defined benefit plans. Gratuity is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Contributions to Dalmia Cement Provident Fund Trust are charged to the Statement of Profit and Loss of the year when the contributions to the fund is due.

The Company's liabilities on account of gratuity and earned leaves on retirement of employees are determined at the end of each financial year on the basis of actuarial valuation certificates obtained from registered actuary in accordance with the measurement procedure as per Indian Accounting Standard (IND AS)-19- 'Employee Benefits'. Gratuity liability is funded on year-to-year basis by contribution to respective fund. The costs of providing benefits under these plans are also determined on the basis of actuarial valuation at each year end. Actuarial gains and losses for defined benefit plans are recognized through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Accumulated leaves, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absenteeism as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method at the year-end.

J. Inventories

a. Finished goods are valued at lower of cost or net realisable value. In case of Dead Burnt Magnesite Dust Stocks to the extent these are considered saleable, valuation is done at raw materials cost plus packing charges or net realizable value, whichever is lower. By-products are valued at net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost is determined on a weighted average basis.

b. Work in progress is valued at lower of cost or net realisable value. Cost is determined on a weighted average basis.

c. Stores, Spares and Raw Materials are valued at lower of cost or net realisable value. However materials & other items of inventories held for use in the production are not written below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.

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

K. Financial Instruments

(a) Financial Assets

i. Classification

The company classified financial assets as subsequently measured at amortized cost, fair value though other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL) on the basis of its business model for managing the financial assets and contractual cash flow characteristics of the financial asset.

ii. Initial Recognition and Measurement

The financial assets include equity and debt securities, trade and other receivables, loans and advances, cash and bank balances and derivative financial instruments. All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

iii. Subsequent Measurement

For the purpose of subsequent measurement the financial assets are classified in three categories:

- At amortised cost - For debt instruments only.
- At fair value through profit & loss account
- At fair value through other comprehensive income

Notes to Financial Statements for the year ended March 31, 2019

iv. Debt instruments at amortized cost

A Financial Asset i.e. a debt instrument is measured at the amortized cost if both the following condition are met.

- The assets is held within a business model whose objective is to hold assets for collecting contractual cash flow (business model test), and
- Contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principle and interest (SPPI) on the principle amount outstanding (contractual cash flow characteristics).

After initial measurement (at Fair value minus transaction cost), such financial assets are subsequently measurement at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount and premium and fee or costs that are an integral part of an EIR. The EIR amortization is included in finance income in the statement of profit and loss. The losses arising from impairment are recognized in the statement of profit and loss.

v. Debt instrument at Fair value through Profit or loss

Debt instruments included within the fair value through profit or loss (FVTPL) category are measured at fair value with all changes recognized in the statement of profit and loss.

vi. Debt instruments at Fair value through other comprehensive income

A financial asset should be measured at FVTOCI if both the following condition are met:

- The assets is held within a business model in which asset are managed both in order to collect contractual cash flows and for sale (business model test), and
- Contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principle and interest (SPPI) on the principle amount outstanding (contractual cash flow characteristics).

  After initial measurement (at Fair value minus transaction cost), such financial assets are measured at Fair value with changes in fair value recognized in OCI except for:

  (a) Interest calculated using EIR
  (b) Foreign exchange gain and losses; and
  (c) Impairment losses and gains

vii. Equity investments

All equity investments other than investment in subsidiaries, joint venture and associates are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the company decides to classify the same either as at fair value through other comprehensive income (FVTOCI) or FVTPL. The company makes such election on an instrument-by- instrument basis. The classification is made on initial recognition and is irrevocable.

If the company decides to classify an equity instrument as at FVTOCI, then fair value changes on the instrument, excluding dividends, are recognised in other compressive income (OCI). There is no recycling of the amounts from OCI to statement of profit or loss, even on sale of such investments.

Equity instrument includes within the FVTPL category are measured at fair value with all changes recognised in the Statement of profit or loss.

viii. Derecognition

A financial assets (or, where applicable, a part of a financial asset) is primarily derecognised when:

- The right to receive cash flows from the assets have expired or
- The company has transferred substantially all the risks and rewards of the assets, or
- The company has neither transferred nor retained substantially all the risks and rewards of the assets, but has transferred control of the assets.

(b) Financial liabilities & Equity

i. Classification

Debt and equity instruments issued by the company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Notes to Financial Statements for the year ended March 31, 2019

ii. Initial recognition and measurement of Financial Liability

The company recognizes financial liability when it becomes a party to the contractual provisions of the instrument. All financial liability are recognized initially at fair value minus, for financial liability not subsequently measured at FVTPL, transaction costs that are directly attributable to the issue of financial liability.

iii. Subsequent Measurement of Financial Liabilty

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies

iv. Financial Liability at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) Method. Gain and losses are recognised in statement of profit and loss when the liabilities are derecognised.

Amortised cost is calculated by taking into account any discount or premium on acquisition and transaction cost. The EIR amortization is included as finance cost in the statement of profit and loss.

This category generally applies to loans & Borrowings.

v. Financial Liability at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability

vi. Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a company entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

vii. Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are, substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amount recognised in the Statement of Profit and loss.

viii. Offsetting of financial instrument

Financial Assets and Financial Liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

ix. Derivative financial instruments

The company uses derivative instruments as a part of its management of exposure to fluctuations in foreign currency exchange rates. The company does not acquire or issue derivative instruments for trading or speculative purposes. The company does not enter into complex derivative transactions to manage the treasury.

All derivative financial instruments are recognised as assets or liabilities on the balance sheet and measured at fair value, generally based on quotation obtained from banks/financial institutions. The accounting for changes in the fair value of a derivative instruments depends on the intended use of the derivatives and the resulting designation.

The fair values of all derivatives are separately recorded in the balance sheet within current and non current assets and liabilities. Derivatives that are designated as hedges are classified as current and non current depending upon the maturity of the derivatives.

Notes to Financial Statements for the year ended March 31, 2019

The use of derivative can give rise to credit and market risk. The company tries to control credit risk as far as possible by only entering into the contract with reputable banks/ financial institution. The use of derivative instrument is subject to limits, authorities and regular monitoring by appropriate levels of management. The limits, authorities and monitoring systems are periodically reviewed by the management and board. The market risk on derivatives are mitigated by changes in the valuation of the underlying assets, liabilities or transactions, as derivatives are used only for risk management purposes.

x. Cash flow hedge

The Company designates certain foreign exchange forward as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions.

When a derivative is designated as a cash flow hedge instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in the cash flow hedge reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the net profit in the Statement of Profit and Loss. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognized in cash flow hedge reserve till the period the hedge was effective remains in cash flow hedge reserve until the forecasted transaction occurs. The cumulative gain or loss previously recognized in the cash flow hedge reserve is transferred to the net profit in the Statement of Profit and Loss upon the occurrence of the related forecasted transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedge reserve is reclassified to the Statement of Profit and Loss.

L. Investments in subsidiaries, Joint venture & Associate

Investments in equity shares of Subsidiaries, Joint Ventures & Associates are recorded at cost and reviewed for impairment at each balance sheet date.

M. 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.

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.

In March 2018, the Ministry of Corporate Affairs has notified the Companies (Indian Accounting Standards) amended rules, 2018 ("Amended Rules"). As per amended rules, Ind AS 115 "Revenue from Contracts with Customers" supersedes Ind AS 11, "Construction Contracts" and Ind AS 18, "Revenue" and is applicable for all accounting periods commencing on or after April 1, 2018.

Ind AS 115 introduces a new framework of five step model for the analysis of Revenue transactions. The model specifies that revenue should be recognised when (or as) an entity transfer control of goods or services to a customer at the amount to which the entity expects to be entitled. Further the new standard requires enhanced disclosures about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services.

The Company has evaluated the requirement of the amendment and the impact on the financial statements. The effect on adoption of Ind AS 115 was insignificant.

Sale of Power

Revenue from power has been recognized on transmission of electricity to Grid. Power generated at power plant is consumed at manufacturing units and excess power is sold to Grid, which is included in sales at power tariff prevailing as per the respective Power Purchase Agreements.

Inter unit transfers of power is also accounted for at the same rates i.e. Grid Power Tariff, for computing segmental profitability. For consolidation purposes these transfers are eliminated from respective heads.

Revenue from sale of Certified Emission Reductions (CERs) and Renewable Energy Certificates (REC)

Entitlement to Renewable Energy Certificates (REC) owing to generation of power are recognised to the extent sold and treated as capital receipt.

Dividends

Revenue is recognised when the shareholders' right to receive payment is established by the Balance Sheet date.

Notes to Financial Statements for the year ended March 31, 2019

Insurance claim

Insurance claims are accounted for on the basis of claims admitted/ expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

Sale of services

The company being a manufacturing entity does not generally provides services in the normal course of business.

However revenue from supply of services if any is recognized as and when the services has been provided and recoverability accrues.

N. Foreign currency translation/conversion

Standalone financial statements have been presented in Indian Rupees (Rs.), which is the Company's functional and presentation currency.

- **Initial recognition**

  Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate at the date of the transaction.

- **Conversion**

  Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

- **Exchange differences**

  The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

O. Taxes

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-Tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Current income tax relating to items recognized directly in equity is recognised in equity and not in the statement of profit and loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Minimum alternate tax

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

Deferred tax

Deferred tax is provided using the balance sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purpose at reporting date. Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized.

Notes to Financial Statements for the year ended March 31, 2019

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow deferred tax assets to be recovered.

The company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

P. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year 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.

Q. Provisions, contingent liabilities and contingent assets

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that the outflow of resources embodying economic benefits will be required to settled the obligation in respect of which reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the expense relating to provision presented in the statement of profit & loss is net of any reimbursement.

If the effect of the time value of money is material, provisions are disclosed using a current pre-tax rate that reflects, when appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as finance cost.

Contingent liability is disclosed in the notes in case of:

- There is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.
- A present obligation arising from past event, when it is not probable that as outflow of resources will be required to settle the obligation
- A present obligation arises from the past event, when no reliable estimate is possible
- A present obligation arises from the past event, unless the probability of outflow are remote.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

Onerous Contracts

A provision for onerous contracts is measured at the present value of the lower expected cost of terminating the contract and the expected cost of continuing with the contract. Before a provision is established, the company recognizes the impairment on the assets with the contract.

Contingent assets

Contingent assets are not recognized in the financial statements.

R. Cash and cash equivalents

Cash and cash equivalents includes cash on hand and at bank, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consists of cash and short term deposits, as defined above, net of outstanding bank overdraft as they being considered as integral part of the Company's cash management.

Notes to Financial Statements for the year ended March 31, 2019

S. Impairment

Non-financial assets

Property, plant and equipment, intangible assets and assets classified as investment property with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized in the statement of profit or loss.

An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

Impairment losses on continuing operations, including impairment on inventories are recognized in the statement of profit and loss, except for properties previously revalued with the revaluation taken to other comprehensive income. For such properties, the impairment is recognized in OCI up to the amount of any previous revaluation surplus.

Financial assets

The company applies 'simplified approach' measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instrument and are measured at amortised cost e.g. loans, debt securities, deposits, and bank balance.
- Trade receivables

The application of simplified approach does not require the company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime expected credit loss at each reporting date, right from its initial recognition.

T. Recent accounting pronouncements

Ind AS 116 Leases:

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition:

- Full retrospective – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application.

  Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:
- Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application.

Certain practical expedients are available under both the methods.

The Company is currently evaluating the effect of this amendment on the financial statements.

Notes to Financial Statements for the year ended March 31, 2019

Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments:

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition - i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company will adopt the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives.

The effect on adoption of Ind AS 12 Appendix C would be insignificant in the financial statements.

Amendment to Ind AS 12 – Income taxes:

On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is currently evaluating the effect of this amendment on the financial statements.

Amendment to Ind AS 19 – plan amendment, curtailment or settlement-

On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not have any impact on account of this amendment.

Notes to Financial Statements for the year ended March 31, 2019

4. Property plant & equipment, intangible assets & capital work in progress

(₹ in crores)

Particulars	Tangible Assets								Intangible Assets			Total
	Land Freehold#	Land Lease hold	Buildings	Plant and equipment	Furniture and Fixtures	Vehicles	Office equipment	Total	Operating Rights	Computer Software	Total	
Cost or revalued amount												
as at 01 April, 2017	580.28	0.58	173.63	1,203.20	7.59	4.30	4.91	1,974.49	3.64	1.98	5.62	**1,980.11**
Additions	1.36	-	8.23	57.45	0.46	0.11	0.35	67.96	-	-	-	**67.96**
Disposals	-	-	-	0.68	0.08	0.05	0.06	0.87	-	-	-	**0.87**
as at 31st March,2018	581.64	0.58	181.86	1,259.97	7.97	4.36	5.20	2,041.57	3.64	1.98	5.62	**2,047.20**
Additions	0.65	-	15.85	84.24	0.45	1.77	0.32	103.29	-	0.03	0.03	**103.32**
Disposals	-	-	-	0.11	0.02	0.67	0.40	1.20	-	-	-	**1.20**
as at 31st March, 2019	582.29	0.58	197.71	1,344.10	8.40	5.47	5.12	2,143.66	3.64	2.01	5.65	**2,149.32**
Depreciation and amortisation												
as at 01 April, 2017	0.01	0.14	57.48	628.26	5.68	1.98	4.07	697.64	1.93	0.79	2.72	**700.36**
Charge for the year	-	0.01	8.93	42.34	0.40	0.56	0.37	52.61	0.81	0.36	1.18	**53.79**
Disposals	-	-	-	0.03	0.03	0.05	0.06	0.16	-	-	-	**0.16**
as at 31st March, 2018	0.01	0.15	66.41	670.57	6.05	2.49	4.38	750.09	2.74	1.15	3.90	**753.99**
Charge for the year	-	0.02	5.03	43.93	0.38	0.61	0.35	50.32	0.88	0.36	1.23	**51.56**
Impairment Loss (refer note no. 47)	-	-	3.80	24.85	-	-	-	28.65	-	-	-	**28.65**
Disposals	-	-	-	0.11	0.01	0.50	0.40	1.01	-	-	-	**1.01**
as at 31st March, 2019	0.01	0.17	75.24	739.24	6.42	2.61	4.33	828.05	3.62	1.51	5.13	**833.19**
Net Block												
as at 31st March, 2018	**581.63**	**0.43**	**115.45**	**589.40**	**1.92**	**1.87**	**0.81**	**1,291.49**	**0.90**	**0.83**	**1.72**	**1,293.21**
as at 31st March, 2019	**582.28**	**0.41**	**122.47**	**604.86**	**1.98**	**2.86**	**0.79**	**1,315.61**	**0.02**	**0.50**	**0.52**	**1,316.13**
Capital Work in Progress*												
as at 31st March, 2018												**6.93**
as at 31st March, 2019												**10.92**

Transition date fair value of freehold land has been considered as deemed cost for IND AS Purposes.

* Includes preoperative expenditure pending capitalisation of Rs. 0.03 Cr (Rs.0.06 Cr) (refer note no. 42)

Includes immovable property for 2.79 acres of land at Salem unit for which all dues for transfer of land have been paid and transfer of title in the name of the company is awaited.

Notes to Financial Statements for the year ended March 31, 2019

5. Non-current financial assets

(Rs. in crores)

	As at March 31, 2019		As at March 31, 2018	
5 (i). Investments				
A. Quoted				
Equity Shares Carried at Fair Value through OCI				
1885134 equity shares of Rs. 10 each fully paid up in Odisha Cement Ltd.(942567 Equity shares of Rs 2 each fully paid up in Dalmia Bharat Limited)#		186.61		271.97
# the company has received shares of Odisha Cement Limited in lieu of shares of Dalmia Bharat Limited in the ratio of 2:1 in pursuent to the scheme of amalgamation and arrangement.				
B. Unquoted				
(i) Investments in Subsidiaries (Carried at Cost)				
Equity Shares				
NIL(250000) Equity shares of Rs 10 each fully paid up in Dalmia Sugar Ventures Limited *		-		0.05
450000(450000) Equity shares of Rs 10 each fully paid up in Himshikhar Investment Limited		4.45		4.45
NIL(50000) Equity shares of Rs 10 each fully paid up in Dalmia Solar Power Limited *		-		0.05
* Investment sold during the year.				
(ii) Investment in Bonds (Carried at amortised Cost)				
10.40% Vijaya Bank Bonds 2020		1.98		1.98
9.55% Canara Bank (Perp.) Bonds		5.39		5.39
(iii) Others*				
Shares of Co-operative Socities (Unquoted)				
DMC Employees Co-op Stores Limited		((2500))		((2500))
Government or Trust Securities (Unquoted)				
National Saving Certificates		((2000))		((2000))
		198.43		**283.89**
Aggregate amount of quoted investments and market value thereof		186.61		271.97
Aggregate amount of unquoted investments		11.82		11.92
Aggregate amount of impairment in value of investments		-		-
* Figures less than Rs. Fifty thousand which are required to be shown separately have been shown at actual in double brackets.				
5 (ii). Loans				
(Unsecured, considered good unless stated otherwise)				
Security deposits		2.14		1.72
Others		25.36		25.36
(Considered doubtful)				
Others	0.30		0.30	
Less : Allowance for bad and doubtful advances	0.30	0.00	0.30	0.00
		27.50		**27.08**
5 (iii). Others				
Fixed deposits with banks (with remaining maturity of more than 12 months)		0.15		0.15
(Unsecured, considered good)				
Others		0.36		2.87
		0.51		**3.02**

Notes to Financial Statements for the year ended March 31, 2019

6. Income Tax Assets (Net)

(Rs. in crores)

	As at March 31, 2019	As at March 31, 2018
Net Income Tax Assets	18.96	19.00
	18.96	**19.00**

7. Other non current assets

(Rs. in crores)

	As at March 31, 2019	As at March 31, 2018
(Unsecured, considered good unless stated otherwise)		
Capital advances	7.10	7.98
Advances other than capital advances	0.65	0.55
Balances with Government departments under protest	1.10	1.34
	8.85	**9.87**

8. Inventories

(Refer Note No. 3(J))

(Rs. in crores)

	As at March 31, 2019	As at March 31, 2018
Raw materials	15.97	3.11
Work in progress	11.23	13.90
Finished goods*	1035.93	705.24
Stores, spare & others	31.96	27.52
	1,095.09	**749.77**

* after considering write down of Rs. 11.36 Cr (Rs. 161.64 Cr) in the value of inventory of sugar to it's net realizable value.

9. Current financial assets

(Rs. in crores)

	As at March 31, 2019	As at March 31, 2018
9 (i). Investments		
Investment in mutual funds (quoted)		
(Carried at Fair Value through profit and loss)		
Debt based schemes	90.00	151.37
Total	**90.00**	**151.37**
Aggregate amount of quoted investments and market value thereof	90.00	151.37
Aggregate amount of unquoted investments	-	-
Aggregate amount of impairment in value of investments	-	-
9 (ii). Trade receivables		
Unsecured, considered good	203.57	76.03
Considered Doubtful	0.45	0.45
Less : Allowance for bad and doubtful debts	(0.45)	(0.45)
	203.57	**76.03**
9 (iii). Cash and cash equivalents		
Cash on hand	0.16	0.23
Cheques, drafts on hand	0.00	0.06
Balances with banks	27.45	58.56
	27.61	**58.85**
9 (iv). Bank balances other than cash & cash equivalents		
- Deposits with original maturity of more than 3 months but less than 12 months	-	-
- Earmarked balances with banks (Unpaid dividend accounts)	0.54	0.58
	0.54	**0.58**

Notes to Financial Statements for the year ended March 31, 2019

9. Current financial assets (contd.)

(Rs. in crores)

	As at March 31, 2019	As at March 31, 2018
9 (v). Loans		
(Unsecured, considered good)		
Loans to related parties (Refer note no. 43(a) & 44)	127.28	126.28
Others		
Loans to employees	1.06	1.72
	128.34	**128.00**
9 (vi). Others		
(Unsecured, considered good)		
Interest receivable*	25.99	13.62
Unbilled revenue	21.63	20.99
Others	0.39	0.40
	48.01	**35.01**

* Includes interest recoverable amounting Rs.19.94 Cr (Rs. 8.54 Cr) from Himshikhar investment Limited.

10. Other current assets

(Unsecured, considered good)

(Rs. in crores)

	As at March 31, 2019	As at March 31, 2018
Advances other than capital advances		
Deposit and Balances with Government departments and other authorities	25.21	4.60
Other advances	7.42	9.90
	32.63	**14.50**

11. Equity Share capital

(Rs. in crores)

	As at March 31, 2019	As at March 31, 2018
Authorised :		
11,47,26,820 (11,47,26,820) Ordinary equity shares of Rs. 2/- each	22.95	22.95
8,52,73,180 (8,52,73,180) Unclassified equity shares of Rs 2/- each	17.05	17.05
	40.00	**40.00**
Issued, Subscribed and Fully Paid Up :		
8,09,39,303 (8,09,39,303) ordinary equity shares of Rs. 2/- each	16.19	16.19
	16.19	**16.19**

(a) Reconciliation of ordinary equity shares outstanding at the beginning and at the end of the reporting year.

	As at March 31, 2019		As at March 31, 2018	
	No. of Shares	Rs Crores	No. of Shares	Rs Crores
At the beginning of the year	8,09,39,303	16.19	8,09,39,303	16.19
Changes during the year	-	-	-	-
At the end of the year	8,09,39,303	16.19	8,09,39,303	16.19

(b) Terms/ rights attached to ordinary equity shares

The Company has only one class of ordinary equity shares having a face value of Rs.2 per share. Each ordinary equity shareholder is entitled to one vote per share.

In the event of winding-up of the company, the ordinary equity shareholders shall be entitled to be repaid remaining assets of the company, in the ratio of the amount of capital paid up on such ordinary equity shares.

Notes to Financial Statements for the year ended March 31, 2019

11. Equity Share capital (contd.)

(c) Details of shareholders holding more than 5% shares in the company

	As at March 31, 2019		As at March 31, 2018	
	No. of Shares	% Holding	No. of Shares	% Holding
Ordinary Equity shares of Rs.2 each fully paid up				
Samagama Holdings and Commercial Private Limited	3,58,75,223	44.32%	3,58,75,223	44.32%
Dalmia Bharat Limited			1,48,29,764	18.32%
Odisha Cement Limited*#	1,48,29,764	18.32%		
Vanika Commercial and Holdings Private Ltd	86,87,305	10.73%	86,87,305	10.73%

*Name of Odisha Cement Limited is changed to Dalmia Bharat Limited wef 15-04-2019.

the company has received shares of Odisha Cement Limited in lieu of shares of Dalmia Bharat Limited in the ratio of 2:1 in pursuent to the scheme of amalgamation and arrangement.

As per records of the company, including it's register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

(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

(e) The Board of Directors has recommended a dividend of Rs. 1.60 per share of face value Rs. 2.00 each. The same is subject to approval of the shareholders in the Annual General Meeting.

