



# Dharani Sugars and Chemicals Limited

Regd. Office: "PGP HOUSE", (Old No.57) New No.59, Sterling Road, Nungambakkam, Chennai - 600 034.  
Tel : 28234000, 28311313, 28254176, Fax : 28232074, 28232076  
Email : accounts@dharanisugars-pgp.com, commercial @pgpgroup.in, secretarial@dharanisugars-pgp.com  
GST No : 33AAACD1281F1Z7 | TIN NO:33061502443 | CST No : 818529/19.11.87  
CIN No : L15421TN1987PLC014454, Website : www.dharanisugars.in

DSCL/Results Mar2023/Reg-33 /2023

27<sup>th</sup> May 2023

BSE Ltd Corporate Relationship Department, First Floor, New Trading Ring, Rotunda Building, Floor No: 25 P J Towers, Dalal Street, Fort, Mumbai 400 001	National Stock Exchange of India Limited Exchange Plaza, 5 <sup>th</sup> Floor Plot No.C/1 G Block Bandra – Kurla Complex Bandra East, Mumbai 400 051
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Dear Sir/Madam

**Sub: Outcome- Audited Financial Results for the Quarter and year ended 31<sup>st</sup> March 2023.**  
**Ref : BSE- Scrip Code – 507442 (BSE) – NSE- DHARSUGAR.**

In accordance with Regulation 33 read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the following items were discussed and approved in the Meeting of the Board of Directors held on 27.05.2023.

1. Audited Financial Results for the Quarter and year ended 31<sup>st</sup> March 2023.
2. Segment wise report.
3. Assets and Liabilities.
4. Cash flow Statement.
5. Independent Audit Report.
6. Audit Qualification Statement.

The Meeting of the Board of Directors of the Company commenced at 1.00 p.m. and concluded at 2.15 p.m.

This above Result is also available at the website of the Company ([www.dharanisugars.com](http://www.dharanisugars.com)) and at the websites of the Stock Exchanges where the equity shares of the Company are listed: BSE Limited ([www.bseindia.com](http://www.bseindia.com)) and National Stock Exchange of India Limited ([www.nseindia.com](http://www.nseindia.com)).

This is for your information and record.

Thanking You,

**Yours faithfully,**  
**for Dharani Sugars and Chemicals Limited**

  
**E P Sakthivel**  
**Company Secretary**



Encl.: as above

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**Dharani Sugars and Chemicals Limited**  
 Regd. Office: "PGP House", New No.59 (Old No.57) Sterling Road, Nungambakkam, Chennai 600 034  
 Tel.No.91-44-28311313, Fax No.091-44-28232074, CIN - L15421TN1987PLC014454  
 Email: secretarial@dharanisugars-ggp.com, Website: www.dharanisugars.in  
**Statement of standalone Audited financial results for the Quarter and Year ended March 31, 2023**