12. Other Equity

(Rs. in crores)

	As at March 31, 2019	As at March 31, 2018
Reserve & Surplus		
Capital reserve		
Opening balance as per last financial statements	4.07	4.07
Less:- Transferred to retained earnings	-	-
Closing balance	**4.07**	**4.07**
General reserve		
Opening balance as per last financial statements	52.54	33.54
Add:- Amount transferred from surplus balance in statement of profit & loss	-	19.00
Closing balance	**52.54**	**52.54**
Surplus in the statement of profit and loss		
Balance as per last financial statements	1117.39	1021.78
Profit for the year	187.38	134.10
Less: appropriations		
(i) Transfer to general reserve	-	(19.00)
(ii) Final dividend on ordinary shares	-	(16.19)
(iii) Dividend distribution tax	-	(3.30)
Total appropriations	**-**	**(38.49)**
Net surplus in the statement of profit and loss	**1304.77**	**1117.39**
Total reserves and surplus	**1361.38**	**1174.00**
Other Comprehensive Income		
Opening Balance	258.71	174.42
Addition/(reduction) during the year	(86.53)	84.29
Closing Balance	**172.18**	**258.71**
Total Other Equity	**1533.56**	**1432.71**

1 Capital Reserve majorly comprises of reserve created consequent to slum purchase of plants in Ninaidevi & Kolhapur units.

2 Retained earnings represents undistributed profits of the Company which can be distributed to its equity shareholders in accordance with the requirement of the Companies Act, 2013.

3 Other Comprehensive Income represent the balance in equity for items to be accounted in Other Comprehensive Income. OCI is classified into (i) items that will not be reclassified to statement of profit and loss, and (ii) items that will be reclassified to statement of profit and loss.

4 General reserve represents the statutory reserve, this is in accordance with Indian Corporate Law wherein a portion of profit is apportioned to general reserve. Under Companies Act, 1956 it was mandatory to transfer the amount before a company can declare dividend. However under Companies Act , 2013, transfer of any amount to general reserve is at the discretion of the Company.

Notes to Financial Statements for the year ended March 31, 2019

13. Non current financial liabilities

(Rs. in crores)

	As at March 31, 2019		As at March 31, 2018	
13 (i). Borrowings				
Secured				
Term loans:				
i. From banks	355.94		397.65	
Less: Shown in current maturities of long term borrowings	36.31	319.63	50.35	347.30
ii. From other parties (including Government)	163.94		32.90	
Less: Shown in current maturities of long term borrowings	22.82	141.12	4.48	28.42
		460.75		**375.72**

(Refer note no. 17(iii) for current maturities)

(Rs. in crores)

S. No.	Particulars	As at 31st, March 2019	As at 31st, March 2018	Fixed/ Fluctuating interest rate	Rate of interest
	Non Current Borrowings				
A)	**From Bank**				
a)	Punjab National Bank				
	1. Excise Loan	-	26.06	Fixed	12.00%
	2. Soft Loan for cane payment	13.07	12.28	Fluctuating	Base Rate+1.75%, Presently 9.40%
b)	HDFC Term Loan 1	99.08	102.90	Fluctuating	One year MCLR+0.80%, Presently 9.55%
c)	HDFC Term Loan 2	-	6.07	Fluctuating	One year MCLR+0.25%.
d)	Axis Bank	184.16	254.24	Fluctuating	One year MCLR+0.75%, Presently 9.15%
e)	HDFC Term Loan 3 for Nigohi Distillery	50.00	-	Fluctuating	60bps over 1year MLCR,Presently 9.35%
f)	HDFC Term Loan 4 for Jawaharpur Distillery	10.83	-	Fluctuating	60bps over 1year MLCR,Presently 9.35%
	Notional reduction in loan balances due to IND AS adjustments	(1.20)	(3.90)		
	Total	**355.94**	**397.65**		
B)	**From Others**				
a)	Sugar Development Fund Loans	32.91	38.91	Fixed	4.75% to 5.75%
b)	Soft loan from UP Government (SEFASU 2018 Scheme)	150.07	-	Fixed	5% Simple Interest
	Notional reduction in loan balances due to IND AS adjustments	(19.04)	(6.01)		
	Total	**163.94**	**32.90**		
	G Total	**519.88**	**430.55**		

Nature of securities, Interest & repayment terms.

A) Details of Loans taken from Banks:-

a.1) PNB Interest free loan (availed under "Scheme for Extending Financial Assistance to Sugar Undertaking 2014" of Govt of India) is secured by second charge on pari passu basis on entire fixed assets of the company's sugar units.

a.2) PNB soft loan for cane payment is secured by first pari passu charge on the current assets of the company alongwith woking capital lenders and subservient charge on movable & immovable fixed assets of the company at sugar factories Ramgarh, Jawaharpur and Nigohi location. Repayable in 20 quarterly structured installments starting from 20th Sept 2017.

b) HDFC Term loan 1, is secured by first pari passu charge on movable and immovable fixed assets of the sugar mills located at Ramgarh, Jawaharpur & Nigohi location repayable in 40 structured quarterly installments starting from March 2017.

Notes to Financial Statements for the year ended March 31, 2019

13. Non current financial liabilities (contd.)

c) HDFC Term loan 2, is secured by first pari passu charge through mortgage on movable and immovable fixed assets of the ethanol plant at Nigohi location, payable in 40 equal quarterly installments starting after two years moratorium.

d) Axis Bank Term Loan is secured by first pari passu charge through mortgage on movable and immovable fixed assets of the Kolhapur location, payable in unequal quarterly installments starting 31st March 2018.

e) HDFC Bank Term Loan 3 for Nigohi distillery is secured by first pari passu charge through hypothecation on movable fixed asset of Ethanol Plant at Nigohi Plant payable in 40 equal quarterly installments starting from Dec'20.

f) HDFC Bank Term Loan 4 for Jawaharpur distillery is secured by first pari passu charge through hypothecation on movable fixed asset of Ethanol Plant at Jawaharpur Plant payable in 40 equal quarterly installments starting from Dec'20.

B) Details of Loans taken from entities other than banks:-

a) Sugar Development Fund (SDF) loans are secured by guarantees given by banks on behalf of the company and are repayable in unequal structured installments.

b) SEFASU 2018 term loan is secured by first pari passu charge on movable and immovable fixed assets of Ramgarh,Jawaharpur and Nigohi sugar units.

13 (ii). Others

(Rs. in crores)

	As at March 31, 2019	As at March 31, 2018
Carried at amortised cost:-		
Other liabilities	3.67	3.67
	3.67	**3.67**

14. Non current provisions

(Rs. in crores)

	As at March 31, 2019	As at March 31, 2018
Provision for employee benefits	22.82	16.75
	22.82	**16.75**

15. Deferred tax liabilities (Net)

A) Major components of deferred tax liabilities as on 31 March 2019 and movement during the year 2018-19.

(Rs. in crores)

	As at March 31, 2019	Recognised in statement of profit & loss	Recognised in other comprehensive income	As at March 31, 2018
Property, plant & equipment including fair valuation of land	230.83	(2.60)		233.43
Others	9.61	3.03		6.58
Expenses allowed on payment basis	(10.03)	(1.40)	(0.63)	(8.00)
MAT Credit Entitlement	(133.30)	(26.24)		(107.06)
Net Deferred tax liability / (asset)	**97.11**	**(27.21)**	**(0.63)**	**124.95**

B) Major components of deferred tax liabilities as on 31 March 2018 and movement during the year 2017-18.

(Rs. in crores)

	As at March 31, 2018	Recognised in statement of profit & loss	Recognised in other comprehensive income	As at April 01, 2017
Property, plant & equipment including fair valuation of land	233.43	6.05	-	227.38
Others	6.58	3.27	-	3.31
Expenses allowed on payment basis	(8.00)	2.41	(1.19)	(9.22)
MAT Credit Entitlement	(107.06)	(29.48)	-	(77.58)
Net Deferred tax liability / (asset)	**124.95**	**(17.75)**	**(1.19)**	**143.89**

Notes to Financial Statements for the year ended March 31, 2019

16. Other non current liabilities

(Rs. in crores)

	As at March 31, 2019	As at March 31, 2018
Government Grant	16.53	5.38
(Refer note no. 39 for movement during the year)	**16.53**	**5.38**

17. Current financial liabilities

(Rs. in crores)

	As at March 31, 2019	As at March 31, 2018
17 (i). Borrowings		
Secured		
loans from banks		
Working capital/short term loans	328.30	-
Cash credit	188.70	0.94
Unsecured		
Commercial Papers	0.00	344.23
	517.00	**345.17**

(i) Working capital Loan/short term loan and cash credit are secured by hypothecation of Inventories and trade receivables in favour of the participating banks ranking pari passu on inter-se-basis, repayable during next one year and carrying interest in the range of 8.5% to 12%.

(ii) Commercial Papers issued were repayable during next one year and carry interest in the range of 7.5% to 8.5%.

(Rs. in crores)

	As at March 31, 2019	As at March 31, 2018
17 (ii). Trade payables		
Trade Payables		
- Micro and small enterprises *	0.05	0.23
- Others	420.13	428.39
	420.18	**428.62**

* 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.

(refer note no. 34)

(Rs. in crores)

	As at March 31, 2019	As at March 31, 2018
17 (iii). Other financial liabilities		
Current maturities of long term borrowings	59.12	54.83
Interest accrued but not due on borrowings	6.42	4.10
Unclaimed dividend *	0.54	0.58
Others:-		
Accrued salaries & benefits	2.49	3.22
Security deposits received	1.16	3.72
Others	27.73	17.44
	97.46	**83.89**

* There are no amounts outstanding in respect of unpaid dividend for more than seven years to be transferred to Investor Education and Protection Fund.

Notes to Financial Statements for the year ended March 31, 2019

18. Other current liabilities

(Rs. in crores)

	As at March 31, 2019	As at March 31, 2018
Advances from customers	1.30	4.78
Statutory dues	9.40	8.65
Government grant (refer note no. 39 for movement during the year.)	4.41	6.35
	15.11	**19.78**

19. Provisions (current)

(Rs. in crores)

	As at March 31, 2019	As at March 31, 2018
Provision for employee benefits	6.71	4.28
	6.71	**4.28**

20. Revenue from operations

(Rs. in crores)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Sales of products		
Sugar and allied products	1573.09	1909.57
Power	211.59	192.31
Distillery	214.72	126.41
Others	13.15	20.91
	2012.55	**2249.20**
Sales of services	2.49	2.41
Other Operating Revenue		
REC Sales	2.04	13.19
Others	1.43	10.08
	2018.51	**2274.88**

21. Other income

(Rs. in crores)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Dividend income from non current investment	0.34	0.21
Interest Income from bank deposits and others	16.54	15.07
Profit on sale of current investments	5.47	1.50
Profit on changes in Fair valuation of investments	6.29	6.01
Profit on sale of fixed assets	0.14	0.05
Gain on foreign exchange fluctuation	5.67	0.12
Government Grant (refer note no. 39)	15.86	6.52
Production Subsidy by Central Government (refer note no. 39)	13.45	0.00
Cane Incentive by State Government (refer note no. 39)	13.17	0.00
Miscellaneous receipts	9.98	7.98
	86.91	**37.46**

22. Cost of raw materials consumed

(Rs. in crores)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Sugar Cane & Molasses*	1705.21	1468.74
Raw Magnesite	1.79	5.13
Others	29.23	15.45
	1736.24	**1489.32**

* includes cane and other incidental expenses payable as per statue.

Notes to Financial Statements for the year ended March 31, 2019

23. Changes in inventories of finished goods, work in progress

(Rs. in crores)

	For the year ended March 31, 2019		For the year ended March 31, 2018	
(Refer Note No. 3(j))				
Finished goods				
- Closing stock	1035.93		705.24	
- Opening stock	705.24		981.59	
		(330.69)		276.35
Work-in-process				
- Closing stock	11.23		13.90	
- Opening stock	13.90		10.73	
		2.67		(3.17)
		(328.02)		273.18
Less:- Excise duty on account of change in stock of finished goods		-		57.85
		(328.02)		**215.33**

24. Employee benefits expense

(Rs. in crores)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries, wages, bonus and other payments	105.28	96.33
Contribution to provident fund and other funds	9.91	8.80
Workmen and staff welfare expenses	3.47	3.56
	118.66	**108.69**

25. Finance Costs

(Rs. in crores)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest		
- On term loans, WCDL & commercial papers	63.69	62.38
- On other borrowing from banks	3.79	3.25
- Others	0.24	0.26
Other borrowing costs	1.82	3.59
	69.54	**69.48**
Less: Interest cost capitalised	0.93	0.02
	68.61	**69.46**

26. Depreciation and amortization expenses

(Rs. in crores)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Depreciation on tangible assets	50.32	52.61
Amortization of intangible assets	1.23	1.18
	51.55	**53.79**

27. Other Expenses

(Rs. in crores)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Power and Fuel	53.42	54.90
Packing Materials	19.24	14.54
Consumption of Stores and Spares Parts	20.96	15.91

Notes to Financial Statements for the year ended March 31, 2019

27. Other Expenses (contd.)

(Rs. in crores)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Repairs and Maintenance :		
- Plant & Machinery	35.01	34.41
- Buildings	1.71	2.67
- Others	1.14	1.27
Rent	1.03	0.57
Rates and Taxes	3.20	2.67
Insurance	0.86	1.06
Travelling	1.46	1.47
Advertisement and Publicity	0.13	0.22
Management Service Charges	17.36	21.35
Freight and Forwarding Charges (net of recoveries)	20.83	7.86
Selling Expenses	4.25	0.44
Export facilitation charges	6.18	0.00
Commission paid to Other Selling Agents	2.67	2.19
Rebates, Discount and Allowances	0.18	0.65
Director's Sitting Fees	0.22	0.22
Charity and Donation	0.50	0.17
Assets written off / Loss on sale of Fixed Assets	-	0.01
Advances written off	-	0.71
Bad Debts written Off	0.02	0.02
Provision for Doubtful Debts	-	1.35
CSR Expenses (refer note no. 43 (e))	2.92	1.98
Miscellaneous Expenses	32.78	30.81
	226.07	**197.46**
Less: Expenses Capitalised	0.14	0.09
	225.93	**197.37**

28. Tax expense

(Rs. in crores)

	For the year ended March 31, 2019	For the year ended March 31, 2018
(i) The major components of income tax expense for the financial year 2018-19 & 2017-18 are as follows:-		
Statement of profit and loss:		
Current income tax	43.63	31.52
Deferred tax on timming differences	(0.97)	11.73
Mat credit entitlement	(26.24)	(29.48)
Total	**16.42**	**13.77**
Other comprehensive income:		
Re-measurement (gains)/losses on defined benefit plans	(0.63)	(1.19)
Income tax relating to items recognised in OCI during the year	**(0.63)**	**(1.19)**
(ii) Reconciliation of deffered tax and accounting profit multiplied by India's domestic tax rate for the year:-		
Accounting profits before tax	203.80	147.87
Applicable tax rate	34.944%	34.608%
Computed tax expense	**71.22**	**51.17**
Impact of difference in tax rate	(0.78)	2.23
Tax impact on additions of permanent nature	0.55	0.84
Impact of 80IA deduction for tax holiday period	(56.90)	(31.87)
Differential tax on REC income chargeable at lower/nil rates	(0.71)	(3.05)
Others	3.04	(5.55)
	16.42	**13.77**

Notes to Financial Statements for the year ended March 31, 2019

29. Other Comprehensive Income

(Rs. in crores)

	For the year ended March 31, 2019	For the year ended March 31, 2018
(A) (i) Items that will not be reclassified to profit/(loss)	(88.73)	83.10
(ii) Income tax relating to items that will not be reclassified to profit/(loss)	1.18	1.19
(B) (i) Items that will be reclassified to profit/(loss)		
Fair value changes on derivatives designated as cash flow hedge	1.57	
(ii) Income tax relating to items that will be reclassified to profit/(loss)	(0.55)	
	(86.53)	**84.29**

30. Earning Per Share

(Rs. in crores)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Net profit/(loss) attributable to equity shareholders (Rs. in crores)	**187.38**	134.10
Number of equity shares outstanding during the year (weighted average)	**80939303**	80939303
Face value of equity shares (Rs. per share)	**2.00**	2.00
Earning per share (Amount in Rs.)		
Basic	**23.15**	16.57
Diluted	**23.15**	16.57

31. Contingent Liabilities (not provided for) in respect of:

(Rs. in crores)

S.N.	Particulars	As at March 31, 2019	As at March 31, 2018
a)	Claims against the company not acknowledged as debts*	**84.61**	80.69
b)	Demand raised by custom, excise, entry tax, service tax and sales tax authorities under dispute	**3.55**	5.61
c)	Guarantee issued by the company's banker on behalf of the company#	**51.55**	49.91

* Includes demand of Rs. 79.88 cr raised by Dist. Collector Salem in respect of mines, against which the company has filed a writ petition and the Hon'ble High Court has stayed the recovery of demand & the writ is pending for final disposal.

#Excludes bank guarantees issued by banks on behalf of the company against financial liabilities recognised in the books of account.

i) The company assesses it's obligation arising in the normal course of business including pending litigations, proceedings with tax authorities and other contracts including derivative & long-term contracts. A provision for material foreseeable losses is recognised in accordance with the applicable accounting standards. Disclosure of contingent liabilities is made as applicable.

ii) Based on favourable decisions in similar cases, legal opinion taken by the company, discussions with the solicitors etc, the Company believes that there is a fair chance of favourable decisions in respect of the items listed above and hence no provision is considered necessary against the same.

32. Capital and other commitments:

(Rs. in crores)

S.N.	Particulars	As at March 31, 2019	As at March 31, 2018
a)	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**4.98**	10.58
b)	Other Commitments	**-**	-

33. Remuneration paid to Auditors (included in Miscellaneous Expenses):

(Rs. in crores)

S.N.	Particulars	2018-19	2017-18
	Statutory Auditor		
i	Audit Fee	**0.10**	0.10
ii	For tax audit and other services	**0.05**	0.04
iii	For reimbursement of expenses	**0.05**	0.07

Notes to Financial Statements for the year ended March 31, 2019

34. Details of Dues to Micro and Small Enterprises as per MSMED Act, 2006 to the extent of information available with the Company

(Rs. in crores)

S.N.	Particulars	As at March 31, 2019	As at March 31, 2018
a)	Principal amount and Interest due thereon remaining unpaid to any supplier as at end of each accounting year	**0.05**	0.23
b)	Interest paid by the Company in terms of Section 16 of the MSMED Act along with the amounts of the payment made to the supplier beyond the appointed day during the accounting year.	-	-
c)	The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
d)	The amount of interest accrued and remaining unpaid	-	-
e)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of this Act.	-	-
	Total	**0.05**	**0.23**

35. Details of Opening and Closing Inventory of Finished Goods

(Rs. in crores)

S.N.	Class of Product	2018-19	2017-18
a)	**Opening stock**		
	Refractory products	**14.19**	20.76
	Sugar	**657.18**	896.77
	Multilayer Ceramic Chip Capacitors	**0.02**	0.03
	Power-Banked	**0.58**	0.60
	Industrial Alcohol	**14.03**	16.47
	Others	**19.24**	46.96
	Total	**705.24**	981.59
b)	**Closing stock**		
	Refractory products	**18.17**	14.19
	Sugar	**981.26**	657.18
	Multilayer Ceramic Chip Capacitors	**0.02**	0.02
	Power-Banked	**0.31**	0.58
	Industrial Alcohol	**9.64**	14.03
	Others	**26.53**	19.24
	Total	**1,035.93**	705.24

36. Disclosure as required by Ind AS 108, Operating Segments

(i) Identification of Segments

The chief operational decision maker monitors the operating results of its business segments seperately for the purpose of making decision about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. Operating segments have been identified on the nature of products and services and have been identified as per the quantitative criteria specified in the Ind AS.

(ii) Operating segments identified as follows:

a) The "Own Manufactured Sugar Segment" includes manufacture and marketing of Sugar.

b) The "Power Segment" includes generation and sale of Power. Power is also used for captive consumption by the Company.

c) The "Distillery Segment" includes Production and sale of Ethanol and ENA.

d) The 'Others' segment' includes Magnesite, Travel, and Electronics activities of the Company.

The company caters mainly to the needs of the domestic market. The export turnover is not significant in the context of total turnover. As such there are no reportable Geographical Segments. There is no major reliance on a few customers or suppliers.

Notes to Financial Statements for the year ended March 31, 2019

36. Disclosure as required by Ind AS 108, Operating Segments (contd.)

(iii) Segment revenue and results

The expense or incomes which are not directly attributable to any business segment are shown as unallocable expenditure (net of unallocable income)

(iv) Segment assets and liabilities

Segment assets include all operating assets used by the operating segments and mainly consists of property plant and equipment, trade receivables, cash and cash equivalents and inventories. Segment liabilities primarily include trade payables and other liabilities. Common assets and liabilities which cannot be allocated to any other segments are shown as part of unallocable assets/liabilities.

(v) Segment revenue and segment profit

(Rs. in crores)

Particulars	Sugar	Power	Distillery	Other	Total
Revenue					
Gross Revenue	**1,743.70**	**409.22**	**216.23**	**17.02**	**2386.17**
	(2,054.57)	(362.60)	(127.32)	(33.40)	(2,577.89)
Inter Segment sale	**170.57**	**195.58**	**1.51**	**-**	**367.66**
	(145.00)	(157.10)	(0.91)	-	(303.01)
Total Revenue from operation*	**1,573.13**	**213.64**	**214.72**	**17.02**	**2018.51**
	(1,909.57)	(205.50)	(126.41)	(33.40)	(2,274.88)
Other Income					**86.91**
					(37.46)
Total Revenue					**2105.42**
					(2,312.34)
Profits before interest and tax	**(1.43)**	**168.28**	**117.33**	**(11.77)**	**272.41**
	(25.88)	(150.98)	(34.67)	(5.80)	(217.33)
Finance Cost					**68.61**
					(69.46)
Less Exceptional items					0
					-
Profit Before Tax					**203.80**
					(147.87)
Tax Expense					**16.42**
					(13.77)
Profit After Tax					**187.38**
					(134.10)

* Includes other operating Income.

Revenue in respect of captive power produced from cogeneration plant has been arrived at based on the rates at which the same is being supplied to State electricity board from power.

(vi) Segment Assets & Liabilities

(Rs. in crores)

Particulars	Sugar	Power	Distillery	Other	Total
Segment Assets					
As at 31st March 2019	**1,748.18**	**428.77**	**183.24**	**412.24**	**2772.43**
As at 31st March 2018	(1,381.63)	(356.30)	(111.23)	(418.86)	(2,268.02)
Unallocable Asset					
As at 31st March 2019					**434.66**
As at 31st March 2018					(589.09)
Total Asset					
As at 31st March 2019					**3,207.09**
As at 31st March 2018					(2,857.11)

Notes to Financial Statements for the year ended March 31, 2019

36. Disclosure as required by Ind AS 108, Operating Segments (contd.)

(Rs. in crores)

Particulars	Sugar	Power	Distillery	Other	Total
Segment Liability					
As at 31st March 2019	**1,185.80**	**12.85**	**83.60**	**14.98**	**1,297.23**
As at 31st March 2018	(875.54)	(14.38)	(31.38)	(4.80)	(852.69)
Unallocable Liability					
As at 31st March 2019					**360.11**
As at 31st March 2018					(482.11)
Total Liability					
As at 31st March 2019					**1,657.34**
As at 31st March 2018					(1,334.80)

(vii) Other Information

(Rs. in crores)

Particulars	Sugar	Power	Distillery	Other	Total
Depreciation / Amortisation	**26.96**	**19.27**	**4.18**	**1.14**	**51.55**
	(28.89)	(19.91)	(3.99)	(1.00)	(53.79)
Capital expenditure	**21.69**	**31.42**	**48.63**	**1.58**	**103.32**
	(61.30)	(5.46)	(0.32)	(0.88)	(67.96)

(viii) Geographical Location

The geographical segments have been considered for disclosure as the secondary segment, under which the domestic segment includes sales to customers located in India and overseas segment includes sales to customer located outside India.

(Rs. in crores)

Particulars	As at March 31, 2019	As at March 31, 2018
Revenue from operation		
Domestic	1,867.17	2,274.88
Overseas	151.34	-
Total	**2,018.51**	**2,274.88**

Note: There are no non-current assets located outside India.

(ix) Significant clients

There is no single customer who has contributed 10% or more to the company's revenue for both the years ended March 31, 2019 and March 31, 2018.

Notes:-

a) The accounting policies of the reportable segments are the same as the Company's accounting policies described in note no. 2 and 3.

b) All assets are allocated to reportable segments other than investments, loans, certain financial assets and current and deferred tax assets. Segment assets include all assets directly attributable to the segments and portion of the enterprise assets that can be allocated on a reasonable basis to the segments.

c) All liabilities are allocated to reportable segments other than borrowings, certain financial liabilities, current and deferred tax liabilities. Segment liabilities include all liabilities directly attributable to the segments and portion of the enterprise liabilities that can be allocated on a reasonable basis to the segments.

Notes to Financial Statements for the year ended March 31, 2019

37. Employee Benefits - Gratuity & Post employement benefits

Gratuity

Gratuity is computed as 15 days salary, for every recognized retirement / termination / resignation. The Gratuity plan for the company is a defined benefit scheme where annual contributions as per actuarial valuation are charged to the Statement of profit and loss.

For summarizing the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the respective plans, the details are as under

A. Statement of profit and loss

Net employee benefit expense

(Rs. in crores)

Particulars	2018-19 Gratuity	2017-18 Gratuity
Current Service cost	**2.42**	2.18
Net Interest cost	**0.93**	0.45
Expenses Recognized in the statement of Profit & Loss	**3.35**	2.63

Amounts to be recognized in Other Comprehensive Income

(Rs. in crores)

Particulars	2018-19 Gratuity	2017-18 Gratuity
Actuarial (gain)/loss on assets	**0.43**	
Actuarial (gain)/loss on liabilities	**2.93**	3.45
Net (gain)/loss to be recognized in Other Comprehensive Income	**3.36**	3.45

B. Balance Sheet

(i) Details of Plan assets/ (liabilities) for gratuity

(Rs. in crores)

Particulars	2018-19 Gratuity	2017-18 Gratuity
Defined benefit obligation	**36.16**	29.43
Fair value of plan assets	**18.07**	17.66
Net Asset/(Liability) recognized in the Balance Sheet	**-18.09**	-11.77

(ii) Changes in the present value of the defined benefit obligation are as follows:

(Rs. in crores)

Particulars	2018-19 Gratuity	2017-18 Gratuity
Opening defined benefit obligation	**29.43**	23.02
Interest cost	**2.32**	1.73
Current service cost	**2.43**	2.18
Benefit paid	**-1.43**	-0.95
Actuarial (gains)/losses on obligation	**2.93**	3.45
Acquisition Adjustment	**0.49**	
Closing defined benefit obligation	**36.16**	29.43

(iii) Changes in the fair value of plan assets (gratuity) are as follows:

(Rs. in crores)

Particulars	2018-19	2017-18
Opening fair value of plan assets	**17.66**	16.98
Actual return on Plan Assets	**0.96**	1.27
Contribution during the year	**0.89**	0.35
Benefit paid	**-1.43**	-0.93
Closing fair value of plan assets	**18.07**	17.66

Notes to Financial Statements for the year ended March 31, 2019

37. Employee Benefits - Gratuity & Post employement benefits (contd.)

(iv) The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

Particulars	2018-19 %	2017-18 %
Discount rate (%)	**7.25%**	7.25%
Expected salary increase (%)	**7.00%**	7.00%
Demographic Assumptions	**Indian Assured Lives Mortality (2006-08)**	Indian Assured Lives Mortality (2006-08)
Retirement Age (year)	**58Years**	58Years

The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The above information is certified by Actuary.

(v) Contribution to defined contribution plans:

(Rs. in crores)

Particulars	2018-19	2017-18
Pension Fund/Superannuation funds/ESI/EPF	**6.56**	4.47

(vi) Sensitivity analysis of the defined benefit obligation:

(Rs. in crores)

Assumption	Discount rate			
Sensitivity Level	1% Decrease		1% Increase	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Impact on defined benefit obligation	**38.70**	31.59	**33.92**	27.52
Impact on defined benefit obligation (change in %)	**7.00%**	7.30%	**-6.20%**	-6.50%

(Rs. in crores)

Assumption	Future salary increases			
Sensitivity Level	1% Decrease		1% Increase	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Impact on defined benefit obligation	**33.89**	27.48	**38.68**	31.59
Impact on defined benefit obligation (change in %)	**-6.30%**	-6.60%	**7.00%**	7.30%

Sensitivities due to mortality & withdrawals are insignificant & hence ignored.

38. Related party transaction

a) List of related parties (as certified by the management)

i. Subsidiaries of the Company

Himshikhar Investment Limited, Dalmia Solar Power Limited (Till 31/5/2018) and Dalmia Sugar Ventures Limited (Till 31/5/2018)

ii. Key Management Personnel of the Company

Shri Jai Hari Dalmia– Vice-Chairman, Shri Gautam Dalmia - Managing Director, Ms. Isha Kalra - Company Secretary (Till 11/10/2018), Ms. Sneha Sharma - Company Secretary (w.e.f 13/11/2018) & Shri Anil Kataria- Chief Financial Officer

Shri J. S. Baijal , Shri M. Raghupathy and Shri P. Kannan (Independent directors)

Shri T. Venkateshan, Shri B. B. Mehta and Ms. Himmi Gupta (No-executive directors)

iii. Enterprises having Shareholder/ Key Managerial Personnel in common with the Company (including its subsidiaries)

Dalmia Bharat Limited/(Odisha Cement limited), Dalmia Cement (Bharat) Limited, Dalmia Refractories Limited,Adhunik Cement Limited, Calcom Cement India Limited, DCB Power Ventures Limited, OCL India Limited, Dalmia Cement East Ltd , Dalmia Bharat Foundation & Dalmia Institute of Scientific & Industrial Research.

Note: Adhunik Cement Limited, OCL India Limited and Dalmia Cement East Ltd have been merged with Dalmia Cement (Bharat) Limited wef 16/5/18, 26/10/18 and 26/10/18 respectively.

Dalmia
Bharat Sugar

Notes to Financial Statements for the year ended March 31, 2019

38. Related party transaction (contd.)

b) The following transactions were carried out with related parties in the ordinary course of business:

(Rs. in crores)

Nature of transaction	Subsidiary company	Key management personnel	Key management personnel controlled enterprise	Total
A. Sale of goods and services				
a) Dalmia Cement (Bharat) Limited			**6.33**	**6.33**
			(4.38)	(4.38)
b) OCL India Limited			**0.35**	**0.35**
			(0.31)	(0.31)
c) Dalmia Bharat Limited/(Odisha cement Limited)			**2.21**	**2.21**
			(2.44)	(2.44)
d) Adhunik Cement Limited			**0.37**	**0.37**
			(0.28)	(0.28)
e) Dalmia Refractories Limited			**1.23**	**1.23**
			(0.53)	(0.53)
f) Calcom Cement India Limited			**0.29**	**0.29**
			(0.04)	(0.04)
g) Dalmia Cement East Limited			**0.45**	**0.45**
			(0.21)	(0.21)
h) Dalmia Institute of Scientific & Industrial Research			**0.01**	**0.01**
			(0.01)	(0.01)
B. Reimbursement of expenses – receivable				
a) Dalmia Bharat Limited/(Odisha cement Limited)			-	-
			(0.08)	(0.08)
C. Reimbursement of expenses – payable				
a) Dalmia Bharat Limited/(Odisha cement Limited)			**0.08**	**0.08**
			(0.08)	(0.08)
b) Dalmia Institute of Scientific & Industrial Research			**0.12**	**0.12**
			(0.12)	(0.12)
c) Dalmia Bharat Foundation			**2.87**	**2.87**
(For CSR Expenditure)			(1.40)	(1.40)
D. Purchase of goods and services				-
a) Dalmia Bharat Limited/(Odisha cement Limited)			**16.76**	**16.76**
			(21.31)	(21.31)
b) Dalmia Cement (Bharat) Limited			**1.11**	**1.11**
			(0.49)	(0.49)
c) Dalmia Refractories Limited			**0.06**	**0.06**
			(0.15)	(0.15)
d) Adhunik Cement Limited			-	-
			(0.85)	(0.85)
E. Loans and Advances given				
a) Himshikhar Investment Limited	**1.00**			**1.00**
	(54.30)			(54.30)
b) Dalmia Sugar Ventures Limited	-			-
	(0.01)			(0.01)
F. Balances written off during the year				
a) Dalmia Solar Power Limited	-			-
	(0.71)			(0.71)
b) Dalmia Sugar Ventures Limited	-			-
	(0.02)			(0.02)
G. Loans Repaid				
a) Himshikhar Investment Limited	-			-
	(6.00)			(6.00)
H. Interest income on Loans given				
a) Dalmia Solar Power Limited	-			-
	(0.03)			(0.03)
b) Himshikhar Investment Limited	**12.67**			**12.67**
	(12.64)			(12.64)

Notes to Financial Statements for the year ended March 31, 2019

38. Related party transaction (contd.)

(Rs. in crores)

Nature of transaction	Subsidiary company	Key management personnel	Key management personnel controlled enterprise	Total
I. Salary and Perquisites				
a) Shri J.H. Dalmia		**1.40**		**1.40**
		(1.80)		(1.80)
b) Shri Gautam Dalmia		**5.84**		**5.84**
		(4.48)		(4.48)
c) Shri Anil Kataria		**0.82**		**0.82**
		(0.79)		(0.79)
d) Ms. Isha Kalra*		**0.06**		**0.06**
		(0.09)		(0.09)
e) Ms. Sneha Sharma *		**0.02**		**0.02**
		-		-
J. Dividend Received				
a) Dalmia Bharat Limited/(Odisha cement Limited)			**0.32**	**0.32**
			(0.21)	(0.21)
K. Dividend paid				
a) Dalmia Bharat Limited/(Odisha cement Limited)			-	-
			(2.97)	(2.97)
L. Sitting fees to directors				
a) Shri J.S. Baijal			**0.06**	**0.06**
			(0.06)	(0.06)
b) Shri M. Raghupathy			**0.05**	**0.05**
			(0.05)	(0.05)
c) Shri P. Kannan			**0.05**	**0.05**
			(0.05)	(0.05)
d) Shri T. Venkatesan			**0.02**	**0.02**
			(0.02)	(0.02)
e) Shri B.B. Mehta			**0.03**	**0.03**
			(0.03)	(0.03)
f) Ms. Himmi Gupta			**0.02**	**0.02**
			(0.02)	(0.02)
M. Commission to independent directors				
a) Shri J.S. Baijal		**0.20**		**0.20**
		(0.14)		(0.14)
b) Shri M. Raghupathy		**0.20**		**0.20**
		(0.14)		(0.14)
c) Shri P. Kannan		**0.13**		**0.13**
		(0.12)		(0.12)
N. Other consultancy charges				
a) Shri M. Raghupathy			-	-
			(0.02)	(0.02)
O. Acquisition liability on account of gratuity and leave encashment actuarial valuation				
a) Dalmia Bharat Limited/(Odisha cement Limited)			**0.65**	**0.65**
			-	-
P. Sale of equity shares of subsidiary companies				
a) Shri J H Dalmia		**0.10**		**0.10**
		-		-
Q. Payments made on behalf of subsidiary companies				
a) Himshikhar Investment Limited	**1.27**			**1.27**
	(1.26)			(1.26)

* Amount is for part of the year

Notes:-

i) Above transactions are exclusive of recoverable taxes, whereever applicable.

ii) Remuneration is excluding provision of gratuity and leave encashment, where the actuarial valuation is done on overall company basis.

Notes to Financial Statements for the year ended March 31, 2019

38. Related party transaction (contd.)

c) Balances Outstanding at Year End:

(Rs. in crores)

Nature of transaction	Subsidiary company	Key management personnel	Key management personnel controlled enterprise	Total
A. Loan Receivable				
a) Himshikhar Investment Limited	**127.28**			**127.28**
	(126.28)			(126.28)
B. Amounts payable				
a) Dalmia Bharat Limited/(Odisha cement Limited)			**3.24**	**3.24**
			(1.86)	(1.86)
b) Dalmia Cement (Bharat) Limited			**0.30**	**0.30**
			(0.01)	(0.01)
c) Dalmia Institute of Scientific & Industrial Research			**0.03**	**0.03**
			(0.03)	(0.03)
C. Amounts Receivable				
a) Himshikhar Investment Limited	**19.94**			**19.94**
(Interest receivable)	(8.54)			(8.54)
b) Dalmia Bharat Limited/(Odisha cement Limited)			**0.02**	**0.02**
			(0.11)	(0.11)
c) Dalmia Cement (Bharat) Limited			**0.13**	**0.13**
			(0.08)	(0.08)
d) Dalmia Refractories Limited			**0.06**	**0.06**
			(0.06)	(0.06)
e) Adhunik Cement Limited			-	-
			(0.01)	(0.01)
f) Dalmia Cement East Limited			**0.00**	**0.00**
			(0.01)	(0.01)
g) Calcom Cement India Limited			**0.03**	**0.03**
			-	-

39. Government Grant

a) Government grants recognised in the financial statements

The Company is eligible to receive various government grants by way of reimbursement of cane price, production subsidy, buffer stock subsidy and interest subvention on certain term loans. Accordingly, the Company has recognised these government grants in the following manner:-

(Rs. in crores)

Particulars	Treatment in accounts	2018-19	2017-18
Revenue related government grant			
Production subsidy	Shown as a part of other Income	**13.45**	-
Production subsidy	Shown as reduction from Cane price	**4.92**	-
UP State cane incentive	Shown as a part of other Income	**13.17**	-
UP State cane incentive	Shown as reduction from Cane price	**5.16**	-
Buffer stock subsidy - Interest on loan	Shown under Government Grant under Other Income	**7.00**	-
Buffer stock subsidy - Reimbursement of storage expenses	Shown under Government Grant under Other Income	**1.28**	-
Deffered government grant			
Deferred income relating to interest on term loans	Shown under Government Grant under Other Income	**7.58**	6.52

Notes to Financial Statements for the year ended March 31, 2019

39. Government Grant (contd.)

b) Movement of deferred government grants is provided here below:

(Rs. in crores)

Particulars	As at March 31, 2019	As at March 31, 2018
Opening balance	**11.72**	18.24
Add: Increase during the year	**16.80**	-
Less: Released to the Statement of Profit & Loss	**7.58**	6.52
Closing balance	**20.94**	11.72
Current	**4.41**	6.35
Non-current	**16.53**	5.37

40. Leases

Operating lease arrangements

Office premises are taken on operating lease. There is no escalation clause in the lease agreement

Payments recognised as expense

(Rs. in crores)

Particulars	2018-19	2017-18
Minimum lease payment	**1.03**	0.57

41. Disclosures as required by Indian Accounting Standard (Ind AS) 37:- Provisions, Contingent liabilities and Contingent assets:

There are no present obligations requiring provisions in accordance with the guiding principles as enunciated in Ind As 'Provisions, Contingent Liabilities & Contingent Assets.

42. Pre operative expenditure included in capital work in progress

The Company had incurred some expenditure related to acquisition/construction of fixed assets and therefore accounted for the same under Capital work in progress. Details of the expenses capitalised and carried forward as capital work in progress are given below:

(Rs. in crores)

Particulars	2018-19	2017-18
Carried forward as part of Capital Work in Progress (A)	**0.06**	**0.39**
Expenditure incurred during the year		
Finance Cost	**0.93**	-
Consultancy Charges	**0.02**	0.03
Miscellaneous Expenses	**0.12**	0.06
Total Expenditure incurred during the year (B)	**1.07**	**0.09**
Total Pre-operative Expenditure (A + B)	**1.13**	**0.49**
Less : Capitalised as Property, plant and equipment	**1.10**	0.43
Carried forward as part of Capital Work in Progress	**0.03**	**0.06**

43. Discosure Required by Companies Act 2013

(a) Particulars of Loans given (under Section 186 (4) of the Companies Act 2013):

(Rs. in crores)

S.N.	Name of the Loanee	Opening Balance	Loan given	Loan repaid	Written off during the year	Closing Balance	Purpose
1	Himshikhar Investment Limited	126.28	1.00	-	-	127.28	Operational

(b) Particulars of Guarantee given: NIL

Notes to Financial Statements for the year ended March 31, 2019

43. Discosure Required by Companies Act 2013 (contd.)

(c) Particulars of Investments made:

(Rs. in crores)

S.N.	Name of the Investee	Opening Balance	Investment made	Investment sold	Closing Balance	Purpose
1	Dalmia Bharat Limited/Odisha Cement Limited*	9.90	-	-	9.90	Long term Investment
2	Dalmia Sugar Ventures Limited	0.05	-	0.05	-	Long term Investment
3	Himshikhar Investment Limited	4.45	-	-	4.45	Long term Investment
4	Dalmia Solar Power Limited	0.05	-	0.05	-	Long term Investment

* excluding fair valuation impact.

(d) Particulars of Security Deposit : NIL

(e) Expenditure incurred on Corporate Social Responsibilities

Details of expenditure on Corporate Social Responsibility Activities as per Section 135 of Companies Act , 2013 read with schedule III are as below

(i) Detail of CSR Expenditure

(Rs. in crores)

Particulars	2018-19	2017-18
a) Gross amount required to be spent by the company during the year	**2.87**	1.89
b) Amount spent during the year		
i) Construction/acquisition of any asset	**-**	-
ii) On purposes other than (i) above	**2.92**	1.98
Total	**2.92**	1.98

(ii) Various heads under which CSR Expenditure is incurred

(Rs. in crores)

Description	Relevent Clause of SCH VII of Companies Act 2013	2018-19	2017-18
Expenditure done through Dalmia Bharat Foundation			
Social Development	Clause No. I & X	**0.92**	0.40
Skill Training & Livelihood	Clause No. II & III	**1.31**	0.26
Soil, Water & Energy Conservation	Clause No. IV	**0.39**	0.61
Programme Execution		**0.25**	0.13
		2.87	1.40
Expenditure done directly by the company			
Soil, Water & Energy Conservation	Clause No. IV	**0.05**	0.58
Total Expenditure by the Company		**2.92**	1.98

44. Disclosure required by SEBI (Listing Obligation & Disclosure Requirements) Regulation 2015.

Detail of loans & advances in the nature of Loans given to Subsidiaries in which Directors' are interested and investment by the loanee in the share of the Company as required by clause 53(F) of SEBI (Listing Obligation & Disclosure Requirements) Regulation 2015.

(Rs. in crores)

S.N.	Particulars	As at the balance sheet date	Maximum Balance during the year
	Subsidiary Company		
I.	Himshikhar Investment Limited	**127.28**	127.28
		(126.28)	(131.78)

Notes to Financial Statements for the year ended March 31, 2019

45.Financial Risk Management

Financial risk management objectives and policies:

Sugar industry being an industry which is cyclical in nature, the company's operational activities are exposed to various financial & operational risks, such as economical & political risk, market risk, credit risk and risk of liquidity. The Company realizes that risks are inherent and integral aspect of any business. The primary focus is to foresee the unpredictability of markets and seek to minimize potential adverse effects on its financial performance. The Company's senior management oversees the management of these risks and devise approrpiate risk management framework for the Company. The senior management provides assurance that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the company's policies and risk objectives.

A. Market Risk:-

The Company operates internationally and is transacted in foreign currencies and consequently the Company is exposed to foreign exchange risk through its sales in overseas. The Company holds derivative financial instruments such as foreign exchange forward to mitigate the risk of changes in exchange rates on foreign currency exposures.

The details in respect of outstanding foreign currency forward contracts are as follows :

Particulars	Amount (USD in Crores)	(Rs. In crores)	Amount (USD in Crores)	(Rs. In crores)
	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018	As at March 31, 2018
Forward Contracts	0.59	42.63	-	-

The foreign exchange forward contracts mature within twelve months. The table below analyzes the derivative financial instruments into relevant maturity groupings based on the remaining period as at the balance sheet date:

Particulars	Amount (USD in Crores)	(Rs. In crores)	Amount (USD in Crores)	(Rs. In crores)
	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018	As at March 31, 2018
Not Later than one months	0.14	9.86	-	-
Later than one month and not later than three months	0.18	13.11	-	-
Later than three months and not later than One year	0.27	19.66	-	-

During the year ended March 31, 2019, the Company has designated certain foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions. The related hedge transactions for balance in other comprehensive income - cash flow hedge as at March 31, 2019 are expected to occur and reclassified to statement of profit and loss within 4 months.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument, including whether the hedging instrument is expected to offset changes in cash flows of hedged items.

If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in the Statement of Profit or Loss at the time of the hedge relationship rebalancing.

The following table provides the reconciliation of Other comprehensive income - cash flow hedge for the year ended:-

(Rs. in crores)

Particulars	As at March 31, 2019	As at March 31, 2018
Gain / (Loss)		
Balance at the beginning of the year	-	-
Gain / (Loss) recognized in other comprehensive income during the period	1.57	-
Tax impact on above	(0.55)	-
Balance at the end of the year	**1.02**	-

The Company offsets a financial asset and a financial liability when it currently has a legally enforceable right to set off the recognized amounts and the Company intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Notes to Financial Statements for the year ended March 31, 2019

45. Financial Risk Management (contd.)

B. Credit Risk:-

Credit risk arises when a counterparty defaults on its contractual obligations to pay, resulting in financial loss to the Company. The Company is exposed to credit risks from its operating activities, primarily trade receivables. Since there is a blend of instituitional & non instituitional buyers with the company and also considering the fact that major sales gets effected after receipt of advance from the customers, the credit risks in respect of trade receivables is minimized.

Table hereunder provides the data with regard to trade receivables and it's ageing.