S.No	Particulars	Rs. in Lakhs				
		Quarter ended			Year ended	
		March 31, 2023 (Audited)	December 31, 2022 (Unaudited)	March 31, 2022 (Audited)	March 31, 2023 (Audited)	March 31, 2022 (Audited)
	<b>Income from Operations</b>					
1	(a) Net Sales/ Revenue from operations	82.15	-	-	82.15	3,967.26
2	(b) Other Income (Net)	2.75	2.25	4.26	13.62	100.80
3	<b>Total Income (1+2)</b>	<b>84.90</b>	<b>2.25</b>	<b>4.26</b>	<b>95.77</b>	<b>4,068.06</b>
4	<b>Expenses</b>					
	(a) Cost of materials consumed	(0.31)	-	0.70	(0.83)	3,199.01
	(b) Changes in inventories of finished goods, work in progress and stock in trade	-	-	-	-	113.02
	(c) Employees benefits expense	96.13	97.11	292.30	417.35	1,255.39
	(d) Finance Cost	0.38	0.12	(338.43)	0.95	1.24
	(e) Depreciation and amortisation expense	556.17	556.45	584.25	2,224.97	2,337.03
	(f) Other expenses	172.85	161.14	140.38	589.04	1,182.03
	<b>Total Expenses</b>	<b>825.22</b>	<b>814.82</b>	<b>679.20</b>	<b>3,231.48</b>	<b>8,087.72</b>
5	Profit/(Loss) before exceptional items and tax (3-4)	(740.32)	(812.57)	(674.94)	(3,135.71)	(4,019.66)
6	Exceptional items	-	-	-	-	-
7	<b>Profit/(Loss) before tax (5+6)</b>	<b>(740.32)</b>	<b>(812.57)</b>	<b>(674.94)</b>	<b>(3,135.71)</b>	<b>(4,019.66)</b>
8	<b>Tax expense</b>					
	Current tax	-	-	-	-	-
	Deferred tax Asset/(Liability)	-	-	-	-	-
	<b>Total tax expenses</b>					
9	Profit/(Loss) for the period from continuing operations (7-8)	(740.32)	(812.57)	(674.94)	(3,135.71)	(4,019.66)
10	Profit/(Loss) from discontinued operations	-	-	-	-	-
11	Tax expense of discontinued operations	-	-	-	-	-
12	<b>Profit/(Loss) from discontinued operations (after tax) (10-11)</b>					
13	<b>Profit/(Loss) for the period (11+12)</b>	<b>(740.32)</b>	<b>(812.57)</b>	<b>(674.94)</b>	<b>(3,135.71)</b>	<b>(4,019.66)</b>
14	Other comprehensive income, net of income tax					
	(a) (i) items that will not be reclassified to profit or loss	14.44	14.44	14.44	57.76	57.76
	(ii) income tax relating to the above items	-	-	-	-	-
	(b) (i) items that will be reclassified to profit or loss	-	-	-	-	-
	(ii) income tax relating to the above items	-	-	-	-	-
	<b>Total other comprehensive income, net of income tax</b>	<b>14.44</b>	<b>14.44</b>	<b>14.44</b>	<b>57.76</b>	<b>57.76</b>
15	<b>Total comprehensive loss for the period (13+14)</b>	<b>(725.88)</b>	<b>(798.13)</b>	<b>(660.50)</b>	<b>(3,077.95)</b>	<b>(3,961.90)</b>
16	Paid-up equity share capital	3,320.00	3,320.00	3,320.00	3,320.00	3,320.00
	Face value per share (Rs)	10.00	10.00	10.00	10.00	10.00
17	Earning per share (Rs) (not annualised)					
	- Basic	(2.23)	(2.45)	(2.03)	(9.44)	(12.11)
	- Diluted	(2.23)	(2.45)	(2.03)	(9.44)	(12.11)



*[Handwritten Signature]*

The Company has organised the business into three segments viz. Sugar, Distillery and Power. This reporting complies with Ind AS 108 "Operating Segments".