(Rs. in crores)

Trade receivables	More than 6 Months	Less than 6 Months	Total
As at March 31, 2019	34.70	168.87	203.57
As at March 31, 2018	2.45	73.58	76.03

C. Liquidity risk:

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash credit facilities, short term loans and commercial papers and to reduce debts to be able to meet the cyclicalities of the sugar business. Apart from cyclical sugar business, the Company has alternate revenue streams in the form of cogeneration and distillery, which, to a large extent, offset the impact of sugar cyclicalities.

Table hereunder provides the current ratios of the Company as at the year end

(Rs. in crores)

Particulars	As at March 31, 2019	As at March 31, 2018
Total current assets	1,625.79	1,214.11
Total current liabilities	1,056.46	881.74
Current ratio	**1.54**	**1.38**

In view of seasonal nature of sugar business, which is a dominant business of the Company, there is a peak build-up of sugar inventories at the year end, resulting in peak working capital requirement. With the liquidation of such inventories over the year, the working capital requirement is gradually reduced. Thus, the current ratio computed at the year end is not a reflection of average and realistic ratio for the year.

The table below summarises the maturity profile of the Company's financial liabilities:

(Rs. in crores)

	Particulars	Less than 1 year	1 to 5 years	> 5 years	Total
I	**As at 31st March, 2019**				
(i)	Borrowings*	517.00	292.02	168.73	977.75
(ii)	Other Financial Liability #	101.12			101.12
(iii)	Trade and other payble	420.18			420.18
II	**As at 31st March, 2018**				
(i)	Borrowings*	345.17	179.22	196.50	720.89
(ii)	Other Financial Liability #	87.56			87.56
(iii)	Trade and other payble	428.62			428.62

* Includes short term borrowings & Long term borrowings payable after 1 year.

includes current maturities of long term debts.

D. Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In order to optimize the company's position with regard to interest income and interest expenses to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

Table hereunder provides the sensitivity of interest rate changes:-

(Rs. in crores)

Particulars	As at March 31, 2019	As at March 31, 2017
Total long term borrowing on fluctuation rates	357.14	375.49
Increase in profit before tax with each 1% reduction in interest rates	3.57	3.75
Decrease in profit before tax with each 1% increase in interest rates	(3.57)	(3.75)

Notes to Financial Statements for the year ended March 31, 2019

46. This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the Indian accounting standard.

Financial assets and liabilities measured at fair value - recurring fair value measurements

(Rs. in crores)

Sl. No	Particulars	Fair value hierarchy	As at March 31, 2019		As at March 31, 2018	
			Carrying Amount	Fair Value	Carrying Amount	Fair Value
1	**Financial assets designated at fair value through profit and loss**					
(i)	In Debt based mutual funds	Level 1	90.00	90.00	151.37	151.37
2	**Financial assets designated at fair value through other comprehensive income**					
(i)	Investment In Listed Equity shares	Level 1	186.61	186.61	271.97	271.97
3	**Financial assets designated at amortised cost**					
(i)	Investment in Bonds	Carried at amortised cost.	7.37	7.37	7.37	7.37
(ii)	Other Bank Balances	Level 2	0.54	0.54	0.58	0.58
(iii)	Cash & Cash Equivalents	Level 2	27.61	27.61	58.85	58.85
(iv)	Trade receivables	Carried at amortised cost.	203.57	203.57	76.03	76.03
(v)	Loans and other receivable (Non- Current)		28.01	28.01	30.10	30.10
(vi)	Loans and other receivable (Current)		176.35	176.35	163.01	163.01
4	**Investment in subsidiary companies**		4.45	4.45	4.55	4.55
5	**Assets measured at cost less impairment where recoverable amount is fair value less cost of disposal**					
	Ninaidevi Unit (Refer Note no. 47)	Level 2	18.86	18.86		

(Rs. in crores)

Sl. No	Particulars	Fair value hierarchy	As at March 31, 2019		As at March 31, 2018	
			Carrying Amount	Fair Value	Carrying Amount	Fair Value
1	**Financial liability designated at amortised cost**					
	Borrowings - Non Current	Carried at amortised cost.	460.75	460.75	375.72	375.72
	Other financial liability - Non Current		3.67	3.67	3.67	3.67
	Borrowings - Current		517.00	517.00	345.17	345.17
	Other financial liability - Current		97.46	97.46	83.89	83.89
	Trade payables		420.18	420.18	428.62	428.62
	Total		**1,499.06**	**1,499.06**	**1,237.07**	**1,237.07**

A - Company has fair valued its debt based mutual fund investment through profit & loss.

B - Company has opted to fair value its quoted investments in equity share through OCI.

C - As per Para D-15 of Appendix D of Ind AS 101, the first time adopter may chose to measure its investment in subsidiaries, JVs and Associates at cost or at fair value. Company has opted to value its investments in subsidiaries, JVs and Associates at cost.

D - Company has adopted effective rate of interest for calculating Interest. This has been calculated as the weighted average of effective interest rates calculated for each loan. In addition processing fees and transaction cost relating to each loan has also been considered for calculating effective interest rate.

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Notes to Financial Statements for the year ended March 31, 2019

47.Impairment Review

The company has recognised impairment of its cash-generating Ninaidevi unit having it's capacity of 2500 TCD and was acquired in FY 2015 under SARFASU scheme to the extent of Rs. 28.65 Cr in its Statement of Profit and Loss. The said amount is included under the head "Expenses" as a separate line item in the Statement of Profit and Loss. The economic performance of the unit was found to be worse than expected. This was mainly because of lower cane availability and unfavourable prices.

The impairment assessment is based on higher of value in use and expected value from sales consideration (net of selling costs).

Key assumptions used in value-in-use calculations are:-

(i) operating margins, (ii) discount rates, (iii) growth rates and (iv) capital expenditure.

48.Events occurring After the Balance Sheet date

No adjusting or significant non adjusting events have occurred between the reporting date and date of authorization of financial statements.

49.Post the applicability of Goods and Services Tax (GST) with effect from 1 July 2017, revenue from operations are disclosed net of GST. Accordingly, the revenue from operations and excise duty expenses for the quarter and financial year ended 31st March 2019 are not comparable with the previous periods presented in the results.

50.Previous Year Comparatives

Figures in brackets pertain to previous year. Previous year's figures have been regrouped where necessary to conform to this year's classification.

For NSBP & Co.
Chartered Accountants
FRN - 001075N

For and on behalf of the Board of Directors of Dalmia Bharat Sugar and Industries Ltd.

Deepak K. Aggarwal	**Sneha Sharma**	**Anil Kataria**	**J.S.Baijal**	**Gautam Dalmia**
Partner	*Company Secretary*	*Chief Finance Officer*	*Director*	*Managing Director*
Membership No.: 095541	Membership No.: A37986	PAN: AALPK4889N	DIN:00049565	DIN:00009758

Place : New Delhi
Date : May 20, 2019

Independent Auditors' Report

To
the Members of
Dalmia Bharat Sugar and Industries Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of DALMIA BHARAT SUGAR AND INDUSTRIES LIMITED (hereinafter referred to as the 'Holding Company") and its subsidiary (Himshikhar Investment Limited) (Holding Company and its subsidiary together referred to as ''the Group''), which comprise the consolidated balance sheet as at March 31, 2019, and the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows statement for the year then ended, and notes to the consolidated financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as ''the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2019, the consolidated profit, consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matters	Auditor's Response
1.	**Recognition of Government subsidies/ Impact of government policies/ notifications on recognition of subsidy accruals/claims.** During the year, Government has announced various incentive to sugar Companies due to depressed sugar prices in the market. The Company has recognised subsidy claims amounting to Rs. 52.56 crores. We considered this as key audit matter because recognition of accruals/claims and assessment of recoverability of the claims is subject to significant judgement of the management. The area of judgement includes certainty in relation to the satisfaction of conditions specified in the notifications/policies, collections, provisions thereof, likelihood of variation in the related computation rates, and basis for determination of accruals/ claims. For details: - Refer Note No. 40 to the Consolidated Financial Statements.	**Principal Audit Procedures** We understood and tested the design and operating effectiveness of controls as established by management in recognition and assessment of the recoverability of the claims. Company has formulated the policy for recognition of subsidy in the books of accounts and based on the same the company has accounted the income during the year. We evaluated the management's assessment regarding reasonable certainty for complying with the relevant conditions as specified in the notifications/policies and collections. We considered the relevant notifications/policies issued by various authorities to ascertain the appropriateness of the recognition of accruals/ claims, adjustments to claims already recognized pursuant to changes in the rates and basis for determination of claims. The company has recognized the subsidy to the extent the company has complied with relevant notifications. Based on the above procedures performed, the management's estimates related to recognition of subsidy accruals/claim and their recoverability are considered to be reasonable.

Sr. No.	Key Audit Matters	Auditor's Response
2.	**Determination of net realizable value of inventory of sugar as at the year ended March 31, 2019** As on March 31, 2019, the Company has inventory of sugar with the carrying value Rs. 981.26 Crores. The inventory of sugar is valued at the lower of cost and net realizable value. We considered the inventory valuation of sugar as a key audit matter given the relative size of the balance in the financial statements and significant judgement involved in the consideration of factors such as minimum sale price, monthly quota, fluctuation in selling prices and the related notifications of the Government in determination of net realizable value. For details: - Refer Note No 36 (b) to the Consolidated Financial Statements.	**Principal Audit Procedures** We understood and tested the design and operating effectiveness of controls as established by the management in determination of net realizable value of inventory of sugar. Assessing the appropriateness of Company's accounting policy for valuation of finished goods and compliance of the policy with the requirements of the prevailing accounting standards. We considered various factors including the actual selling price prevailing around and subsequent to the year-end, minimum selling price, monthly quota and other notifications of the Government of India, initiatives taken by the Government with respect to sugar industry as a whole. Compared the cost of the finished goods with the estimated net realizable value and checked if the finished goods were recorded at net realizable value where the cost was higher than the net realizable value. For the purpose of determination of cost, the Company has considered the prevailing market conditions. Based on the above procedures performed, the management's determination of the net realizable value of the inventory of sugar as at the year end and comparison with cost for valuation of inventory, is considered to be reasonable.
3.	**Impairment assessment of carrying value of property, plant and equipment (PPE).** **(Refer to note 4 and 48 of the Consolidated financial statement) (Rs. 28.65 Crores).** During the year company has performed an impairment assessment for PPE by: Calculating the 'Value in use' for each operating segment and the cash generating unit (CGU) using a discounted cash flow model. We considered the value of impairment as a key audit matter given the relative size of the balance in the financial statements and significant judgement involved in the consideration of factors to arrive at value in use comparing with the recoverable amount of CGU. For the purpose of 'value in use' Management has considered the various factors such as future cash flow, sugar and other by – product sales realization price, capacity utilization, cane availability, recovery of sugar from the cane, other cost of production and various Government policies and regulations.	**Principal Audit Procedures** We reviewed the impairment testing process implemented by management of the company, in order to identify trigger events and proceed to impairment testing, on the basis of cash-flow forecasts from the budget and business plan established by the Board of Management. To evaluate the cash flow forecasts in the model for each operating segment and the process by which they were developed, we compared previous cash flow forecasts to actual results to assess the historical accuracy of forecasting. Assessed the identification of the CGU which is smallest and indivisible group of assets that can generate largely independent cash inflows. Tested the mathematical accuracy of the model's calculations. To evaluate the cash flow forecast to derive the value in use using assumption and methodologies such as discount rates, cash flow forecast and terminal growth rate. We have also verified the valuation report as obtained by the management from the independent valuer to determine the current disposal value of CGU. Based on the above procedures performed, the management's estimates related to impairment of CGU are considered to be appropriate.

Information Other than the Consolidated Financial Statements and Auditor's Report thereon

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report and Corporate Governance but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. Based on the records, information and explanation provided, we have nothing to report in this regard.

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the

Group in accordance with the and accounting principles generally accepted in India.

The respective Board of Directors of the companies included in the Group are responsible for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for the overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the holding company and its subsidiary company which are incorporated in India, has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters, communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

We did not audit the financial statements/ financials information of one subsidiary, namely Himshikhar Investment Limited whose financial statements reflect total assets of Rs. 134.15 crores as at March 31, 2019, total revenues of Rs.0.44 crores, total comprehensive loss (Comprising of loss and other comprehensive losses) of Rs. 73.85 crores and net cash inflows amounting to Rs. 0.30 crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements of subsidiary have been audited by other auditor whose report have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiary and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the reports of the other auditor.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to the our reliance on the work done and the reports of the other auditor.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3)of the Act, based on our audit 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 purposes of our audit of the aforesaid consolidated financial statements;

b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books;

c. The consolidated balance sheet, consolidated statement of profit and loss (including Other Comprehensive Income), consolidated statement of cash flows and consolidated statement of changes in equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

d. In our opinion, the aforesaid consolidated financial statements comply with the specified under Section 133 of the Act read with relevant rules issued thereunder;

e. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2019 and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary Company incorporated in India, none of the directors of the Group Companies incorporated in India is disqualified as on March 31, 2019 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 and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditor's reports of the Company and its subsidiary company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial control over financial reporting of those company, for reasons stated therein; and

g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

   In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

h. 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, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Consolidated financial statement disclosed the impact of pending litigations as at March 31, 2019 on its financial position in its consolidated financial statements – Refer Note 32 to the Consolidated financial statements;

   ii. The Group has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; and

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary Company incorporated in India during the year ended March 31, 2019.

For NSBP & Co.
Chartered Accountants
Firm Registration No. 001075N

Deepak K. Aggarwal
Partner
Membership No: 095541

Place: New Delhi
Date: May 20, 2019

Annexure A to the Independent Auditor's Report to the Members of Dalmia Bharat Sugar and Industries Limited ('the Holding Company') on its consolidated financial statements dated May 20, 2019.

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 1(f) of 'Report on Other Legal and Regulatory Requirements' section

In conjunction with our audit of the consolidated financial statement of Dalmia Bharat Sugar and Industries Limited as of and for the year ended March 31, 2019. We have audited the Internal Financial Controls over Financial Reporting of Dalmia Bharat Sugar and Industries Limited (hereinafter referred to as the "Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") all incorporated in India, for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors the Holding Company and its Subsidiary Company which are incorporated in India are responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the respective companies 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" (" The ICAI"). 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 respective 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 Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Group'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 issued by The Institute of Chartered Accountants of India, as specified under section 143(10) of the Act, 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 judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, 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 Group'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 consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A Group'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 Group;

b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Group are being made only in accordance with authorizations of management and directors of the respective Holding and subsidiary Company; and

c) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Group's assets that could have a material effect on the Consolidated 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 and to the best of our information and according to the explanations given to us, the Holding Company and its subsidiary company incorporated in India have maintained, 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, 2019, based on the internal control over financial reporting criteria established by the Holding company including its subsidiary incorporated in India 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.

Other Matters

Our aforesaid reports under Section 143(3) (i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to, one subsidiary company which are incorporated in India, is based on the corresponding reports of the auditors of such company.

Our audit report is not modified in respect of above matters..

For NSBP & Co.
Chartered Accountants
Firm Registration No. 001075N

Deepak K. Aggarwal
Partner
Membership No: 095541

Place: New Delhi
Date: May 20, 2019

Consolidated balance sheet as at March 31, 2019

(₹ in crores)

	Notes	As at March 31, 2019	As at March 31, 2018
ASSETS			
A) Non-current assets			
a) Property, plant and equipment	4	**1,315.61**	1,291.49
b) Capital work - in - progress	4	**10.92**	6.93
c) Intangible assets	4	**0.52**	1.72
d) Financial assets	5		
i) Investments	(i)	**197.34**	284.90
ii) Loans	(ii)	**27.51**	27.08
iii) Others	(iii)	**0.51**	3.02
e) Income tax assets (net)	6	**19.06**	19.11
f) Other non-current assets	7	**8.85**	9.87
Total Non-current assets		**1,580.32**	1,644.12
B) Current assets			
a) Inventories	8	**1,095.09**	749.77
b) Financial Assets	9		
i) Investments	(i)	**219.91**	340.71
ii) Trade receivables	(ii)	**203.57**	76.03
iii) Cash and cash equivalents	(iii)	**28.03**	58.98
iv) Bank Balances other than (iii) above	(iv)	**0.54**	0.58
v) Loans	(v)	**1.06**	1.72
vi) Others	(vi)	**28.07**	26.47
c) Other current assets	10	**32.63**	14.50
Total Current assets		**1,608.90**	**1,268.76**
Total Assets		**3,189.22**	**2,912.88**
EQUITY & LIABILITIES			
A) Equity			
a) Equity share capital	11	**16.19**	16.19
b) Other equity	12	**1,515.51**	1,488.37
Total Equity		**1,531.70**	**1,504.56**
B) Liabilities			
Non- current liabilities			
a) Financial liabilities	13		
i) Borrowings	(i)	**460.75**	375.72
ii) Others	(ii)	**3.67**	3.67
b) Provisions	14	**22.81**	16.75
c) Deferred tax liabilities (Net)	15	**96.78**	124.75
d) Other non current liabilities	16	**16.53**	5.38
Total Non- current liabilities		**600.54**	**526.27**
Current liabilities			
a) Financial liabilities	17		
i) Borrowings	(i)	**517.00**	345.17
ii) Trade payables	(ii)		
Due to MSME		**0.05**	0.23
Others		**420.12**	428.39
iii) Other financial liabilities	(iii)	**97.44**	83.87
b) Other current liabilities	18	**15.66**	20.11
c) Provisions	19	**6.71**	4.28
Total Current liabilities		**1,056.98**	**882.05**
Total equity & liabilities		**3,189.22**	**2,912.88**
Corporate Information	1		
Basis of preparation of financial statement	2		
Significant accounting policies	3		

The accompanying notes are an integral part of these financial statements.
As per our report of even date

For NSBP & Co.
Chartered Accountants
FRN - 001075N

For and on behalf of the Board of Directors of Dalmia Bharat Sugar and Industries Ltd.

Deepak K. Aggarwal
Partner
Membership No.: 095541

Sneha Sharma
Company Secretary
Membership No.: A37986

Anil Kataria
Chief Finance Officer
PAN: AALPK4889N

J.S.Baijal
Director
DIN:00049565

Gautam Dalmia
Managing Director
DIN:00009758

Place : New Delhi
Date : May 20, 2019

Consolidated statement of profit and loss for the year ended March 31, 2019

(₹ in crores)

	Notes	For the year ended March 31, 2019	For the year ended March 31, 2018
Revenue			
Revenue from operations (including excise duty)	**20**	2018.51	2274.88
Other income	**21**	74.68	25.27
Total Income (I)		**2093.19**	**2300.15**
Expenses			
Cost of raw materials consumed	**22**	1736.24	1489.32
Change in inventories of finished goods and work in progress	**23**	(328.02)	215.33
Excise duty on sales		-	30.51
Employee benefits expense	**24**	118.66	108.69
Finance costs	**25**	68.61	69.48
Depreciation and amortization expense	**4 & 26**	51.55	53.80
Impairment of Property, plant and equipment	**4 & 48**	28.65	-
Other expenses	**27**	225.93	196.84
Total Expenses (II)		**1901.62**	**2163.97**
Profit/(loss) before exceptional items and tax		**191.57**	**136.18**
Exceptional items		**-**	**-**
Profit/(loss) before tax		**191.57**	**136.18**
Tax expense:	**28**		
Current tax		43.83	31.84
Deferred tax		(27.41)	(17.96)
Total of tax expense		**16.42**	**13.88**
Profit/(loss) for the year from operations		**175.15**	**122.30**
Other comprehensive income	**29**		
a. i) Items that will not be reclassified to profit/(loss)		**(150.33)**	139.12
ii) Income tax relating to items that will not be reclassified to profit/(loss)		**1.18**	1.19
b. i) Items that will be reclassified to profit/(loss)			
Fair value changes on derivatives designated as cash flow hedge		**1.57**	-
ii) Income tax relating to items that will be reclassified to profit/(loss)		**(0.55)**	-
Total comprehensive income for the year		**27.02**	**262.61**
(Comprising profit/(loss) and other comprehensive income for the year)			
Earning per share	**30**		
Basic (in Rs.)		**21.64**	**15.11**
Diluted (in Rs.)		**21.64**	**15.11**
[Face value of share Rs. 2 each]			
Corporate Information	**1**		
Basis of preparation of Financial Statement	**2**		
Significant Accounting Policies	**3**		

The accompanying notes are an integral part of these financial statements.
As per our report of even date

For NSBP & Co.
Chartered Accountants
FRN - 001075N

For and on behalf of the Board of Directors of Dalmia Bharat Sugar and Industries Ltd.

Deepak K. Aggarwal
Partner
Membership No.: 095541

Sneha Sharma
Company Secretary
Membership No.: A37986

Anil Kataria
Chief Finance Officer
PAN: AALPK4889N

J.S.Baijal
Director
DIN:00049565

Gautam Dalmia
Managing Director
DIN:00009758

Place : New Delhi
Date : May 20, 2019

Consolidated statement of cash flows for the year ended March 31, 2019

(₹ in crores)

	For the year ended March 31, 2019	For the year ended March 31, 2018
A. Cash Flow from Operating Activities		
Net Profit before tax	**191.57**	**136.18**
Adjustments for Non-cash and Non -operating items:-		
Add:-		
Depreciation / Amortization and impairment	80.20	53.70
Provision for doubtful debts/ advances	0.00	1.35
Bad Debts/ Advances written off	0.02	0.02
Finance Cost	68.61	69.48
Less:-		
Dividend Income	(0.56)	(0.42)
Interest Income	(3.87)	(2.39)
(Profit)/Loss on sale of Investments	(5.69)	(1.76)
Changes in Fair Value of Investments	(6.29)	(6.01)
(Profit)/Loss on sale of property, plant & equipment and Assets written off	(0.14)	(0.05)
Grant amortized	(15.86)	(6.52)
Operating Profit before working Capital Changes	**307.99**	**243.58**
Adjustments for working Capital changes :		
Inventories	(345.33)	270.92
Trade and Other Payables	2.83	195.57
Trade and Other Receivables	(142.21)	41.61
Cash Generated from Operations	**(176.72)**	**751.68**
Direct Taxes (Paid)/Refund	(43.72)	(45.45)
Net Cash generated from operating activities	**(220.44)**	**706.23**
B. Cash Flow from Investing Activities		
Purchase of property, plant and equipment	(106.97)	(71.53)
(Purchase)/ Sale of Investments	73.38	(109.33)
Interest Received	3.87	2.39
Dividend Received from Non Current Investments	0.56	0.42
Net Cash used in Investing Activities	**(29.16)**	**(178.05)**
C. Cash Flow from Financing Activities		
Proceeds/(Repayment) of Short term Borrowings (net)	171.82	(380.16)
Proceeds/(Repayment) of Long term Borrowings (net)	99.66	(64.94)
Finance Cost	(52.83)	(62.95)
Dividend Paid	0.00	(16.19)
Corporate Dividend tax paid	0.00	(3.30)
Net cash used in financing activities	**218.65**	**(527.54)**
Net increase/(decrease) in cash and cash equivalents (A+B+C)	**(30.95)**	**0.64**
Cash and cash equivalents at the beginning of the year	58.98	58.34
Cash and cash equivalents at the end of the year	**28.03**	**58.98**
Components of Cash & Cash Equivalents		
Balances with banks	As at March 31, 2019	As at March 31, 2018
Cash on hand	0.16	0.23
Cheques, drafts on hand	0.00	0.06
Balances with banks	27.87	58.69
Net Cash & Cash Equivalents	**28.03**	**58.98**

Note:

1) Cash & cash equivalents components are as per Note 9 (iii).