Rs.in Lakhs

Particulars	Quarter ended			Year ended	Year ended
	March 31, 2023 (Audited)	December 31, 2022 (Unaudited)	March 31, 2022 (Audited)	March 31, 2023 (Audited)	March 31, 2022 (Audited)
<b>Segment Revenue</b>					
(a) Sugar	82.15	-	-	82.15	3,967.26
(b) Distillery	-	-	-	-	-
(c) Power	-	-	-	-	-
(d) Unallocated	2.75	2.25	4.26	13.62	100.80
<b>Total</b>	<b>84.90</b>	<b>2.25</b>	<b>4.26</b>	<b>95.77</b>	<b>4,068.06</b>
Less: Inter Segment Revenue	-	-	-	-	-
<b>Revenue from operations (Net)</b>	<b>84.90</b>	<b>2.25</b>	<b>4.26</b>	<b>95.77</b>	<b>4,068.06</b>
<b>Segment Results</b>					
Profit (+) / Loss (-) before tax and finance cost					
(a) Sugar	(426.99)	(750.19)	(680.82)	(1,939.42)	(2,708.00)
(b) Distillery	(206.15)	38.33	(227.25)	(814.22)	(956.64)
(c) Power	(107.42)	(102.84)	(109.56)	(392.61)	(454.58)
(d) Unallocated	2.75	2.25	4.26	13.62	100.80
<b>Total</b>	<b>(737.81)</b>	<b>(812.45)</b>	<b>(1,013.37)</b>	<b>(3,132.63)</b>	<b>(4,018.42)</b>
Add/ (Less) : Finance Cost	0.38	0.12	(338.43)	0.95	1.24
Loss from continuing operations	(738.19)	(812.57)	(674.94)	(3,133.58)	(4,019.66)
Loss from discontinuing operations	-	-	-	-	-
<b>Loss Before Tax</b>	<b>(738.19)</b>	<b>(812.57)</b>	<b>(674.94)</b>	<b>(3,133.58)</b>	<b>(4,019.66)</b>
<b>Segment Assets</b>					
(a) Sugar	30,983.18	30,907.83	31,501.85	30,983.18	31,501.85
(b) Distillery	11,488.84	11,773.73	12,535.57	11,488.84	12,535.57
(c) Power	9,161.56	9,139.59	9,431.35	9,161.56	9,431.35
(d) Other unallocable corporate assets	114.36	424.92	117.47	114.36	117.47
<b>Total assets</b>	<b>51,747.94</b>	<b>52,246.07</b>	<b>53,586.24</b>	<b>51,747.94</b>	<b>53,586.24</b>
<b>Segment Liabilities</b>					
(a) Sugar	57,362.98	56,688.81	55,682.12	57,362.98	55,682.12
(b) Distillery	4,838.48	4,818.47	4,816.17	4,838.48	4,816.17
(c) Power	9,256.43	9,722.85	9,719.94	9,256.43	9,719.94
(d) Other unallocable corporate liabilities	-	-	-	-	-
<b>Total liabilities</b>	<b>71,457.88</b>	<b>71,230.13</b>	<b>70,218.23</b>	<b>71,457.88</b>	<b>70,218.23</b>
<b>Capital Employed (Segment assets-Segment liabilities)</b>					
(a) Sugar	(26,379.80)	(25,780.98)	(24,180.27)	(26,379.80)	(24,180.27)
Add : Loans	23,521.51	23,521.60	23,519.30	23,521.51	23,519.30
<b>Capital Employed Sugar segment</b>	<b>(2,858.29)</b>	<b>(2,259.38)</b>	<b>(660.97)</b>	<b>(2,858.29)</b>	<b>(660.97)</b>
(b) Distillery	6,650.36	6,955.26	7,719.40	6,650.36	7,719.40
Add : Loans	3,243.45	3,243.45	3,243.43	3,243.45	3,243.43
<b>Capital Employed Distillery segment</b>	<b>9,893.81</b>	<b>10,198.71</b>	<b>10,962.83</b>	<b>9,893.81</b>	<b>10,962.83</b>
(c) Power	(94.87)	(583.26)	(288.59)	(94.87)	(288.59)
Add : Loans	7,375.54	7,375.54	7,375.55	7,375.54	7,375.55
<b>Capital Employed power segment</b>	<b>7,280.67</b>	<b>6,792.28</b>	<b>7,086.96</b>	<b>7,280.67</b>	<b>7,086.96</b>
<b>Total capital employed in segments</b>	<b>14,316.19</b>	<b>14,731.61</b>	<b>17,388.82</b>	<b>14,316.19</b>	<b>17,388.82</b>
Other unallocable corporate assets less Corporate liabilities	114.36	424.92	117.47	114.36	117.47
<b>Total Capital Employed</b>	<b>14,430.55</b>	<b>15,156.53</b>	<b>17,506.29</b>	<b>14,430.55</b>	<b>17,506.29</b>



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**Notes to the Report:**

1. The Hon'ble National Company Law Tribunal ("NCLT"), Chennai Bench, admitted the Corporate Insolvency Resolution Process ("CIRP") application filed by a financial creditor of the Company and appointed an Interim Resolution Professional ("IRP"), in terms of the Insolvency and Bankruptcy Code, 2016 ("the Code") to manage the affairs of the Company vide order dated July 29, 2021 received by the Company on July 31, 2021. On an appeal filed by a director of the company, the Hon'ble National Company Law Appellate Tribunal ("NCLAT") has directed the RP to carry out the CIRP Proceedings and the next hearing has been listed for June 5, 2023.

In view of pendency of the CIRP, and in view of suspension of the powers of the board of directors, RP is taking on record the unaudited financial results. The RP has relied upon the assistance provided by the management in the review of the audited financial results and the representations, clarifications and explanations provided by the Managing Director, Chief Financial Officer, other directors, key management personnel of the Company in reviewing the unaudited financial results.