2) Cash flow statement has been prepared in accordance with Ind AS 7- "Statement of Cash Flows".

3) last year numbers are regrouped and reclassified, wherever considered necessary.

As per our report of even date

For NSBP & Co.
Chartered Accountants
FRN - 001075N

For and on behalf of the Board of Directors of Dalmia Bharat Sugar and Industries Ltd.

Deepak K. Aggarwal
Partner
Membership No.: 095541

Sneha Sharma
Company Secretary
Membership No.: A37986

Anil Kataria
Chief Finance Officer
PAN: AALPK4889N

J.S.Baijal
Director
DIN:00049565

Gautam Dalmia
Managing Director
DIN:00009758

Place : New Delhi
Date : May 20, 2019

Consolidated statement of changes in equity for the year ended March 31, 2019

A. Equity Share Capital

(₹ in crores)

	As at March 31, 2019	Changes during the year	As at March 31, 2018	Changes during the year	As at April 01, 2017
Balance of Equity Share Capital	**16.19**	-	**16.19**	-	**16.19**

B. Other equity

(₹ in crores)

	Reserves and Surplus			Items of other comprehensive income			
	Capital reserve	**Retained earnings**	**General Reserve**	**Equity instruments through other comprehensive income**	**Cash flow hedge**	**Acturial Gain & Losses on Defined Benefits Plan**	**Total**
Balances as at April 01, 2017	4.07	1026.25	33.54	182.49	0.00	(1.10)	1245.25
Movement during FY 17-18							
Dividends including Dividend distribution tax paid during the year		(19.49)					(19.49)
Profit for the year		122.30					122.30
Transfer to general reserve		(19.00)	19.00				-
Other comprehensive income				142.57		(2.26)	140.31
Balances as at March 31, 2018	**4.07**	**1110.06**	**52.54**	**325.06**	**0.00**	**(3.36)**	**1488.37**
Movement during FY 18-19							
Profit for the year		175.15					175.15
Profit on sale of subsidiary companies		0.12					0.12
Other comprehensive income				(146.96)	1.02	(2.19)	(148.13)
Balances as at March 31, 2019	**4.07**	**1285.33**	**52.54**	**178.10**	**1.02**	**(5.55)**	**1515.51**

	Note No.
Corporate Information	1
Basis of preparation of Financial Statement	2
Significant Accounting Policies	3

The accompanying notes are an integral part of these financial statements.
As per our report of even date

For NSBP & Co.
Chartered Accountants
FRN - 001075N

For and on behalf of the Board of Directors of Dalmia Bharat Sugar and Industries Ltd.

Deepak K. Aggarwal
Partner
Membership No.: 095541

Sneha Sharma
Company Secretary
Membership No.: A37986

Anil Kataria
Chief Finance Officer
PAN: AALPK4889N

J.S.Baijal
Director
DIN:00049565

Gautam Dalmia
Managing Director
DIN:00009758

Place : New Delhi
Date : May 20, 2019

Notes to Consolidated Financial Statements for the year ended March 31, 2019

1. Corporate Information

The company was incorporated as Dalmia Cement (Bharat) Limited. Name of the company was changed from Dalmia Cement (Bharat) Limited to Dalmia Bharat Sugar and Industries Limited ('The Company') vide fresh certificate of incorporation dated 7th September, 2010 issued by registrar of companies, Tamilnadu.

The company is mainly engaged in manufacturing of sugar, generation of power, manufacturing of Industrial alcohol and manufacturing of refractory products.

The company is listed on the National Stock Exchange of India and Bombay Stock Exchange of India. These financial statements are presented in Indian Rupees (Rs).

2. Basis of accounting and preparation of Financial Statements

A. Statement of Compliance with Ind AS

The Financial Statements have been prepared in accordance with Indian Accounting Standards (IND AS) as prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016 and relevant provisions of the Companies Act, 2013. The Financial Statements comply with IND AS notified by Ministry of Company Affairs ("MCA"). The Company has consistently applied the accounting policies used in the preparation for all periods presented.

These financial statements are approved and adopted by board of directors of the Company in their meeting held on May 20, 2019.

B. Principles of consolidation.

The Consolidated financial statements (CFS) of the Group have been prepared in accordance with the Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016 as amended, the relevant provisions of the Companies Act, 2013 ('the Act') and guidelines issued by the Securities and Exchange Board of India ('SEBI'), as applicable.

The Consolidated Financial Statements have been prepared on the following basis.

i. Subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating all significant intra-group balances and intra-group transactions and also unrealised profits or losses, except where cost cannot be recovered.

ii. Non-controlling interest in net profit of consolidated subsidiaries for the year is identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Company. Their share of net assets is identified and presented in the Consolidated Balance Sheet separately. Where accumulated losses attributable to the minorities are in excess of their equity, in the absence of the contractual obligation on the minorities, the same is accounted for by the Holding Company.

iii. Interests in the assets, liabilities, income and expenses of the joint venture are consolidated using proportionate consolidation method. Intra group balances, transactions and unrealised profits/ losses are eliminated to the extent of Company's proportionate share.

iv. The difference of the cost to the Company of its investment in subsidiaries and joint venture over its proportionate share in the equity of the Investee Company as at the date of acquisition of stake is recognized in the Consolidated Financial Statements as Goodwill or Capital Reserve, as the case may be.

v. Investment in entities in which the Group has significant influence but not controlling interest, are reported according to the equity method i.e. the investment is initially recorded at cost adjusted thereafter for post-acquisition change in the Company's share of net assets of the associates. The Consolidated Statement of Profit and Loss includes the Company's share of the result of the operations of the associate.

vi. Unrealised profits and losses resulting from transactions between the investor (or its consolidated subsidiaries) and the associate have been eliminated to the extent of the investor's interest in the associate. Unrealised losses have not been eliminated if and to the extent the cost of the transferred asset cannot be recovered.

vii. Goodwill/capital reserve arising on the acquisition of an associate by an investor is included in the carrying amount of investment in the associate and is disclosed separately.

viii. The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate Consolidated Financial Statements. Differences in accounting policies have been disclosed separately.

ix. The difference between the proceeds from disposal of investment in subsidiary and the carrying amount of its assets less liabilities as of the date of disposal is recognized in the Consolidated Statement of Profit and Loss as the profit or loss on disposal of investment in subsidiary.

x. The accounts of all the Group Companies are drawn up to the same reporting date as the parent entity.

Notes to Consolidated Financial Statements for the year ended March 31, 2019

C. Basis of preparation and presentation.

The financial statements have been prepared accrual basis on historical cost convention, except as stated otherwise.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

D. Current/Non-current assets and liabilities:

A. Current Assets – An asset is classified as current when:

(a) The company expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;

(b) The company holds the asset primarily for the purpose of trading;

(c) The company expects to realise the asset within twelve months after the reporting period;

(d) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current assets.

B. Current Liability – A liability is classified as current when:

(a) The company expects to settle the liability in its normal operating cycle;

(b) The company holds the liability primarily for the purpose of trading;

(c) The liability is due to be settled within twelve months after the reporting period; or

(d) The company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current liabilities.

E. Functional and presentation currency

The financial statements including notes thereon are presented in Indian rupees, which is the functional currency of the company. All the financial information presented in Indian rupees has been rounded to the nearest crore as per the requirement of Schedule III to the Act, unless stated otherwise.

F. Use of judgment, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires the Management to make judgement, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities and contingent assets at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon the Management's best knowledge of current events and actions, actual results could differ from these estimates. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods

a. Property, plant and equipment and intangible assets

The useful life and residual value of plant, property equipment and intangible assets are determined based on technical evaluation made by the management of the expected usage of the asset, the physical wear and tear and technical or commercial obsolescence of the asset. Due to the judgements involved in such estimations, the useful life and residual value are sensitive to the actual usage in future period.

b. Recognition and measurement of defined benefit obligations

The cost of the leave encashment, defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are periodically reviewed at each reporting date.

c. Fair value measurement of financial instruments

When the fair value of the financial assets and liabilities recorded in the balance sheet cannot be measured based on the quoted market price in active markets, their fair value is measured using valuation technique. The input to these models are taken from the observable market wherever possible, but where this is not feasible, a review of judgment is required in establishing fair values. Changes in assumption relating to these assumption could affect the fair value of financial instrument.

d. Provision for litigations and contingencies

The provision for litigations and contingencies are determined based on evaluation made by the management of the present obligation arising from past events the settlement of which is expected to result in outflow of resources embodying economic benefits, which involves judgements around estimating the ultimate outcome of such past events and measurement of the obligation amount.

e. Impairment of financial and non-financial assets

The impairment provision for financial assets are based on assumptions about risk of default and expected losses. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The Company assesses at each reporting date whether there is an indication that a Non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount which is higher of an asset's or Cash generating unit (CGU) fair value less costs of disposal and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

G. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets & liabilities on the basis of the nature, characteristics and the risks of the asset or liability and the level of the fair value hierarchy as explained above.

Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis as explained above, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

Notes to Consolidated Financial Statements for the year ended March 31, 2019

3. Significant accounting policies

A. Property, plant and equipment and Capital work-in-progress

Property, plant and equipment are stated at original cost net of tax/ duty credit availed, less accumulated depreciation and accumulated impairment losses. The cost of an asset includes the purchase cost of materials including import duties and non-refundable taxes, and any directly attributable costs of bringing an asset to the location and condition of its intended use. Interest on borrowings used to finance the construction of qualifying assets are capitalized as part of cost of the asset until such time that the asset is ready for its intended use. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

When significant part of the property, plant and equipment are required to be replaced at intervals, the company derecognized the replaced part and recognized the new parts with its own associated useful life and it is depreciated accordingly. Likewise when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance cost are recognized in the statement of the profit and loss as incurred.

Internally manufactured property, plant and equipment are capitalised at factory cost.

Capital work in progress include property plant & equipment under installation/under development as at the balance sheet date and are carried at cost, comprising direct cost, related incidental expenses and attributable borrowing cost.

Property, plant and equipment are derecognised from the financial statement, either on disposal or when no economic benefits are expected from its use or disposal. Losses arising in the case of retirement of property, plant and equipment and gain or losses arising from disposal of property, plant and equipment are a recognized in the statement of profit and loss in the year of occurrence.

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment, except Land, recognised as of April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date. For Land the company has elected to use Fair Value at the transition to Ind AS and use this value as its deemed cost.

B. Investment Property

Investment properties are properties, either land or building or both, held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost including transactions costs. Subsequent to initial recognition, investment properties are measured in accordance with requirement for cost model.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is de-recognised.

C. Intangible assets

Intangible asset are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the entity and the cost of asset can be measured reliably.

Capital expenditure on purchase and development of identifiable assets without physical substance is recognized as intangible assets in accordance with principles given under Ind AS-38 – Intangible Assets.

Internally generated intangible asset, excluding capitalized development cost, are not capitalized and the related expenditure is reflected in statement of profit & loss in the period in which the expenditure is incurred.

The useful lives of intangible asset are assed as either finite or indefinite. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible asset with indefinite useful lives, if they are not amortised, but are tested for impairment either individually or at the cash generating unit level. The assessment of indefinite useful life is reviewed annually to determine whether the indefinite life continues to be supportable. Currently there are no intangible assets with indefinite useful life.

Gain or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit & loss when the asset is derecognised.

Notes to Consolidated Financial Statements for the year ended March 31, 2019

D. Depreciation and amortization

Depreciation on Property, Plant and Equipment (PPE) and Intangible assets is calculated on the basis of useful lives as prescribed under Schedule II to the Companies Act, 2013. The following methods of depreciation are used for PPE and Intangible assets:

"Plant and machinery" at Salem (excluding earth moving machinery) and on all PPE at Wind Farm Unit, MLCC devision and Dalmia Chini Mills (Sugar Units) excluding machinery in Power Plants.	Straight line method
Leasehold land	Amortised over the period of lease, i.e., 99 years
Remaining PPE	Written down value method
Computer software	Amortised over a period of 3-5 years on a Straight line basis.
Other intangible assets	Amortised over a period of maximum 10 years on a straight line basis.
Capital Spares	Based on technical estimates by the management depreciated on straight line method over a period of 10 years.

E. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Where the Company is the lessee

Finance leases are capitalized as assets at the commencement of the lease, at an amount equal to the fair value of leased asset or present value of the minimum lease payments, whichever is lower, valued at the inception date. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the company's general policy on borrowing cost. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Payment made under operating leases are recognized as expense in the Statement of Profit and Loss on a straight line basis over the lease term, unless the receipts are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increase.

Where the Company is the lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Where the escalation of lease rentals is in line with the expected general inflation so as to compensate the lessor for expected inflationary cost, the increases in the rentals is not straight lined.

F. Government grants

Government grants are recognised at fair value when there is reasonable assurance that the grant would be received and the Company would comply with all the conditions attached with them.

Government grants whose primary condition is that the company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the balance sheet and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the company with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Notes to Consolidated Financial Statements for the year ended March 31, 2019

G. Borrowing costs

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalized as part of the cost of such asset till such time that is required to complete and prepare the asset to get ready for its intended use. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing costs also include exchange differences to the extent regarded as an adjustment to the borrowing costs.

All other borrowing costs are charged to the statement of profit and loss in the period in which they are incurred.

H. Segment accounting and reporting

The chief operational decision maker monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit and loss and is measured consistently with profit and loss in the financial statements.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM).

The accounting policies adopted for segment reporting are in line with the accounting policies adopted for preparing and presenting the Financial Statements of the Company as a whole. In addition, the following specific accounting policies have been followed for segment reporting:

- Segment revenue includes sales and other income directly identifiable with / allocable to the segment including inter segment transfers.

  Inter segment transfers are accounted for based on the transaction price agreed to between the segments which is at cost in case of transfer of Company`s intermediate and final products and estimated realisable value in case of by-products.

- Revenue, expenses, assets and liabilities are identified to segments on the basis of their relationship to the operating activities of the segment. Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on direct and/or on a reasonable basis, have been disclosed as "Unallocable".

I. Employee benefits

Expenses and liabilities in respect of employee benefits are recorded in accordance with Indian Accounting Standard (Ind AS)-19 - 'Employee Benefits'.

a. Short-term employee benefits

Short-term employee benefits in respect of salaries and wages, including non-monetary benefits are recognised as an expense at the undiscounted amount in the statement of profit and loss for the year in which the related service is rendered

b. Defined contribution plan

Retirement benefits in the form of provident fund, pension fund, superannuation fund and ESI are a defined contribution scheme and the contributions are charged to the statement of profit and loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the provident fund/trust.

c. Defined benefit plan

Retirement benefits in the form of gratuity and provident fund contribution to Dalmia Cement Provident Fund Trust are defined benefit plans. Gratuity is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Contributions to Dalmia Cement Provident Fund Trust are charged to the Statement of Profit and Loss of the year when the contributions to the fund is due.

The Company's liabilities on account of gratuity and earned leaves on retirement of employees are determined at the end of each financial year on the basis of actuarial valuation certificates obtained from registered actuary in accordance with the measurement procedure as per Indian Accounting Standard (IND AS)-19- 'Employee Benefits'. Gratuity liability is funded on year-to-year basis by contribution to respective fund. The costs of providing benefits under these plans are also determined on the basis of actuarial valuation at each year end. Actuarial gains and losses for defined benefit plans are recognized through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Accumulated leaves, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method at the year-end.

J. Inventories

a. Finished goods are valued at lower of cost or net realisable value. In case of Dead Burnt Magnesite Dust Stocks to the extent these are considered saleable, valuation is done at raw materials cost plus packing charges or net realizable value, whichever is lower. By-products are valued at net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost is determined on a weighted average basis.

b. Work in progress is valued at lower of cost or net realisable value. Cost is determined on a weighted average basis.

c. Stores, Spares and Raw Materials are valued at lower of cost or net realisable value. However materials & other items of inventories held for use in the production are not written below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.

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

K. Financial Instruments

(a) Financial Assets

i. Classification

The company classified financial assets as subsequently measured at amortized cost, fair value though other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL) on the basis of its business model for managing the financial assets and contractual cash flow characteristics of the financial asset.

ii. Initial Recognition and Measurement

The financial assets include equity and debt securities, trade and other receivables, loans and advances, cash and bank balances and derivative financial instruments. All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

iii. Subsequent Measurement

For the purpose of subsequent measurement the financial assets are classified in three categories:

- At amortised cost - For debt instruments only.
- At fair value through profit & loss account
- At fair value through other comprehensive income

iv. Debt instruments at amortized cost

A Financial Asset i.e. a debt instrument is measured at the amortized cost if both the following condition are met.

- The assets is held within a business model whose objective is to hold assets for collecting contractual cash flow (business model test), and
- Contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principle and interest (SPPI) on the principle amount outstanding (contractual cash flow characteristics).

After initial measurement (at Fair value minus transaction cost), such financial assets are subsequently measurement at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount and premium and fee or costs that are an integral part of an EIR. The EIR amortization is included in finance income in the statement of profit and loss. The losses arising from impairment are recognized in the statement of profit and loss.

v. Debt instrument at Fair value through Profit or loss

Debt instruments included within the fair value through profit or loss (FVTPL) category are measured at fair value with all changes recognized in the statement of profit and loss.

Notes to Consolidated Financial Statements for the year ended March 31, 2019

vi. Debt instruments at Fair value through other comprehensive income

A financial asset should be measured at FVTOCI if both the following condition are met:

- The assets is held within a business model in which asset are managed both in order to collect contractual cash flows and for sale (business model test), and
- Contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principle and interest (SPPI) on the principle amount outstanding (contractual cash flow characteristics).

  After initial measurement (at Fair value minus transaction cost), such financial assets are measured at Fair value with changes in fair value recognized in OCI except for:

  (a) Interest calculated using EIR

  (b) Foreign exchange gain and losses; and

  (c) Impairment losses and gains

vii. Equity investments

All equity investments other than investment in subsidiaries, joint venture and associates are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the company decides to classify the same either as at fair value through other comprehensive income (FVTOCI) or FVTPL. The company makes such election on an instrument-by- instrument basis. The classification is made on initial recognition and is irrevocable.

If the company decides to classify an equity instrument as at FVTOCI, then fair value changes on the instrument, excluding dividends, are recognised in other compressive income (OCI). There is no recycling of the amounts from OCI to statement of profit or loss, even on sale of such investments.

Equity instrument includes within the FVTPL category are measured at fair value with all changes recognised in the Statement of profit or loss.

viii. Derecognition

A financial assets (or, where applicable, a part of a financial asset) is primarily derecognised when:

- The right to receive cash flows from the assets have expired or
- The company has transferred substantially all the risks and rewards of the assets, or
- The company has neither transferred nor retained substantially all the risks and rewards of the assets, but has transferred control of the assets.

(b) Financial liabilities & Equity

i. Classification

Debt and equity instruments issued by the company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

ii. Initial recognition and measurement of Financial Liability

The company recognizes financial liability when it becomes a party to the contractual provisions of the instrument. All financial liability are recognized initially at fair value minus, for financial liability not subsequently measured at FVTPL, transaction costs that are directly attributable to the issue of financial liability.

iii. Subsequent Measurement of Financial Liabilty

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies

iv. Financial Liability at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) Method. Gain and losses are recognised in statement of profit and loss when the liabilities are derecognised.

Amortised cost is calculated by taking into account any discount or premium on acquisition and transaction cost. The EIR amortization is included as finance cost in the statement of profit and loss.

This category generally applies to loans & Borrowings.

Notes to Consolidated Financial Statements for the year ended March 31, 2019

v. Financial Liability at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability

vi. Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a company entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

vii. Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are, substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amount recognised in the Statement of Profit and loss.

viii. Offsetting of financial instrument

Financial Assets and Financial Liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

ix. Derivative financial instruments

The company uses derivative instruments as a part of its management of exposure to fluctuations in foreign currency exchange rates. The company does not acquire or issue derivative instruments for trading or speculative purposes. The company does not enter into complex derivative transactions to manage the treasury.

All derivative financial instruments are recognised as assets or liabilities on the balance sheet and measured at fair value, generally based on quotation obtained from banks/financial institutions. The accounting for changes in the fair value of a derivative instruments depends on the intended use of the derivatives and the resulting designation.

The fair values of all derivatives are separately recorded in the balance sheet within current and non current assets and liabilities. Derivatives that are designated as hedges are classified as current and non current depending upon the maturity of the derivatives.

The use of derivative can give rise to credit and market risk. The company tries to control credit risk as far as possible by only entering into the contract with reputable banks/ financial institution. The use of derivative instrument is subject to limits, authorities and regular monitoring by appropriate levels of management. The limits, authorities and monitoring systems are periodically reviewed by the management and board. The market risk on derivatives are mitigated by changes in the valuation of the underlying assets, liabilities or transactions, as derivatives are used only for risk management purposes.

x. Cash flow hedge

The Company designates certain foreign exchange forward as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions.

When a derivative is designated as a cash flow hedge instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in the cash flow hedge reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the net profit in the Statement of Profit and Loss. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognized in cash flow hedge reserve till the period the hedge was effective remains in cash flow hedge reserve until the forecasted transaction occurs. The cumulative gain or loss previously recognized in the cash flow hedge reserve is transferred to the net profit in the Statement of Profit and Loss upon the occurrence of the related forecasted transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedge reserve is reclassified to the Statement of Profit and Loss.

Notes to Consolidated Financial Statements for the year ended March 31, 2019

L. Investments in Associate, Joint venture & Associate

Investments in equity shares of Subsidiaries, Joint Ventures & Associates are recorded at cost and reviewed for impairment at each balance sheet date.

M. 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.

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.

In March 2018, the Ministry of Corporate Affairs has notified the Companies (Indian Accounting Standards) amended rules, 2018 ("Amended Rules"). As per amended rules, Ind AS 115 "Revenue from Contracts with Customers" supersedes Ind AS 11, "Construction Contracts" and Ind AS 18, "Revenue" and is applicable for all accounting periods commencing on or after April 1, 2018.

Ind AS 115 introduces a new framework of five step model for the analysis of Revenue transactions. The model specifies that revenue should be recognised when (or as) an entity transfer control of goods or services to a customer at the amount to which the entity expects to be entitled. Further the new standard requires enhanced disclosures about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services.

The Company has evaluated the requirement of the amendment and the impact on the financial statements. The effect on adoption of Ind AS 115 was insignificant.

Sale of Power

Revenue from power has been recognized on transmission of electricity to Grid. Power generated at power plant is consumed at manufacturing units and excess power is sold to Grid, which is included in sales at power tariff prevailing as per the respective Power Purchase Agreements.