2. The Company's net worth is negative and the borrowings from banks and other financial institutions have been classified by the lenders as non-performing assets. All the banks and other financial institutions have also issued notice calling back the loans. Considering the above facts and since the promoters' Settlement proposal is also under negotiation, as in the previous periods, the Company stopped providing interest on the outstanding borrowings from banks and financial institutions and has not restated the foreign currency loans after the NPA date.

In the opinion of the management, in view of the OTS sought by the Company and the also due to the present developments at Hon'ble NCLT/ NCLAT, there will be no further interest liability on the Company from the NPA date.

Pending resolution of the above uncertainties, which depends upon the future events, the Company has prepared the financial statements on a going concern basis and has not considered any adjustment in the carrying value of non-financial and financial assets/ liabilities. This is a matter of qualification by the auditors.

3. A corporate insolvency resolution process (CIRP) and the appointment of resolution professional were admitted in the case of one of the major investees (Investment in Appu Hotels Limited) of the Company by the Hon'ble NCLT, Chennai Bench vide its order dated May 5, 2020. The carrying amount of the investments as at March 31, 2023 is Rs. 1,455.53 Lakhs.

The Hon'ble NCLT has passed an order approving the resolution plan submitted by one of the resolution applicants. Aggrieved by this Order, the investee has filed an application before the Hon'ble National Company Law Appellate Tribunal ("NCLAT") praying for quashing the order of the Hon'ble NCLT. The Hon'ble NCLAT has set aside the resolution plan approved and ordered to recommence the CIRP process, including the consideration of 12A application filed by the promoters of the investee company. On an appeal against the order of the Hon'ble NCLAT, the Hon'ble Supreme Court has heard the arguments of both the sides and the judgement was delivered on May 3, 2023 directing Adjudicating Authority (NCLT) to decide on the fresh resolution plan as submitted by the promoter approved by CoC on its 19<sup>th</sup> Meeting.

The Promoter (of Appu Hotels Limited) has recently (on October 11, 2022) also given a proposal for settling the entire dues of the CoC members U/S 12A of the IBC code and the required funding has been arranged by way of deposits and Bank Guarantee. The proposal has been approved by the CoC with 100% voting in favour of the proposal. As per the promoters settlement Proposal U/S 12A of IBC, the dues of all the secured and unsecured financial creditors, operational creditors and all other stake holders including shareholders are fully accommodated.

Accordingly, in the opinion of the management, the Company will still be able to recover the entire carrying amount of the investments, even in the aforesaid CIRP conditions. Based on the above estimate made by the management, no adjustment has been made in the fair value of the investments in the aforesaid investee. This is a matter of qualification by the auditors.

4. Sugar Industry being seasonal in nature, the Quarterly results cannot be taken as an indicator of the full year's working results
5. **Status of the CIRP Proceedings:**

Corporate Insolvency Resolution Process (CIRP) of Dharani Sugars and Chemicals Limited (DSCL) was ordered by Hon'ble NCLT, Chennai vide orders in IA/976/2019 on 29th July 2021, and Mr. S. Rajendran was appointed as the Interim Resolution Professional ("IRP").

Upon appointment, IRP took control and management of DSCL and has taken efforts to keep it as a going concern. The word "management" used elsewhere in general refers to the previous management i.e., promoters whereas after commencement of CIRP the management of the corporate debtor vests with the IRP as per Section 17 of IBC. IRP made a public announcement on 1st August 2021, intimating commencement of CIRP and calling upon creditors to submit their claims against DSCL. IRP collated all claims received and filed a report constituting Committee of Creditors (CoC) on 21st August 2021 and List of Creditors was published in the website, IBBI and reported to Stock Exchanges.

Further as per the e-voting results dated 22nd September 2022 CoC approved the appointment of Mr. Mahalingam Suresh Kumar, Insolvency Professional as Resolution Professional. The appointment was confirmed by Hon'ble NCLT, Chennai vide orders IA/1248(CHE)/2022 in IA/976/2019 dated 19th November 2022.



For DHARANI SUGARS AND CHEMICALS LIMITED  
(Under CIRP)  
  
Resolution Professional

On 8th February 2023 RP convened the 11th CoC meeting in which the members decided to file an appropriate application before the Hon'ble NCLT, Chennai Bench seeking extension of CIRP period by 30 days beyond the maximum timelines specified under Section 12 of the IBC, 2016. The case was heard by the NCLT on 3rd March 2023 and was posted for further hearing on 29th May 2023.

As the decision making on the plan is very crucial taking into consideration various factors, the lenders seek these 60 days additional timeline to decide on the options either by themselves or through NARCL suitably. RP also informed the COC members that the chairman of the Dharani Sugars have filed a Caveat Petition, that in case liquidation petition is filed by the RP it shall be brought to their attention.

**6. Claims received:**

Pursuant to the public announcement for submission of claims, IRP has received the claims from various stakeholders including the farmers who have submitted the claim for their dues against the supply of sugarcane and transportation charges. Banks and financial institutions have submitted their claim including their interest liability as on CIRP commencement date (29th July 2021) amounts to Rs. 805,92,89,155/- while the corporate debtor did not provide for interest after NPA date. IRP has collated the claims based on the books of accounts of the corporate debtor and the documents submitted by the respective stakeholders, and the same was published in the website of Corporate debtor and filed with IBBI, NCLT and Stock exchanges.

On 17th January 2023, Revised List of Creditors as on 10th January 2023 has been filed with NCLT including the claims of One operational creditor viz., Jain Irrigation Systems Ltd, who has filed an Application before NCLT, Chennai seeking condonation of delay of 132 days in filing their claim with the IRP for a sum of Rs. 4,55,09,430/- .As on 10th January the amount claimed by creditors amount to Rs. 979,80,56,123/- and amount of claims admitted amount to Rs. 922,66,64,911/-

**7. Status of OTS /12A Proposal:**

The promoter has submitted a settlement proposal U/S 12A of the IBC on 3rd February 2023 along with the required deposits and Bank Guarantee to bank of India being the applicant creditor. However the proposal was returned without taking for discussion. The Promoter is still confident of settling the dues U/S 12A of IBC and revive the operations of the Company.

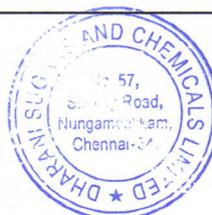
CIRP timeline of 330 days ended on 19th February 2023 and the COC in its 11th meeting decided to seek 30 days extension and further extension for 60 days from the AA for deciding on the Resolution plan voting. The said petition has been heard on 10th March 2023 and the matter is posted for further hearing on 29th May 2023. Further the CoC has accorded its approval for seeking extension of CIRP for an additional period of 60 days beyond the maximum timelines specified under Section 12 of the IBC, 2016 [after considering the pending 30 days and 60 days extension request]". It is posted for hearing on 29th May 2023.

**8. Previous period figures have been regrouped/reclassified, where necessary.**

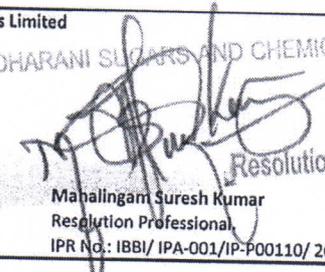


For DHARANI SUGARS AND CHEMICALS LIMITED  
(Under CIRP)  
Resolution Professional