Inter unit transfers of power is also accounted for at the same rates i.e. Grid Power Tariff, for computing segmental profitability. For consolidation purposes these transfers are eliminated from respective heads.

Revenue from sale of Certified Emission Reductions (CERs) and Renewable Energy Certificates (REC)

Entitlement to Renewable Energy Certificates (REC) owing to generation of power are recognised to the extent sold and treated as capital receipt.

Dividends

Revenue is recognised when the shareholders' right to receive payment is established by the Balance Sheet date.

Insurance claim

Insurance claims are accounted for on the basis of claims admitted/ expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

Sale of services

The company being a manufacturing entity does not generally provides services in the normal course of business.

However revenue from supply of services if any is recognized as and when the services has been provided and recoverability accrues.

Notes to Consolidated Financial Statements for the year ended March 31, 2019

N. Foreign currency translation/conversion

Standalone financial statements have been presented in Indian Rupees (Rs.), which is the Company's functional and presentation currency.

- **Initial recognition**

  Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate at the date of the transaction.

- **Conversion**

  Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

- **Exchange differences**

  The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

O. Taxes

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-Tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Current income tax relating to items recognized directly in equity is recognised in equity and not in the statement of profit and loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Minimum alternate tax

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

Deferred tax

Deferred tax is provided using the balance sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purpose at reporting date. Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow deferred tax assets to be recovered.

The company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Notes to Consolidated Financial Statements for the year ended March 31, 2019

P. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year 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.

Q. Provisions, contingent liabilities and contingent assets

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that the outflow of resources embodying economic benefits will be required to settled the obligation in respect of which reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the expense relating to provision presented in the statement of profit & loss is net of any reimbursement.

If the effect of the time value of money is material, provisions are disclosed using a current pre-tax rate that reflects, when appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as finance cost.

Contingent liability is disclosed in the notes in case of:

- There is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.
- A present obligation arising from past event, when it is not probable that as outflow of resources will be required to settle the obligation
- A present obligation arises from the past event, when no reliable estimate is possible
- A present obligation arises from the past event, unless the probability of outflow are remote.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

Onerous Contracts

A provision for onerous contracts is measured at the present value of the lower expected cost of terminating the contract and the expected cost of continuing with the contract. Before a provision is established, the company recognizes the impairment on the assets with the contract.

Contingent assets

Contingent assets are not recognized in the financial statements.

R. Cash and cash equivalents

Cash and cash equivalents includes cash on hand and at bank, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consists of cash and short term deposits, as defined above, net of outstanding bank overdraft as they being considered as integral part of the Company's cash management.

S. Impairment

Non-financial assets

Property, plant and equipment, intangible assets and assets classified as investment property with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized in the statement of profit or loss.

An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

Impairment losses on continuing operations, including impairment on inventories are recognized in the statement of profit and loss, except for properties previously revalued with the revaluation taken to other comprehensive income. For such properties, the impairment is recognized in OCI up to the amount of any previous revaluation surplus.

Financial assets

The company applies 'simplified approach' measurement and recognition of impairment loss on the following financial assets and credit risk exposure: :

- Financial assets that are debt instrument and are measured at amortised cost e.g. loans, debt securities, deposits, and bank balance.
- Trade receivables

The application of simplified approach does not require the company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime expected credit loss at each reporting date, right from its initial recognition.

T. Recent accounting pronouncements

Ind AS 116 Leases:

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition:

- Full retrospective – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application.

  Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:
- Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application.

Certain practical expedients are available under both the methods.

The Company is currently evaluating the effect of this amendment on the financial statements.

Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments:

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

Notes to Consolidated Financial Statements for the year ended March 31, 2019

The standard permits two possible methods of transition - i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company will adopt the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives.

The effect on adoption of Ind AS 12 Appendix C would be insignificant in the financial statements.

Amendment to Ind AS 12 – Income taxes:

On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is currently evaluating the effect of this amendment on the financial statements.

Amendment to Ind AS 19 – plan amendment, curtailment or settlement-

On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not have any impact on account of this amendment.

4. Property plant & equipment, intangible assets & capital work in progress

(₹ in crores)

Particulars	Tangible Assets								Intangible Assets			Total
	Land Freehold#	Land Lease hold	Buildings	Plant and equipment	Furniture and Fixtures	Vehicles	Office equipment	Total	Operating Rights	Computer Software	Total	
Cost or revalued amount												
as at 01 April, 2017	580.28	0.58	173.63	1,203.39	7.59	4.30	4.90	1,974.67	3.63	1.98	5.61	**1,980.28**
Additions	1.36	-	8.24	57.45	0.45	0.11	0.35	67.96	-	-	-	**67.96**
Disposals	-	-	-	0.86	0.08	0.05	0.06	1.05	-	-	-	**1.05**
as at 31st March,2018	581.64	0.58	181.87	1,259.98	7.96	4.36	5.19	2,041.58	3.63	1.98	5.61	**2,047.19**
Additions	0.65	-	15.85	84.24	0.45	1.77	0.32	103.29	-	0.03	0.03	**103.32**
Disposals	-	-	-	0.11	0.02	0.67	0.40	1.20	-	-	-	**1.20**
as at 31st March, 2019	582.29	0.58	197.72	1,344.11	8.39	5.46	5.11	2,143.67	3.63	2.01	5.64	**2,149.31**
Depreciation and amortisation												
as at 01 April, 2017	0.01	0.14	57.48	628.36	5.68	1.98	4.07	697.74	1.93	0.79	2.72	**700.45**
Charge for the year	-	0.01	8.93	42.35	0.40	0.56	0.37	52.62	0.81	0.36	1.18	**53.80**
Disposals	-	-	-	0.14	0.03	0.05	0.06	0.27	-	-	-	**0.27**
as at 31st March, 2018	0.01	0.15	66.41	670.57	6.05	2.49	4.38	750.09	2.74	1.15	3.89	**753.98**
Charge for the year	-	0.02	5.03	43.93	0.38	0.61	0.35	50.32	0.87	0.36	1.23	**51.55**
Impairment Loss (refer note no. 48)	-	-	3.80	24.85	-	-	-	28.65	-	-	-	**28.65**
Disposals	-	-	-	0.11	0.01	0.50	0.40	1.00	-	-	-	**1.00**
as at 31st March, 2019	0.01	0.17	75.24	739.24	6.42	2.60	4.33	828.06	3.61	1.51	5.12	**833.18**
Net Block												
as at 31st March, 2018	**581.63**	**0.43**	**115.46**	**589.41**	**1.91**	**1.87**	**0.80**	**1,291.49**	**0.89**	**0.83**	**1.72**	**1,293.21**
as at 31st March, 2019	**582.28**	**0.41**	**122.48**	**604.87**	**1.97**	**2.86**	**0.78**	**1,315.61**	**0.02**	**0.50**	**0.52**	**1,316.13**
Capital Work in Progress*												
as at 31st March, 2018												**6.93**
as at 31st March, 2019												**10.92**

Transition date fair value of freehold land has been considered as deemed cost for IND AS Purposes.

* Includes preoperative expenditure pending capitalisation of Rs. 0.03 Cr (Rs.0.06 Cr) (refer note no. 43)

Includes immovable property for 2.79 acres of land at Salem unit for which all dues for transfer of land have been paid and transfer of title in the name of the company is awaited.

Notes to Consolidated Financial Statements for the year ended March 31, 2019

5. Non-current financial assets

(Rs. in crores)

	As at March 31, 2019		As at March 31, 2018	
5 (i). Investments				
A. Quoted				
Equity Shares Carried at Fair Value through OCI				
1885134 equity shares of Rs. 10 each fully paid up in Odisha Cement Ltd.(942567 Equity shares of Rs 2 each fully paid up in Dalmia Bharat Limited)#		186.60		271.96
193,850 (203,655) equity shares of Rs 10 each, fully paid up of Poddar Pigments Limited		3.37		5.57
'# the company has received shares of Odisha Cement Limited in lieu of shares of Dalmia Bharat Limited in the ratio of 2:1 in pursuent to the scheme of amalgamation and arrangement.				
Carried at Fair Value through statement of profit and loss				
Debt Based Mutual Funds				
B. Unquoted				
(i) Investment in Bonds (Carried at amortised Cost)				
10.40% Vijaya Bank Bonds 2020		1.98		1.98
9.55% Canara Bank (Perp.) Bonds		5.39		5.39
(ii) Others*				
Shares of Co-operative Socities (Unquoted)				
DMC Employees Co-op Stores Limited		((2500))		((2500))
Government or Trust Securities (Unquoted)				
National Saving Certificates		((2000))		((2000))
		197.34		**284.90**
Aggregate amount of quoted investments and market value thereof		189.97		277.53
Aggregate amount of unquoted investments		7.37		7.37
Aggregate amount of impairment in value of investments		-		-
* Figures less than Rs. Fifty thousand which are required to be shown separately have been shown at actual in double brackets.				
5 (ii). Loans				
(Unsecured, considered good unless stated otherwise)				
Security deposits		2.15		1.72
Others		25.36		25.36
(Considered doubtful)				
Others	0.30		0.30	
Less : Allowance for bad and doubtful advances	0.30	0.00	0.30	0.00
		27.51		**27.08**
5 (iii). Others				
Fixed deposits with banks (with remaining maturity of more than 12 months)		0.15		0.15
(Unsecured, considered good)				
Others		0.36		2.87
		0.51		**3.02**

Notes to Consolidated Financial Statements for the year ended March 31, 2019

6. Income Tax Assets (Net)

(Rs. in crores)

	As at March 31, 2019	As at March 31, 2018
Net Income Tax Assets	19.06	19.11
	19.06	**19.11**

7. Other non current assets

(Rs. in crores)

	As at March 31, 2019	As at March 31, 2018
(Unsecured, considered good unless stated otherwise)		
Capital advances	7.10	7.98
Advances other than capital advances	0.65	0.55
Balances with Government departments under protest	1.10	1.34
	8.85	**9.87**

8. Inventories

(Refer Note No. 3(J))

(Rs. in crores)

	As at March 31, 2019	As at March 31, 2018
Raw materials	15.97	3.11
Work in progress	11.23	13.90
Finished goods*	1035.93	705.24
Stores, spare & others	31.96	27.52
	1,095.09	**749.77**

* after considering write down of Rs. 11.36 Cr (Rs. 161.64 Cr) in the value of inventory of sugar to it's net realizable value.

9. Current financial assets

(Rs. in crores)

	As at March 31, 2019	As at March 31, 2018
9 (i). Investments		
Equity Shares Carried at Fair Value through OCI		
1312444 equity shares of Rs. 10 each fully paid up in Odisha Cement Ltd.(656222 Equity shares of Rs 2 each fully paid up in Dalmia Bharat Limited)#	129.91	189.34
'# the company has received shares of Odisha Cement Limited in lieu of shares of Dalmia Bharat Limited in the ratio of 2:1 in pursuent to the scheme of amalgamation and arrangement.		
Investment in mutual funds (quoted)		
(Carried at Fair Value through profit and loss)		
Debt based schemes	90.00	151.37
Total	**219.91**	**340.71**
Aggregate amount of quoted investments and market value thereof	219.91	340.71
Aggregate amount of unquoted investments	-	-
Aggregate amount of impairment in value of investments	-	-
9 (ii). Trade receivables		
Unsecured, considered good	203.57	76.03
Considered Doubtful	0.45	0.45
Less : Allowance for bad and doubtful debts	(0.45)	(0.45)
	203.57	**76.03**
9 (iii). Cash and cash equivalents		
Cash on hand	0.16	0.23
Cheques, drafts on hand	0.00	0.06
Balances with banks	27.87	58.69
	28.03	**58.98**

Notes to Consolidated Financial Statements for the year ended March 31, 2019

9. Current financial assets (contd.)

(Rs. in crores)

	As at March 31, 2019	As at March 31, 2018
9 (iv). Bank balances other than cash & cash equivalents		
- Deposits with original maturity of more than 3 months but less than 12 months	-	-
- Earmarked balances with banks (Unpaid dividend accounts)	0.54	0.58
	0.54	**0.58**
9 (v). Loans		
(Unsecured, considered good)		
Loans to related parties	-	-
Others		
Loans to employees	1.06	1.72
	1.06	**1.72**
9 (vi). Others		
(Unsecured, considered good)		
Interest receivable	6.05	5.08
Unbilled revenue	21.63	20.99
Others	0.39	0.40
	28.07	**26.47**

10. Other current assets

(Unsecured, considered good)

(Rs. in crores)

	As at March 31, 2019	As at March 31, 2018
Advances other than capital advances		
Deposit and Balances with Government departments and other authorities	25.21	4.60
Other advances	7.42	9.90
	32.63	**14.50**

11. Equity Share capital

(Rs. in crores)

	As at March 31, 2019	As at March 31, 2018
Authorised :		
11,47,26,820(11,47,26,820) Ordinary equity shares of Rs. 2/- each	22.95	22.95
8,52,73,180 (8,52,73,180) Unclassified equity shares of Rs. 2/- each	17.05	17.05
	40.00	**40.00**
Issued, Subscribed and Fully Paid Up :		
8,09,39,303 (8,09,39,303) Ordinary equity shares of Rs. 2/- each	16.19	16.19
	16.19	**16.19**

(a) Reconciliation of ordinary equity shares outstanding at the beginning and at the end of the reporting year.

	As at March 31, 2019		As at March 31, 2018	
	No. of Shares	Rs Crores	No. of Shares	Rs Crores
At the beginning of the year	8,09,39,303	16.19	8,09,39,303	16.19
Changes during the year	-	-	-	-
At the end of the year	8,09,39,303	16.19	8,09,39,303	16.19

(b) Terms/ rights attached to ordinary equity shares

The Company has only one class of ordinary equity shares having a face value of Rs.2 per share. Each ordinary equity shareholder is entitled to one vote per share.

In the event of winding-up of the company, the ordinary equity shareholders shall be entitled to be repaid remaining assets of the company, in the ratio of the amount of capital paid up on such ordinary equity shares.

Notes to Consolidated Financial Statements for the year ended March 31, 2019

11. Equity Share capital (contd.)

(c) Details of shareholders holding more than 5% shares in the company

	As at March 31, 2019		As at March 31, 2018	
	No. of Shares	% Holding	No. of Shares	% Holding
Ordinary Equity shares of Rs.2 each fully paid up				
Samagama Holdings and Commercial Private Limited	3,58,75,223	44.32%	3,58,75,223	44.32%
Dalmia Bharat Limited			1,48,29,764	18.32%
Odisha Cement Limited*#	1,48,29,764	18.32%		
Vanika Commercial and Holdings Private Ltd	86,87,305	10.73%	86,87,305	10.73%

*Name of Odisha Cement Limited is changed to Dalmia Bharat Limited wef 15-04-2019.

'# the company has received shares of Odisha Cement Limited in lieu of shares of Dalmia Bharat Limited in the ratio of 2:1 in pursuent to the scheme of amalgamation and arrangement.

As per records of the company, including it's register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

(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

(e) The Board of Directors has recommended a dividend of Rs. 1.60 per share of face value Rs. 2.00 each. The same is subject to approval of the shareholders in the Annual General Meeting. .

12. Other Equity

(Rs. in crores)

	As at March 31, 2019	As at March 31, 2018
Reserve & Surplus		
Capital reserve		
Opening balance as per last financial statements	4.07	4.07
Closing balance	4.07	4.07
General reserve		
Opening balance as per last financial statements	52.54	33.54
Add:- Amount transferred from surplus balance in statement of profit & loss	-	19.00
Add:- Amount transferred from Debenture redemption reserve		
Closing balance	52.54	52.54
Surplus in the statement of profit and loss		
Balance as per last financial statements	1110.06	1026.25
Profit for the year	175.15	122.30
Gain on sale of Subsidiaries	0.12	
Less: appropriations		
(i) Transfer to general reserve	-	(19.00)
(ii) Final dividend on ordinary shares	-	(16.19)
(iii) Dividend distribution tax	-	(3.30)
Total Appropriations	-	(38.49)
Net surplus in the statement of profit and loss	**1285.33**	**1110.06**
Total reserves and surplus	**1341.94**	**1166.67**
Other Comprehensive Income		
Opening Balance	321.70	181.39
Addition during the year	(148.13)	140.31
Closing Balance	**173.57**	321.70
Total Other Equity	**1515.51**	1488.37

1 Capital Reserve majorly comprises of reserve created consequent to slum purchase of plants in Ninaidevi & Kolhapur units.

2 Retained earnings represents undistributed profits of the Company which can be distributed to its equity shareholders in accordance with the requirement of the Companies Act, 2013.

3 Other Comprehensive Income represent the balance in equity for items to be accounted in Other Comprehensive Income. OCI is classified into (i) items that will not be reclassified to statement of profit and loss, and (ii) items that will be reclassified to statement of profit and loss.

4 General reserve represents the statutory reserve, this is in accordance with Indian Corporate Law wherein a portion of profit is apportioned to general reserve. Under Companies Act, 1956 it was mandatory to transfer the amount before a company can declare dividend. However under Companies Act , 2013, transfer of any amount to general reserve is at the discretion of the Company.

Notes to Consolidated Financial Statements for the year ended March 31, 2019

13. Non current financial liabilities

(Rs. in crores)

	As at March 31, 2019		As at March 31, 2018	
13 (i). Borrowings				
Secured				
Term loans:				
i. From banks	355.94		397.65	
Less: Shown in current maturities of long term borrowings	36.31	319.63	50.35	347.30
ii. From other parties (including Government)	163.94		32.90	
Less: Shown in current maturities of long term borrowings	22.82	141.12	4.48	28.42
		460.75		**375.72**

(Refer note no. 17(iii) for current maturities)

(Rs. in crores)

S. No.	Particulars	As at 31st, March 2019	As at 31st, March 2018	Fixed/ Fluctuating interest rate	Rate of interest
	Non Current Borrowings				
A)	**From Bank**				
a)	Punjab National Bank				
	1. Excise Loan	-	26.06	Fixed	12.00%
	2. Soft Loan for cane payment	13.07	12.28	Fluctuating	Base Rate+1.75%, Presently 9.40%
b)	HDFC Term Loan 1	99.08	102.90	Fluctuating	One year MCLR+0.80%, Presently 9.55%
c)	HDFC Term Loan 2	-	6.07	Fluctuating	One year MCLR+0.25%.
d)	Axis Bank	184.16	254.24	Fluctuating	One year MCLR+0.75%, Presently 9.15%
e)	HDFC Term Loan 3 for Nigohi Distillery	50.00	-	Fluctuating	60bps over 1year MLCR,Presently 9.35%
f)	HDFC Term Loan 4 for Jawaharpur Distillery	10.83	-	Fluctuating	60bps over 1year MLCR,Presently 9.35%
	Notional reduction in loan balances due to IND AS adjustments	(1.20)	(3.90)		
	Total	**355.94**	**397.65**		
B)	**From Others**				
	Sugar Development Fund Loans				
a)	Secured against Bank Guarantee	32.91	38.90	Fixed	4.75% to 5.75%
b)	Soft loan from UP Government (SEFASU 2018 Scheme)	150.07	-	Fixed	5% Simple Interest
	Notional reduction in loan balances due to IND AS adjustments	(19.04)	(6.00)		
	Total	**163.94**	**32.90**		
	G Total	**519.88**	**430.55**		

Nature of securities, Interest & repayment Terms.

A) Details of Loans taken from Banks:-

a.1) PNB Interest free loan (availed under "Scheme for Extending Financial Assistance to Sugar Undertaking 2014" of Govt of India) is secured by second charge on pari passu basis on entire fixed assets of the company's sugar units.

a.2) PNB soft loan for cane payment is secured by first pari passu charge on the current assets of the company alongwith woking capital lenders and subservient charge on movable & immovable fixed assets of the company at sugar factories Ramgarh, Jawaharpur and Nigohi location. Repayable in 20 quarterly structured installments starting from 20th Sept 2017.

b) HDFC Term loan 1, is secured by first pari passu charge on movable and immovable fixed assets of the sugar mills located at Ramgarh, Jawaharpur & Nigohi location repayable in 40 structured quarterly installments starting from March 2017.

c) HDFC Term loan 2, is secured by first pari passu charge through mortgage on movable and immovable fixed assets of the ethanol plant at Nigohi location, payable in 40 equal quarterly installments starting after two years moratorium.

Notes to Consolidated Financial Statements for the year ended March 31, 2019

13. Non current financial liabilities (contd.)

d) Axis Bank Term Loan is secured by first pari passu charge through mortgage on movable and immovable fixed assets of the Kolhapur location, payable in unequal quarterly installments starting 31st March 2018.

e) HDFC Bank Term Loan 3 for Nigohi distillery is secured by first pari passu charge through hypothecation on movable fixed asset of Ethanol Plant at Nigohi Plant payable in 40 equal quarterly installments starting from Dec'20.

f) HDFC Bank Term Loan 4 for Jawaharpur distillery is secured by first pari passu charge through hypothecation on movable fixed asset of Ethanol Plant at Jawaharpur Plant payable in 40 equal quarterly installments starting from Dec'20.

B) Details of Loans taken from entities other than banks:-

a) Sugar Development Fund (SDF) loans are secured by guarantees given by banks on behalf of the company and are repayable in unequal structured installments.

b) SEFASU 2018 term loan is secured by first pari passu charge on movable and immovable fixed assets of Ramgarh,Jawaharpur and Nigohi sugar units.

13 (ii). Others

(Rs. in crores)

	As at March 31, 2019	As at March 31, 2018
Carried at amortised cost:-		
Other liabilities	3.67	3.67
	3.67	**3.67**

14. Non current provisions

(Rs. in crores)

	As at March 31, 2019	As at March 31, 2018
Provision for employee benefits	22.81	16.75
	22.81	**16.75**

15. Deferred tax liabilities (Net)

A) Major components of deferred tax liabilities as on 31 March 2019 and movement during the year 2018-19.

(Rs. in crores)

	As at March 31, 2019	Deferred tax on subsidiaries sold during the year	Recognised in statement of profit & loss	Recognised in other comprehensive income	As at March 31, 2018
Property, plant & equipment including fair valuation of land	230.83		(2.60)	-	233.43
Others	9.68	0.07	3.03	-	6.58
Expenses allowed on payment basis	(10.03)		(1.40)	(0.63)	(8.00)
MAT Credit Entitlement	(133.70)		(26.44)	-	(107.26)
Net Deferred tax liability / (asset)	**96.78**	**0.07**	**(27.41)**	**(0.63)**	**124.75**

B) Major components of deferred tax liabilities as on 31 March 2018 and movement during the year 2017-18.