Statement of Assets and Liabilities		(Rs. in Lakhs)	
Particulars	As at March 31, 2023 (Audited)	As at March 31, 2022 (Audited)	
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	49,223.11	51,448.08	
Financial assets			
Investments	1,464.97	1,465.04	
Other financial assets	39.33	43.31	
Other non-current assets	52.58	54.05	
<b>Total non-current assets</b>	<b>50,779.99</b>	<b>53,010.48</b>	
<b>Current assets</b>			
Inventories	42.56	42.69	
Financial assets			
Trade receivables	451.14	451.14	
Cash and cash equivalents	65.31	14.73	
Other financial assets	310.56	-	
Other current assets	81.01	47.29	
Current Tax Assets (Net)	17.37	19.91	
<b>Total current assets</b>	<b>967.95</b>	<b>575.76</b>	
<b>Total Assets</b>	<b>51,747.94</b>	<b>53,586.24</b>	
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	3,320.00	3,320.00	
Other equity	(23,029.94)	(19,951.99)	
<b>Total equity</b>	<b>(19,709.94)</b>	<b>(16,631.99)</b>	
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings	608.20	605.99	
Other financial liabilities	7.45	11.62	
Deferred tax liabilities (net)	1,338.46	1,338.46	
Provisions	563.12	564.02	
<b>Total non-current liabilities</b>	<b>2,517.23</b>	<b>2,520.09</b>	
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	53,314.19	52,727.96	
Trade payables	8,726.04	8,656.53	
Other financial liabilities	319.28	19.28	
Other current liabilities	6,399.05	6,156.46	
Short Term Provisions	182.09	137.91	
<b>Total current liabilities</b>	<b>68,940.65</b>	<b>67,698.14</b>	
<b>Total liabilities</b>	<b>71,457.88</b>	<b>70,218.23</b>	
<b>Total Equity and Liabilities</b>	<b>51,747.94</b>	<b>53,586.24</b>	



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Statement of Cash Flows		(Rs. in Lakhs)	
Particulars	As at	As at	
	March 31, 2023 (Audited)	March 31, 2022 (Audited)	
<b>Cash Flow From Operating Activities</b>			
Profit before Income tax			
Adjustments for	(3,135.71)	(4,019.66)	
Depreciation and amortisation expense	2,224.97	2,337.03	
(Gain)/ loss on disposal of property, plant and equipment	-	0.43	
Unamortised finance income	(7.45)	(3.92)	
Unamortised interest expense and rent	-	0.02	
Allowance for expected credit loss	-	37.21	
Interest income	(8.95)	(4.23)	
Finance costs	0.95	1.24	
Changes in fair value of investments	0.07	(1.89)	
Change in operating assets and liabilities	(926.12)	(1,653.77)	
(Increase)/ decrease in other financial assets	(306.59)	2.68	
(Increase)/ decrease in inventories	0.13	147.10	
(Increase)/ decrease in trade receivables	(0.00)	22.69	
(Increase)/ decrease in other assets	(29.71)	68.23	
Increase/ (decrease) in provisions and other liabilities	646.92	1,120.49	
Increase/ (decrease) in trade payables	69.51	4.75	
Cash generated from operations	(545.85)	(287.83)	
Less: Income taxes paid/ (refunds)	-	2.38	
<b>Net cash from operating activities (A)</b>	<b>(545.85)</b>	<b>(290.21)</b>	
<b>Cash Flows From Investing Activities</b>			
Proceeds from sale of property, plant and equipment	-	-	
Realisation of/ (Investment in) fixed deposits with banks	-	-	
Interest received	8.95	4.23	
<b>Net cash used in investing activities (B)</b>	<b>8.95</b>	<b>4.23</b>	
<b>Cash Flows From Financing Activities</b>			
Proceeds from/ (repayment of) short term borrowings (net)	586.23	(267.67)	
Proceeds from/ (repayment of) long term borrowings (net)	2.21	(10.47)	
Interest paid	(0.95)	(1.24)	
<b>Net cash from/ (used in) financing activities (C)</b>	<b>587.49</b>	<b>(279.38)</b>	
<b>Net increase/ (decrease) in cash and cash equivalents(A+B+C)</b>	<b>50.58</b>	<b>(565.36)</b>	
Cash and cash equivalents at the beginning of the financial year	14.73	580.09	
<b>Cash and cash equivalents at end of the year</b>	<b>65.31</b>	<b>14.73</b>	
5 Previous period figures have been regrouped/reclassified, where necessary.			
For Dharani Sugars and Chemicals Limited			
		For DHARANI SUGARS AND CHEMICALS LIMITED (Under CirP)	
		 Resolution Professional	
Place : Chennai	Dr Palani.G.Perlasamy Executive Chairman DIN No.00081002	Mahalingam Suresh Kumar Resolution Professional, IPR No.: IBB/ IPA-001/IP-P00110/ 2017-2018/ 10217	
Date : May 27, 2023			