(Rs. in crores)

	As at March 31, 2018	Recognised in statement of profit & loss	Recognised in other comprehensive income	As at March 31, 2017
Property, plant & equipment including fair valuation of land	233.43	6.05	-	227.38
Others	6.58	3.27	-	3.31
Expenses allowed on payment basis	(8.00)	2.41	(1.19)	(9.22)
MAT Credit Entitlement	(107.26)	(29.68)	-	(77.58)
Net Deferred tax liability / (asset)	**124.75**	**(17.95)**	**(1.19)**	**143.89**

Notes to Consolidated Financial Statements for the year ended March 31, 2019

16. Other non current liabilities

(Rs. in crores)

	As at March 31, 2019	As at March 31, 2018
Government Grant	16.53	5.38
(Refer note no. 40 for movement during the year)	**16.53**	**5.38**

17. Current financial liabilities

(Rs. in crores)

	As at March 31, 2019	As at March 31, 2018
17 (i). Borrowings		
Secured		
loans from banks		
Working capital/short term loans	328.30	-
Cash credit limit	188.70	0.94
Unsecured		
Commercial Papers	-	344.23
	517.00	**345.17**

(i) Working capital Loan/short term loan and cash credit are secured by hypothecation of Inventories and trade receivables in favour of the participating banks ranking pari passu on inter-se-basis, repayable during next one year and carrying interest in the range of 8.5% to 12%.

(ii) Commercial Papers issued were repayable during next one year and carry interest in the range of 7.5% to 8.5%.

(Rs. in crores)

	As at March 31, 2019	As at March 31, 2018
17 (ii). Trade payables		
Trade Payables		
- Micro and small enterprises *	0.05	0.23
- Others	420.12	428.39
	420.17	**428.62**

* 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.

(refer note no. 35)

(Rs. in crores)

	As at March 31, 2019	As at March 31, 2018
17 (iii). Other financial liabilities		
Current maturities of long term borrowings	59.12	54.83
Interest accrued but not due on borrowings	6.42	4.10
Unclaimed dividend *	0.54	0.58
Others:-		
Accrued salaries & benefits	2.48	3.21
Security deposits received	1.16	3.72
Others	27.72	17.43
	97.44	**83.87**

* There are no amounts outstanding in respect of unpaid dividend for more than seven years to be transferred to Investor Education and Protection Fund.

Notes to Consolidated Financial Statements for the year ended March 31, 2019

18. Other current liabilities

(Rs. in crores)

	As at March 31, 2019	As at March 31, 2018
Advances from customers	1.30	4.79
Statutory dues	9.95	8.97
Government grant (Refer note no. 40(b) for movement during the year)	4.41	6.35
	15.66	**20.11**

19. Provisions (current)

(Rs. in crores)

	As at March 31, 2019	As at March 31, 2018
Provision for employee benefits	6.71	4.28
	6.71	**4.28**

20. Revenue from operations

(Rs. in crores)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Sales of products		
Sugar and allied products	1573.09	1909.57
Power	211.59	192.31
Distillery	214.72	126.41
Others	13.15	20.91
	2012.55	**2249.20**
Sales of services	2.49	2.41
Other Operating Revenue		
REC Sales	2.04	13.19
Others	1.43	10.08
	2018.51	**2274.88**

21. Other income

(Rs. in crores)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Dividend income from non current investment	0.56	0.42
Interest Income from bank deposits and others	3.87	2.39
Profit on sale of investments	5.69	1.76
Profit on changes in Fair valuation of investments	6.29	6.01
Profit on sale of fixed assets	0.14	0.05
Gain on foreign exchange fluctuation	5.67	0.12
Government Grant (refer note no. 40)	15.86	6.52
Production Subsidy by Central Government (refer note no. 40)	13.45	-
Cane Incentive by State Government (refer note no. 40)	13.17	-
Miscellaneous receipts	9.98	8.00
	74.68	**25.27**

22. Cost of raw materials consumed

(Rs. in crores)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Sugar Cane & Molasses*	1705.21	1468.74
Raw Magnesite	1.79	5.13
Others	29.23	15.45
	1736.24	**1489.32**

* includes cane and other incidental expenses payable as per statue.

Notes to Consolidated Financial Statements for the year ended March 31, 2019

23. Changes in inventories of finished goods, work in progress

(Rs. in crores)

	For the year ended March 31, 2019		For the year ended March 31, 2018	
(Refer Note No. 3(j))				
Finished goods				
- Closing stock	1035.93		705.24	
- Opening stock	705.24		981.59	
		(330.69)		276.35
Work-in-process				
- Closing stock	11.23		13.90	
- Opening stock	13.90		10.73	
		2.67		(3.17)
		(328.02)		273.18
Less:- Excise duty on account of change in stock of finished goods		-		57.85
		(328.02)		**215.33**

24. Employee benefits expense

(Rs. in crores)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries, wages, bonus and other payments	105.28	96.33
Contribution to provident fund and other funds	9.91	8.80
Workmen and staff welfare expenses	3.47	3.56
	118.66	**108.69**

25. Finance Costs

(Rs. in crores)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest		
- On term loans, WCDL & commercial papers	63.69	62.38
- On other borrowing from banks	3.79	3.25
- Others	0.24	0.26
Other borrowing costs	1.82	3.61
	69.54	**69.50**
Less: Interest cost capitalised	0.93	0.02
	68.61	**69.48**

26. Depreciation and amortization expenses

(Rs. in crores)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Depreciation on tangible assets	50.32	52.62
Amortization of intangible assets	1.23	1.18
	51.55	**53.80**

27. Other Expenses

(Rs. in crores)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Power and Fuel	53.42	54.90
Packing Materials	19.24	14.54
Consumption of Stores and Spares Parts	20.96	15.91
Repairs and Maintenance :		

Notes to Consolidated Financial Statements for the year ended March 31, 2019

27. Other Expenses (contd.)

(Rs. in crores)

	For the year ended March 31, 2019	For the year ended March 31, 2018
- Plant & Machinery	35.01	34.41
- Buildings	1.71	2.67
- Others	1.14	1.27
Rent	1.03	0.57
Rates and Taxes	3.20	2.67
Insurance	0.86	1.06
Travelling	1.46	1.47
Advertisement and Publicity	0.13	0.22
Freight and Forwarding Charges (net of recoveries)	20.83	7.86
Management Service Charges	17.36	21.35
Selling Expenses	4.25	0.44
Export facilitation charges	6.18	
Commission paid to Other Selling Agents	2.67	2.19
Rebates, Discount and Allowances	0.18	0.65
Director's Sitting Fees	0.22	0.22
Charity and Donation	0.50	0.17
Assets written off / Loss on sale of Fixed Assets	-	0.07
Bad Debts written Off	0.02	0.02
Provision for Doubtful Debts	-	1.35
CSR Expenses (refer note no. 46 (e))	2.92	1.98
Miscellaneous Expenses	32.78	30.94
	226.07	**196.93**
Less: Expenses Capitalised	0.14	0.09
	225.93	**196.84**

28. Tax expense

(Rs. in crores)

	For the year ended March 31, 2019	For the year ended March 31, 2018
(i) The major components of income tax expense for the financial year 2018-19 & 2017-18 are as follows:-		
Statement of profit and loss:		
Current income tax	43.83	31.84
Deferred tax on timming differences	(0.97)	11.72
Mat credit entitlement	(26.44)	(29.68)
Total	**16.42**	**13.88**
Other comprehensive income:		
Re-measurement (gains)/losses on defined benefit plans	(0.63)	(1.19)
Income tax relating to items recognised in OCI during the year	**(0.63)**	**(1.19)**
(ii) Reconciliation of deffered tax and accounting profit multiplied by India's domestic tax rate for the year:-		
Accounting profits before tax	191.57	136.18
Applicable tax rate	34.944%	34.608%
Computed tax expense	**66.94**	**47.13**
Impact of difference in tax rate	(0.78)	2.23
Tax impact on additions of permanent nature	4.98	0.84
Impact of 80IA deduction for tax holiday period	(56.90)	(31.87)
Differential tax on REC income chargeable at lower/nil rates	(0.71)	(3.05)
Others	2.89	(1.40)
	16.42	**13.88**

Notes to Consolidated Financial Statements for the year ended March 31, 2019

29. Other Comprehensive Income

(Rs. in crores)

		For the year ended March 31, 2019	For the year ended March 31, 2018
(A)	(i) Items that will not be reclassified to profit/(loss)	(150.33)	139.12
	(ii) Income tax relating to items that will not be reclassified to profit/(loss)	1.18	1.19
(B)	(i) Items that will be reclassified to profit/(loss)		
	Fair value changes on derivatives designated as cash flow hedge	1.57	-
	(ii) Income tax relating to items that will be reclassified to profit/(loss)	(0.55)	-
		(148.13)	**140.31**

30. Earning Per Share

(Rs. in crores)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Net profit/(loss) attributable to equity shareholders ((Rs. in crores)s)	**175.15**	122.30
Number of equity shares outstanding during the year (weighted average)	**80939303**	80939303
Face value of equity shares (Rs. per share)	**2.00**	2.00
Earning per share (Amount in Rs.)		
Basic	**21.64**	15.11
Diluted	**21.64**	15.11

31. The Group Comprises of the following entities:

The subsidaries,associates and joint ventures considered in the Consolidated Financial Statements are:

Name of the Company	Country of incorporation	Percentage of Ownership held as at March 31,2019	Percentage of Ownership held as at March 31,2018
Subsidiary companies:-			
Himshikhar Investment Limited(HIL)	India	100%	100%
Dalmia Solar Power Limited (DSPL)	India	NIL	100%
Dalmia Sugar Ventures Limited (DSVL)	India	NIL	100%

32. Contingent Liabilities (not provided for) in respect of:

(Rs. in crores)

S.N.	Particulars	As at March 31, 2019	As at March 31, 2018
a)	Claims against the company not acknowledged as debts*	**84.61**	80.69
b)	Demand raised by custom, excise, entry tax, service tax and sales tax authorities under dispute	**3.55**	5.61
c)	Guarantee issued by the company's banker on behalf of the company#	**51.55**	49.91

* Includes demand of Rs. 79.88 cr raised by Dist. Collector Salem in respect of mines, against which the company has filed a writ petition and the Hon'ble High Court has stayed the recovery of demand and the writ is pending for final disposal.

#Excludes bank guarantees issued by banks on behalf of the company against financial liabilities recognised in the books of account.

i) The Company assesses it's obligation arising in the normal course of business including pending litigations, proceedings with tax authorities and other contracts including derivative & long-term contracts. A provision for material foreseeable losses is recognised in accordance with the applicable accounting standards. Disclosure of contingent liabilities is made as applicable.

ii) Based on favourable decisions in similar cases, legal opinion taken by the company, discussions with the solicitors etc, the company believes that there is a fair chance of favourable decisions in respect of the items listed above and hence no provision is considered necessary against the same.

Notes to Consolidated Financial Statements for the year ended March 31, 2019

33. Capital and other commitments:

(Rs. in crores)

S.N.	Particulars	As at March 31, 2019	As at March 31, 2018
a)	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**4.98**	10.58
b)	Other Commitments	-	-

34. Remuneration paid to Auditors (included in Miscellaneous Expenses):

(Rs. in crores)

S.N.	Particulars	2018-19	2017-18
	Statutory Auditor		
i	Audit Fee	**0.10**	0.11
ii	For tax audit and other services	**0.05**	0.04
iii	For reimbursement of expenses	**0.05**	0.07

35. Details of Dues to Micro and Small Enterprises as per MSMED Act, 2006 to the extent of information available with the Company

(Rs. in crores)

S.N.	Particulars	As at March 31, 2019	As at March 31, 2018
a)	Principal amount and Interest due thereon remaining unpaid to any supplier as at end of each accounting year	**0.05**	0.23
b)	Interest paid by the Company in terms of Section 16 of the MSMED Act along with the amounts of the payment made to the supplier beyond the appointed day during the accounting year.	-	-
c)	The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
d)	The amount of interest accrued and remaining unpaid	-	-
e)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of this Act.	-	-
	Total	**0.05**	**0.23**

36. Details of Opening and Closing Inventory of Finished Goods:

(Rs. in crores)

S.N.	Class of Product	2018-19	2017-18
a)	**Opening stock**		
	Refractory products	**14.19**	20.76
	Sugar	**657.18**	896.77
	Multilayer Ceramic Chip Capacitors	**0.02**	0.03
	Power-Banked	**0.58**	0.60
	Industrial Alcohol	**14.03**	16.47
	Others	**19.24**	46.96
	Total	**705.24**	981.59
b)	**Closing stock**		
	Refractory products	**18.17**	14.19
	Sugar	**981.26**	657.18
	Multilayer Ceramic Chip Capacitors	**0.02**	0.02
	Power-Banked	**0.31**	0.58
	Industrial Alcohol	**9.64**	14.03
	Others	**26.53**	19.24
	Total	**1,035.93**	705.24

Notes to Consolidated Financial Statements for the year ended March 31, 2019

37. Disclosure as required by Ind AS 108, Operating Segments

(i) Identification of Segments

The chief operational decision maker monitors the operating results of its business segments seperately for the purpose of making decision about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. Operating segments have been identified on the nature of products and services and have been identified as per the quantitative criteria specified in the Ind AS.

(ii) Operating segments identified as follows:

a) The "Own Manufactured Sugar Segment" includes manufacture and marketing of Sugar.

b) The "Power Segment" includes generation and sale of Power. Power is also used for captive consumption by the Company.

c) The "Distillery Segment" includes Production and sale of Ethanol and ENA.

d) The 'Others' segment' includes Magnesite, Travel, and Electronics activities of the Company.

The company caters mainly to the needs of the domestic market. The export turnover is not significant in the context of total turnover. As such there are no reportable Geographical Segments. There is no major reliance on a few customers or suppliers.

(iii) Segment revenue and results

The expense or incomes which are not directly attributable to any business segment are shown as unallocable expenditure (net of unallocable income)

(iv) Segment assets and liabilities

Segment assets include all operating assets used by the operating segments and mainly consists of property plant and equipment, trade receivables, cash and cash equivalents and inventories. Segment liabilities primarily include trade payables and other liabilities. Common assets and liabilities which cannot be allocated to any other segments are shown as part of unallocable assets/liabilities.

(v) Segment revenue and segment profit

(Rs. in crores)

Particulars	Sugar	Power	Distillery	Other	Total
Revenue					
Gross Revenue	**1,743.70**	**409.22**	**216.23**	**17.02**	**2,386.17**
	(2,054.57)	(362.60)	(127.32)	(33.40)	(2,577.89)
Inter Segment sale	**170.57**	**195.58**	**1.51**	**-**	**367.66**
	(145.00)	(157.10)	(0.91)	-	(303.01)
Total Revenue from operation*	**1,573.13**	**213.64**	**214.72**	**17.02**	**2,018.51**
	(1,909.57)	(205.50)	(126.41)	(33.40)	(2,274.88)
Other Income					**74.68**
					(25.27)
Total Revenue					**2,093.19**
					(2,300.15)
Results	**(13.66)**	**168.28**	**117.33**	**(11.77)**	**260.18**
	(13.69)	(150.98)	(34.67)	(6.32)	(205.66)
Finance Cost					**68.61**
					(69.48)
Profit Before Tax					**191.57**
					(136.18)
Tax Expense					**16.42**
					(13.88)
Profit After Tax					**175.15**
					(122.30)

* Includes other operating Income.

Revenue in respect of captive power produced from cogeneration plant has been arrived at based on the rates at which the same is being supplied to State electricity board.from power

Notes to Consolidated Financial Statements for the year ended March 31, 2019

37. Disclosure as required by Ind AS 108, Operating Segments (contd.)

(vi) Segment Assets & Liabilities

(Rs. in crores)

Particulars	Sugar	Power	Distillery	Other	Total
Segment Assets					
As at 31st March 2019	**1,748.18**	**428.77**	**183.24**	**412.24**	**2,772.43**
As at 31st March 2018	(1,381.63)	(356.30)	(111.23)	(418.86)	(2,268.02)
Unallocable Asset					
As at 31st March 2019					**416.79**
As at 31st March 2018					(644.86)
Total Asset					
As at 31st March 2019					**3,189.22**
As at 31st March 2018					(2,912.88)
Segment Liability					
As at 31st March 2019	**1,185.80**	**12.85**	**83.60**	**14.98**	**1,297.23**
As at 31st March 2018	(875.54)	(14.38)	(31.38)	(4.80)	(926.10)
Unallocable Liability					
As at 31st March 2019					**360.29**
As at 31st March 2018					(482.22)
Total Liability					
As at 31st March 2019					**1,657.52**
As at 31st March 2018					(1,408.32)

(vii) Other Information

(Rs. in crores)

Particulars	Sugar	Power	Distillery	Other	Total
Depreciation / Amortisation	**26.96**	**19.27**	**4.18**	**1.14**	**51.55**
	(28.89)	(19.91)	(3.99)	(1.01)	(53.80)
Capital expenditure	**21.69**	**31.42**	**48.63**	**1.58**	**103.32**
	(61.30)	(5.46)	(0.32)	(0.88)	(67.96)

(viii) Geographical Location

The geographical segments have been considered for disclosure as the secondary segment, under which the domestic segment includes sales to customers located in India and overseas segment includes sales to customer located outside India.

(Rs. in crores)

Particulars	As at March 31, 2019	As at March 31, 2018
Revenue from operation		
Domestic	1,867.17	2,274.88
Overseas	151.34	
Total	**2,018.51**	**2,274.88**

Note: There are no non-current assets located outside India.

(ix) Significant clients

There is no single customer who has contributed 10% or more to the company's revenue for both the years ended March 31, 2019 and March 31, 2018.

Notes:-

a) The accounting policies of the reportable segments are the same as the Company's accounting policies described in note no. 2 & 3.

b) All assets are allocated to reportable segments other than investments, loans, certain financial assets and current and deferred tax assets. Segment assets include all assets directly attributable to the segments and portion of the enterprise assets that can be allocated on a reasonable basis to the segments.

c) All liabilities are allocated to reportable segments other than borrowings, certain financial liabilities, current and deferred tax liabilities. Segment liabilities include all liabilities directly attributable to the segments and portion of the enterprise liabilities that can be allocated on a reasonable basis to the segments.

Notes to Consolidated Financial Statements for the year ended March 31, 2019

38. Employee Benefits - Gratuity & Post employement benefits

Gratuity

Gratuity is computed as 15 days salary, for every recognized retirement / termination / resignation. The Gratuity plan for the company is a defined benefit scheme where annual contributions as per actuarial valuation are charged to the Statement of profit and loss.

For summarizing the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the respective plans, the details are as under

A. Statement of profit and loss

Net employee benefit expense

(Rs. in crores)

Particulars	2018-19 Gratuity	2017-18 Gratuity
Current Service cost	**2.42**	2.18
Net Interest cost	**0.93**	0.45
Expenses Recognized in the statement of Profit & Loss	**3.35**	2.63

Amounts to be recognized in Other Comprehensive Income

(Rs. in crores)

Particulars	2018-19 Gratuity	2017-18 Gratuity
Actuarial (gain)/loss on assets	**0.43**	
Actuarial (gain)/loss on liabilities	**2.93**	3.45
Net (gain)/loss to be recognized in Other Comprehensive Income	**3.36**	3.45

B. Balance Sheet

(i) Details of Plan assets/ (liabilities) for gratuity

(Rs. in crores)

Particulars	2018-19 Gratuity	2017-18 Gratuity
Defined benefit obligation	**36.16**	29.43
Fair value of plan assets	**18.07**	17.66
Net Asset/(Liability) recognized in the Balance Sheet	**-18.09**	-11.77

(ii) Changes in the present value of the defined benefit obligation are as follows:

(Rs. in crores)

Particulars	2018-19 Gratuity	2017-18 Gratuity
Opening defined benefit obligation	**29.43**	23.02
Interest cost	**2.32**	1.73
Current service cost	**2.43**	2.18
Benefit paid	**-1.43**	-0.95
Actuarial (gains)/losses on obligation	**2.93**	3.45
Closing defined benefit obligation	**36.16**	29.43

(iii) Changes in the fair value of plan assets (gratuity) are as follows:

(Rs. in crores)

Particulars	2018-19	2017-18
Opening fair value of plan assets	**17.66**	16.98
Actual return on Plan Assets	**0.96**	1.27
Contribution during the year	**0.89**	0.35
Benefit paid	**-1.43**	-0.93
Closing fair value of plan assets	**18.07**	17.66

Notes to Consolidated Financial Statements for the year ended March 31, 2019

38. Employee Benefits - Gratuity & Post employement benefits (contd.)

(iv) The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

(Rs. in crores)

Particulars	2018-19 %	2017-18 %
Discount rate (%)	7.25%	7.90%
Expected salary increase (%)	7.00%	7.00%
Demographic Assumptions	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Retirement Age (year)	58Years	58Years

The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The above information is certified by Actuary.

(v) Contribution to defined contribution plans:

(Rs. in crores)

Particulars	2018-19	2017-18
Pension Fund/Superannuation funds/ESI/EPF	**6.56**	4.47

(vi) Sensitivity analysis of the defined benefit obligation:

(Rs. in crores)

Assumption	Discount rate			
Sensitivity Level	1% Decrease		1% Increase	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Impact on defined benefit obligation	**38.70**	31.59	**33.92**	27.52
Impact on defined benefit obligation (change in %)	**7.00%**	7.30%	**-6.20%**	-6.50%

(Rs. in crores)

Assumption	Future salary increases			
Sensitivity Level	1% Decrease		1% Increase	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Impact on defined benefit obligation	**33.89**	27.48	**38.68**	31.59
Impact on defined benefit obligation (change in %)	**-6.30%**	-6.60%	**7.00%**	7.30%

Sensitivities due to mortality & withdrawals are insignificant & hence ignored.

38. Related party transaction

a) List of related parties (as certified by the management)

i. Key Management Personnel of the Company

Shri Jai Hari Dalmia– Vice-Chairman, Shri Gautam Dalmia - Managing Director, Ms. Isha Kalra - Company Secretary (Till 11/10/2018), Ms. Sneha Sharma - Company Secretary (w.e.f 13/11/2018) & Shri Anil Kataria- Chief Financial Officer

Shri J. S. Baijal , Shri M. Raghupathy and Shri P. Kannan (Independent directors)

Shri T. Venkateshan, Shri B. B. Mehta and Ms. Himmi Gupta (No-executive directors)

ii. Enterprises having Shareholder/ Key Managerial Personnel in common with the Company (including its subsidiaries)

Dalmia Bharat Limited/(Odisha Cement limited), Dalmia Cement (Bharat) Limited, Dalmia Refractories Limited,Adhunik Cement Limited, Calcom Cement India Limited, DCB Power Ventures Limited, OCL India Limited, Dalmia Cement East Ltd , Dalmia Bharat Foundation & Dalmia Institute of Scientific & Industrial Research.

Note: Adhunik Cement Limited, OCL India Limited and Dalmia Cement East Ltd have been merged with Dalmia Cement (Bharat) Limited wef 16/5/18, 26/10/18 and 26/10/18 respectively.

Notes to Consolidated Financial Statements for the year ended March 31, 2019

39. Related party transaction (contd.)

b) The following transactions were carried out with related parties in the ordinary course of business:

(Rs. in crores)

Nature of transaction	Key management personnel	Key management personnel controlled enterprise	Total
A. Sale of goods and services			
a) Dalmia Cement (Bharat) Limited		**6.33**	**6.33**
		(4.38)	(4.38)
b) OCL India Limited		**0.35**	**0.35**
		(0.31)	(0.31)
c) Dalmia Bharat Limited/(Odisha Cement Limited)		**2.21**	**2.21**
		(2.44)	(2.44)
d) Adhunik Cement Limited		**0.37**	**0.37**
		(0.28)	(0.28)
e) Dalmia Refractories Limited		**1.23**	**1.23**
		(0.53)	(0.53)
f) Calcom Cement India Limited		**0.29**	**0.29**
		(0.04)	(0.04)
g) Dalmia Cement East Limited		**0.45**	**0.45**
		(0.21)	(0.21)
h) Dalmia Institute of Scientific & Industrial Research		**0.01**	**0.01**
		(0.01)	(0.01)
B. Reimbursement of expenses – receivable			
a) Dalmia Bharat Limited/(Odisha Cement Limited)		-	-
		(0.08)	(0.08)
C. Reimbursement of expenses – payable			
a) Dalmia Bharat Limited/(Odisha Cement Limited)		**0.08**	**0.08**
		(0.08)	(0.08)
b) Dalmia Institute of Scientific & Industrial Research		**0.12**	**0.12**
		(0.12)	(0.12)
c) Dalmia Bharat Foundation		**2.87**	**2.87**
(For CSR Expenditure)		(1.40)	(1.40)
D. Purchase of goods and services			-
a) Dalmia Bharat Limited/(Odisha Cement Limited)		**16.76**	**16.76**
		(21.31)	(21.31)
b) Dalmia Cement (Bharat) Limited		**1.11**	**1.11**
		(0.49)	(0.49)
c) Dalmia Refractories Limited		**0.06**	**0.06**
		(0.15)	(0.15)
d) Adhunik Cement Limited		-	-
		(0.85)	(0.85)
E. Salary and Perquisites			
a) Shri J.H. Dalmia	**1.40**		**1.40**
	(1.80)		(1.80)
b) Shri Gautam Dalmia	**5.84**		**5.84**
	(4.48)		(4.48)
c) Shri Anil Kataria	**0.82**		**0.82**
	(0.79)		(0.79)
d) Ms. Isha Kalra	**0.06**		**0.06**
	(0.09)		(0.09)
e) Ms. Sneha Sharma *	**0.02**		**0.02**
	-		-
F. Dividend Received			
a) Dalmia Bharat Limited/(Odisha Cement Limited)		**0.54**	**0.54**
		(0.35)	(0.35)
G. Dividend paid			
a) Dalmia Bharat Limited/(Odisha Cement Limited)		-	-
		(2.97)	(2.97)

Notes to Consolidated Financial Statements for the year ended March 31, 2019

39. Related party transaction (contd.)

(Rs. in crores)

Nature of transaction	Key management personnel	Key management personnel controlled enterprise	Total
H. Sitting fees to directors			
a) Shri J.S. Baijal		**0.06**	**0.06**
		(0.06)	(0.06)
b) Shri M. Raghupathy		**0.05**	**0.05**
		(0.05)	(0.05)
c) Shri P. Kannan		**0.05**	**0.05**
		(0.05)	(0.05)
d) Shri T. Venkatesan		**0.02**	**0.02**
		(0.02)	(0.02)
e) Shri B.B. Mehta		**0.03**	**0.03**
		(0.03)	(0.03)
f) Ms. Himmi Gupta		**0.02**	**0.02**
		(0.02)	(0.02)
I. Commission to independent directors			
a) Shri J.S. Baijal		**0.20**	**0.20**
		(0.14)	(0.14)
b) Shri M. Raghupathy		**0.20**	**0.20**
		(0.14)	(0.14)
c) Shri P. Kannan		**0.13**	**0.13**
		(0.12)	(0.12)
J. Other consultancy charges			
a) Shri M. Raghupathy		-	-
		(0.02)	(0.02)
K. Acquisition liability on account of gratuity and leave encashment actuarial valuation			
a) Dalmia Bharat Limited/(Odisha Cement Limited)		**0.65**	**0.65**
		-	-

* Amount is for part of the year

Notes:-

i) Above transactions are exclusive of recoverable taxes, whereever applicable.

ii) Remuneration is excluding provision of gratuity and leave encashment, where the actuarial valuation is done on overall company basis.

c) Balances Outstanding at Year End:

(Rs. in crores)

Nature of transaction	Key management personnel	Key management personnel controlled enterprise	Total
A. Amounts payable			
a) Dalmia Bharat Limited/(Odisha Cement Limited)		**3.24**	**3.24**
		(1.86)	(1.86)
b)Dalmia Cement (Bharat) Limited		**0.30**	**0.30**
		(0.01)	(0.01)
c) Dalmia Institute of Scientific & Industrial Research		**0.03**	**0.03**
		(0.03)	(0.03)
B. Amounts Receivable			
a) Dalmia Bharat Limited/(Odisha Cement Limited)		**0.02**	**0.02**
		(0.11)	(0.11)
b) Dalmia Cement (Bharat) Limited		**0.13**	**0.13**
		(0.08)	(0.08)
c) Dalmia Refractories Limited		**0.06**	**0.06**
		(0.06)	(0.06)
d) Adhunik Cement Limited		-	-
		(0.01)	(0.01)

Notes to Consolidated Financial Statements for the year ended March 31, 2019

39. Related party transaction (contd.)

(Rs. in crores)

Nature of transaction	Key management personnel	Key management personnel controlled enterprise	Total
e) Dalmia Cement East Limited		**0.00**	**0.00**
		(0.01)	(0.01)
f) Calcom Cement India Limited		**0.03**	**0.03**
		-	-

40. Government Grant

a) Government grants recognised in the financial statements

The Company is eligible to receive various government grants by way of reimbursement of cane price, production subsidy, buffer stock subsidy and interest subvention on certain term loans. Accordingly, the Company has recognised these government grants in the following manner:-

(Rs. in crores)

Particulars	Treatment in accounts	2018-19	2017-18
Revenue related government grant			
Production subsidy	Shown as a part of other Income	**13.45**	-
Production subsidy	Shown as reduction from Cane price	**4.92**	-
UP State cane incentive	Shown as a part of other Income	**13.17**	-
UP State cane incentive	Shown as reduction from Cane price	**5.16**	-
Buffer stock subsidy - Interest on loan	Shown under Government Grant under Other Income	**7.00**	-
Buffer stock subsidy - Reimbursement of storage expenses	Shown under Government Grant under Other Income	**1.28**	-
Deffered government grant			
Deferred income relating to interest on term loans	Shown under Government Grant under Other Income	**7.58**	6.52

b) Movement of deferred government grants is provided here below:

(Rs. in crores)

Particulars	As at March 31, 2019	As at March 31, 2018
Opening balance	**11.72**	18.24
Add: Increase during the year	**16.80**	-
Less: Released to the Statement of Profit & Loss	**7.58**	6.52
Closing balance	**20.94**	11.72
Current	**4.41**	6.35
Non-current	**16.53**	5.37

41. Leases

(i) Operating lease arrangements

Office premises are taken on operating lease. There is no escalation clause in the lease agreement.

Payments recognised as expense

(Rs. in crores)

Particulars	2018-19	2017-18
Minimum lease payment	**1.03**	0.57

42. Disclosures as required by Indian Accounting Standard (Ind AS) 37:- Provisions, Contingent liabilities and Contingent assets :

There are no present obligations requiring provisions in accordance with the guiding principles as enunciated in Ind As 'Provisions, Contingent Liabilities & Contingent Assets.

Notes to Consolidated Financial Statements for the year ended March 31, 2019

43. Pre operative expenditure included in capital work in progress

The Company had incurred some expenditure related to acquisition/construction of fixed assets and therefore accounted for the same under Capital work in progress. Details of the expenses capitalised and carried forward as capital work in progress are given below:

(Rs. in crores)

Particulars	2018-19	2017-18
Carried forward as part of Capital Work in Progress (A)	**0.06**	0.39
Expenditure incurred during the year		
Finance Cost	**0.93**	
Consultancy Charges	**0.02**	0.03
Miscellaneous Expenses	**0.12**	0.06
Total Expenditure incurred during the year (B)	**1.07**	0.09
Total Pre-operative Expenditure (A + B)	**1.13**	0.49
Less : Capitalised as Property, plant and equipment	**1.10**	0.43
Carried forward as part of Capital Work in Progress	**0.03**	0.06

44.Financial Risk Management

Financial risk management objectives and policies:

Sugar industry being an industry which is cyclical in nature, the company's operational activities are exposed to various financial & operational risks, such as economical & political risk, market risk, credit risk and risk of liquidity. The Company realizes that risks are inherent and integral aspect of any business. The primary focus is to foresee the unpredictability of markets and seek to minimize potential adverse effects on its financial performance. The Company's senior management oversees the management of these risks and devise approrpiate risk management framework for the Company. The senior management provides assurance that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the company's policies and risk objectives.

A. Market Risk:-

The Company operates internationally and is transacted in foreign currencies and consequently the Company is exposed to foreign exchange risk through its sales in overseas. The Company holds derivative financial instruments such as foreign exchange forward to mitigate the risk of changes in exchange rates on foreign currency exposures.

The details in respect of outstanding foreign currency forward contracts are as follows :

Particulars	Amount (USD in Crores)	(Rs. In crores)	Amount (USD in Crores)	(Rs. In crores)
	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018	As at March 31, 2018
Forward Contracts	0.59	42.63	-	-

The foreign exchange forward contracts mature within twelve months. The table below analyzes the derivative financial instruments into relevant maturity groupings based on the remaining period as at the balance sheet date:

Particulars	Amount (USD in Crores)	(Rs. In crores)	Amount (USD in Crores)	(Rs. In crores)
	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018	As at March 31, 2018
Not Later than one months	0.14	9.86	-	-
Later than one month and not later than three months	0.18	13.11	-	-
Later than three months and not later than One year	0.27	19.66	-	-

During the year ended March 31, 2019, the Company has designated certain foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions. The related hedge transactions for balance in other comprehensive income - cash flow hedge as at March 31, 2019 are expected to occur and reclassified to statement of profit and loss within 4 months.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument, including whether the hedging instrument is expected to offset changes in cash flows of hedged items.

Notes to Consolidated Financial Statements for the year ended March 31, 2019

44. Financial Risk Management (contd.)

If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in the Statement of Profit or Loss at the time of the hedge relationship rebalancing.

The following table provides the reconciliation of Other comprehensive income - cash flow hedge for the year ended:-

(Rs. in crores)

Particulars	As at March 31, 2019	As at March 31, 2018
Gain / (Loss)		
Balance at the beginning of the year	-	-
Gain / (Loss) recognized in other comprehensive income during the period	1.57	-
Tax impact on above	(0.55)	-
Balance at the end of the year	**1.02**	-

The Company offsets a financial asset and a financial liability when it currently has a legally enforceable right to set off the recognized amounts and the Company intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

B. Credit Risk:-

Credit risk arises when a counterparty defaults on its contractual obligations to pay, resulting in financial loss to the Company. The Company is exposed to credit risks from its operating activities, primarily trade receivables. Since there is a blend of instituitional & non instituitional buyers with the company and also considering the fact that major sales gets effected after receipt of advance from the customers, the credit risks in respect of trade receivables is minimized.

Table hereunder provides the data with regard to trade receivables and it's ageing.

(Rs. in crores)

Trade receivables	More than 6 Months	Less than 6 Months	Total
As at March 31, 2019	34.70	168.87	203.57
As at March 31, 2018	2.45	73.58	76.03

C. Liquidity risk:

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash credit facilities, short term loans and commercial papers and to reduce debts to be able to meet the cyclicalities of the sugar business. Apart from cyclical sugar business, the Company has alternate revenue streams in the form of cogeneration and distillery, which, to a large extent, offset the impact of sugar cyclicalities.

Table hereunder provides the current ratios of the Company as at the year end

(Rs. in crores)

Particulars	As at March 31, 2019	As at March 31, 2018
Total current assets	1,608.90	1,268.76
Total current liabilities	1,056.98	882.05
Current ratio	**1.52**	**1.44**

In view of seasonal nature of sugar business, which is a dominant business of the Company, there is a peak build-up of sugar inventories at the year end, resulting in peak working capital requirement. With the liquidation of such inventories over the year, the working capital requirement is gradually reduced. Thus, the current ratio computed at the year end is not a reflection of average and realistic ratio for the year.

Notes to Consolidated Financial Statements for the year ended March 31, 2019

44.Financial Risk Management (contd.)

The table below summarises the maturity profile of the Company's financial liabilities :

(Rs. in crores)

Particulars		Less than 1 year	1 to 5 years	> 5 years	Total
I	**As at 31st March, 2019**				
(i)	Borrowings*	517.00	292.02	168.73	977.75
(ii)	Other Financial Liability #	101.11			101.11
(iii)	Trade and other payble	420.17			420.17
II	**As at 31st March, 2018**				
(i)	Borrowings*	345.17	179.22	196.50	720.89
(ii)	Other Financial Liability #	87.54			87.54
(iii)	Trade and other payble	428.62			428.62

* Includes short term borrowings & Long term borrowings payable after 1 year.

includes current maturities of long term debts.

D. Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In order to optimize the company's position with regard to interest income and interest expenses to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

Table hereunder provides the sensitivity of interest rate changes:-

(Rs. in crores)

Particulars	As at March 31, 2019	As at March 31, 2017
Total long term borrowing on fluctuation rates	357.14	375.49
Increase in profit before tax with each 1% reduction in interest rates	3.57	3.75
Decrease in profit before tax with each 1% increase in interest rates	(3.57)	(3.75)

45.This This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the Indian accounting standard.

Financial assets and liabilities measured at fair value - recurring fair value measurements

(Rs. in crores)

Sl. No	Particulars	Fair value hierarchy	As at March 31, 2019		As at March 31, 2018	
			Carrying Amount	Fair Value	Carrying Amount	Fair Value
1	**Financial assets designated at fair value through profit and loss**					
(i)	In Debt based mutual funds	Level 1	90.00	90.00	151.37	151.37
2	**Financial assets designated at fair value through other comprehensive income**					
(i)	Investment In Listed Equity shares	Level 1	319.89	319.89	466.88	466.88
3	**Financial assets designated at amortised cost**					
(i)	Investment in Bonds	Carried at amortised cost.	7.37	7.37	7.37	7.37
(ii)	Other Bank Balances	Level 2	0.54	0.54	0.58	0.58
(iii)	Cash & Cash Equivalents	Level 2	28.03	28.03	58.98	58.98
(iv)	Trade receivables	Carried at amortised cost.	203.57	203.57	76.03	76.03
(v)	Loans and other receivable (Non- Current)		28.03	28.03	30.09	30.09
(vi)	Loans and other receivable (Current)		29.13	29.13	28.19	28.19
4	**Assets measured at cost less impairment where recoverable amount is fair value less cost of disposal**					
	Ninaidevi Unit (Refer Note no. 48)	Level 2	18.86	18.86	-	-

Notes to Consolidated Financial Statements for the year ended March 31, 2019

45. (contd.)

(Rs. in crores)

Sl. No	Particulars	Fair value hierarchy	As at March 31, 2019		As at March 31, 2018	
			Carrying Amount	Fair Value	Carrying Amount	Fair Value
1	**Financial liability designated at amortised cost**					
	Borrowings - Non Current	Carried at amortised cost.	460.75	460.75	375.72	375.72
	Other financial liability - Non Current		3.67	3.67	3.67	3.67
	Borrowings - Current		517.00	517.00	345.17	345.17
	Other financial liability - Current		97.44	97.44	83.87	83.87
	Trade payables		420.17	420.17	428.62	428.62
	Total		**1,499.03**	**1,499.03**	**1,237.05**	**1,237.05**

A - Company has fair valued its debt based mutual fund investment through profit & loss.

B - Company has opted to fair value its quoted investments in equity share through OCI.

C - As per Para D-15 of Appendix D of Ind AS 101, the first time adopter may chose to measure its investment in subsidiaries, JVs and Associates at cost or at fair value. Company has opted to value its investments in subsidiaries, JVs and Associates at cost.

D - Company has adopted effective rate of interest for calculating Interest. This has been calculated as the weighted average of effective interest rates calculated for each loan. In addition processing fees and transaction cost relating to each loan has also been considered for calculating effective interest rate.

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

46. Discosure Required by Companies Act 2013

(a) Particulars of Loans given (under Section 186 (4) of the Companies Act 2013) : NIL

(b) Particulars of Guarantee given: NIL

(c) Particulars of Investments made:

(Rs. in crores)

S.N.	Name of the Loanee	Opening Balance	Investment made	Investment sold	Closing Balance	Purpose
1	Dalmia Bharat Limited/Odisha Cement Limited*	9.90	-	-	9.90	Long term Investment

* excluding fair valuation impact.

(d) Particulars of Security Deposit : NIL

(e) Expenditure incurred on Corporate Social Responsibilities

Details of expenditure on Corporate Social Responsibility Activities as per Section 135 of Companies Act , 2013 read with schedule III are as below

(i) Detail of CSR Expenditure

(Rs. in crores)

Particulars	2018-19	2017-18
a) Gross amount required to be spent by the company during the year	**2.87**	1.89
b) Amount spent during the year		
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above	**2.92**	1.98
Total	**2.92**	1.98

Notes to Consolidated Financial Statements for the year ended March 31, 2019

46. Discosure Required by Companies Act 2013 (contd.)

(ii) Various heads under which CSR Expenditure is incurred

(Rs. in crores)

Description	Relevent Clause of SCH VII of Companies Act 2013	2018-19	2017-18
Expenditure done through Dalmia Bharat Foundation			
Social Development	Clause No. I & X	**0.92**	0.40
Skill Training & Livelihood	Clause No. II & III	**1.31**	0.26
Soil, Water & Energy Conservation	Clause No. IV	**0.39**	0.61
Programme Execution		**0.25**	0.13
		2.87	1.40
Expenditure done directly by the company			
Soil, Water & Energy Conservation	Clause No. IV	**0.05**	0.58
Total Expenditure by the Company		**2.92**	1.98

47. Additional information as required by paragraph 2 of the general instructions for preparation of consolidated financial statements to ScheduleIII to the Companies Act, 2013

Particulars	As on the balance sheet date	
	Net assets,i.e.,total assets minus total liabilities	
	As % of consolidated net assets	(Rs. in crores)
Himshikhar Investment Limited		
As on 31.03.2019	(0.89)	(13.62)
As on 31.03.2018	(4.00)	(60.23)
Dalmia Solar Power Limited		
As on 31.03.2019	NA	NA
As on 31.03.2018	(0.00)	(0.02)
Dalmia Sugar Ventures Limited		
As on 31.03.2019	NA	NA
As on 31.03.2018	(0.00)	(0.00)

Particulars	Share in profit or loss	
	As % of consolidated profit or loss	(Rs. in crores)
Himshikhar Investment Limited		
FY 2018-19	6.75	12.25
FY 2017-18	(10.07)	(12.34)
Dalmia Solar Power Limited		
FY 2018-19	NA	NA
FY 2017-18	(0.43)	(0.53)
Dalmia Sugar Ventures Limited		
FY 2018-19	NA	NA
FY 2017-18	(0.02)	(0.02)

Particulars	Share in profit or loss (After OCI)	
	Share in profit or loss (After OCI)	(Rs. in crores)
Himshikhar Investment Limited		
FY 2018-19	(272.41)	(73.85)
FY 2017-18	(16.62)	(43.68)
Dalmia Solar Power Limited		
FY 2018-19	NA	NA
FY 2017-18	(0.20)	(0.53)
Dalmia Sugar Ventures Limited		
FY 2018-19	NA	NA
FY 2017-18	(0.01)	(0.02)

Notes to Consolidated Financial Statements for the year ended March 31, 2019

48. Impairment Review

The company has recognised impairment of its cash-generating Ninaidevi unit having it's capacity of 2500 TCD and was acquired in FY 2015 under SARFASU scheme to the extent of Rs. 28.65 Cr in its Statement of Profit and Loss. The said amount is included under the head "Expenses" as a separate line item in the Statement of Profit and Loss. The economic performance of the unit was found to be worse than expected. This was mainly because of lower cane availability and unfavourable prices.

The impairment assessment is based on higher of value in use and expected value from sales consideration (net of selling costs).

Key assumptions used in value-in-use calculations are:-

(i) operating margins, (ii) discount rates, (iii) growth rates and (iv) capital expenditure.

49. Events occurring After the Balance Sheet date

No adjusting or significant non adjusting events have occurred between the reporting date and date of authorization of financial statements.

50. Post the applicability of Goods and Services Tax (GST) with effect from 1 July 2017, revenue from operations are disclosed net of GST. Accordingly, the revenue from operations and excise duty expenses for the quarter and financial year ended 31st March 2019 are not comparable with the previous periods presented in the results.

51. Previous Year Comparatives

Figures in brackets pertain to previous year. Previous year's figures have been regrouped where necessary to conform to this year's classification.

For NSBP & Co.
Chartered Accountants
FRN - 001075N

For and on behalf of the Board of Directors of Dalmia Bharat Sugar and Industries Ltd.

Deepak K. Aggarwal	**Sneha Sharma**	**Anil Kataria**	**J.S.Baijal**	**Gautam Dalmia**
Partner	*Company Secretary*	*Chief Finance Officer*	*Director*	*Managing Director*
Membership No.: 095541	Membership No.: A37986	PAN: AALPK4889N	DIN:00049565	DIN:00009758

Place : New Delhi
Date : May 20, 2019

NOTES

NOTES

NOTES

Corporate Information

Board of Directors

J. S. Baijal
Chairman

Jai Hari Dalmia
Vice Chairman

Gautam Dalmia
Managing Director & Chief Executive Officer

M. Raghupathy

T. Venkatesan

B. B. Mehta
Whole Time Director

Kannan Panchapakesan

Himmi Gupta

Management Team

Gautam Dalmia

B. B. Mehta

Jayesh Doshi

Pankaj Rastogi

Anil Kataria

Chief Financial Officer

Anil Kataria

Company Secretary

Sneha Sharma

Statutory Auditors

NSBP & Co.

Bankers

Allahabad Bank

Canara Bank

Punjab National Bank

RBL Bank Limited

Yes Bank Limited

Axis Bank Limited

HDFC Bank Limited

IDBI Bank Limited

Bank of Baroda

Corporation Bank

Registered Office

Dalmiapuram – 621651,
Dist. Tiruchirapalli, Tamil Nadu.

Corporate Office

Hansalaya Building,
11th & 12th Floor,
15, Barakhamba Road,
New Delhi – 110 001.

Registrar and Share Transfer Agent

Karvy Fintech Private Limited
Karvy Selenium Tower B, Plot 31-32
Gachibowli, Financial District,
Nanakramguda, Hyderabad-500032

Dalmia
Bharat Sugar

Hansalaya Building, 11th & 12th Floor,
15, Barakhamba Road, New Delhi – 110001
Phone: 011 23310121 / 23 / 24 / 25 | Fax: 011 23313303
Email: investorrelations@dalmiabharat.com, corpcomm@dalmiabharat.com
Website: www.dalmiasugar.com