**Independent Auditors' Report**  
**On quarter and year to date Standalone financial results for the quarter and year ended March 31, 2023 of**  
**M/s Dharani Sugars and Chemicals Limited Pursuant to the Regulation 33 of the SEBI (Listing Obligations and**  
**Disclosure Requirements) Regulations, 2015**

The Resolution Professional  
Dharani Sugars and Chemicals Limited  
Chennai

**Report on the audit of the Standalone Financial Results**

**Qualified Opinion**

1. The Hon'ble National Company Law Tribunal ("NCLT"), Chennai Branch, admitted the Corporate Insolvency Resolution Process ("CIRP") application filed by a financial creditor of Dharani Sugars and Chemicals Limited ("the Company") and appointed an Interim Resolution Professional ("IRP"), in terms of the Insolvency and Bankruptcy Code, 2016 ("the Code") to manage the affairs of the Company vide order dated July 29, 2021, received by the Company on July 31, 2021.

We were informed that the powers of adoption of this unaudited financial results vest with the RP, in view of pendency of the CIRP and suspension of the powers of board of directors.

2. We have audited the accompanying financial results of Dharani Sugars and Chemicals Limited (the "Company") for the quarter and the year ended March 31, 2023 ("Statement"), attached herewith, being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, subject to the effects of the matters described in the Basis for Qualified Opinion section of our report, the Statement:

- (a) is presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- (b) give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable accounting standards and other accounting principles generally accepted in India of the net loss and other comprehensive income and other financial information for the quarter and year ended March 31, 2023.

**Basis for Qualified Opinion**

We draw attention to the following matters:

- a) Note 2 to the Statement regarding the fact that the all the banks and financial institutions have classified the borrowings of the Company as non-performing assets. All the banks and financial institutions have also issued notice calling back the loans. Considering the above, as in the previous periods, the Company has not (a) provided interest on the outstanding borrowings from banks and financial institutions and (b) not restated the foreign currency loans. In the opinion of the management, in view of the One Time Settlement ("OTS") of the loans sought by the Company, there will be no further interest liability on the Company from the NPA date.

We were also informed that on an appeal filed by a director of the company, the Hon'ble National Company Law Appellate Tribunal ("NCLAT") has directed the CIRP applicant and IRP to file return submission/ status report respectively and the next hearing has been listed for June 5, 2023.

Several uncertainties exist due to non-confirmation from the banks/ financial institutions for the outstanding borrowings as on March 31, 2023, present developments in CIRP and the expected timing of withdrawal of CIRP by the financial creditors/final approval of OTS proposal by the consortium banks. Due to the aforesaid uncertainties, we are unable to comment on (a) the appropriateness of the aforesaid reversal of interest, (b) the impact of the in certain inoperative bank accounts, and (c) adjustments, that may be required, in the carrying amount of the financial and non-financial assets/ liabilities of the Company.

- b) Note 3 to the Statement which explains that during March, 2023 quarter a CIRP was admitted and a resolution professional was appointed in the case of one of the major investees (Appu Hotels Limited) of the Company by the Hon'ble NCLT, Chennai Bench vide its order dated May 5, 2020. The carrying amount of the investments as at March 31, 2023 is Rs.1,455.53 Lakhs.



**Branch Office:**

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However, we were informed by the management that a major part of the assets of the investee comprises of land and commercial buildings (including a well-known brand name in the hotel industry), whose liquidation value is much higher than the total dues to its financial and operating creditors (including that of the Company) and the resolution plan approved is not in line with the actual value of the assets. The management also confirmed that the resolution professional has not followed the due process of CIRP and accordingly, the resolution plan approved is not proper as per law. Based on the Supreme Court Judgement dated May 3, 2023 in this regard, The Supreme court has directed to deal with the fresh settlement proposal of the Promoter, as approved by the CoC in its 19<sup>th</sup> meeting dated October 19, 2022 after receiving fresh resolution plans, to be considered further by the Adjudicating Authority (NCLT)..

Accordingly, in the opinion of the management, As per the promoters settlement Proposal U/S 12A of IBC, the dues of all the secured and unsecured financial creditors, operational creditors and all other stake holders including shareholders are fully accommodated. The Company will still be able to recover the entire carrying amount of the investments, even in the aforesaid CIRP conditions. Based on the above estimate made by the management, no adjustment has been made in the fair value of such investments.

Due to uncertainties involved in the CIRP process as detailed above, the impact, if any, on the Statement are not presently determinable in respect of the above matter.

As more fully described about the Material Uncertainty Relating to Going Concern in paragraph below, there is a significant doubt on the Company's ability to continue as a going concern. We are unable to comment on the appropriateness of preparing the Statement on a going concern assumption and the impact, if any; arising out of the above matter is not presently determinable.

- d) Our opinion is modified in respect of matters referred in clauses (a) to (c) above. The matters referred in clause (a) to (c) have been qualified in limited review reports of earlier quarters as well as the independent audit opinion issued by previous auditors for the earlier year.
- e) We could not circulate for direct confirmation for bank balances, borrowings, trade receivables, trade payables, advances received/ paid and for deposits received/ paid, as the necessary information was not
- f) made available by the Company to us. Accordingly, we are unable to comment on adjustment, if any, that may be required had we circulated and received direct confirmation for the aforesaid balances.
- g) The Company has a program of verification to cover all the items of property, plant and equipment in a phased manner over a period of three years. However, no physical verification has been carried on by the management during the year. Accordingly, we were unable to comment on whether any material discrepancies were noticed on such verification and whether they are properly dealt with in the financial statements.
- h) Our opinion on the Statement is qualified in respect of matters referred to clauses (a) to (f) above. The matters referred to in clauses (a) to (c) have been qualified in our limited review reports of earlier quarters as well as in the independent audit opinion for the earlier years.

We conducted our audit in accordance with the standards on auditing (SAs) specified under section 143 (10) of the Act. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the standalone financial results 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 ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules there under, 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 opinion.





#### **Material Uncertainty Related to Going Concern**

The Company has no operations during the period. The Company has incurred huge losses during the period under consideration and also during the earlier periods/ years, due to which the Company's net worth is negative. The Company has not met its operating liabilities, including employee dues due to negative cash flows. The Company's ability to continue as a going concern depends on the possible decisions that may be taken on OTS/ CIRP [as more fully explained in the Para (a) and (b) of the basis for qualification section of this report] and further inflow of funds for the working capital requirements of the Company. All the above matters materially depend on future events.

The above factors cast a significant doubt on the Company's ability to continue as a going concern. However, pending resolution of the above uncertainties, the Company has prepared the aforesaid Statement on a going concern basis.

#### **Management's Responsibilities for the Standalone Financial Results**

The Statement has been prepared on the basis of the Standalone annual financial statements. The Company's board of directors are responsible for the preparation of the Statement that gives a true and fair view of the net loss and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, 'Interim Financial Reporting' prescribed under Section 133 of the Act read with relevant rules issued there under and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Statement, the board of directors are 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 the board of directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The board of directors and the RP are also responsible for overseeing the Company's financial reporting process.

#### **Auditors' Responsibilities for the Audit of the Standalone Financial Results**

Our objectives are to obtain reasonable assurance about whether the Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 the Statement.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also carried out the following procedures as part of our audit:

- Identify and assess the risks of material misstatement of the Statement, 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.





- Conclude on the appropriateness of the board of directors' 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 Statement 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 Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial results that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial results 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 standalone financial results.

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.

For Srivatsan & Associates  
Chartered Accountants  
FRN: 014921S

N.Srivatsan  
Partner  
M.No.230195



Date: 27-05-2023

Place: Chennai

UDIN: 23230195B6UN1901342

Dharani Sugars and Chemicals Limited

Statement on impact of Audit Qualifications (for Audit Report with modified opinion submitted) along with Audited Financial Results - (Standalone)

Statement on impact of Audit Qualifications for the Financial year ended March 31, 2023

(See Regulation 33/52 of the SEBI (LODR) (Amendment) Regulation, 2016)

SI.No	Particulars	Audited Figures (as reported before adjusting for qualifications)	Audited Figures (audited figures after adjusting for qualifications)
		(Rs. lakhs)	
I	a	Turnover/ Total Income	
	b	Total Expenditure	
	c	Net Profit/ (Loss)	
	d	Earnings Per share	Impact not presently determinable
	e	Total Assets	
	f	Total Liabilities	
	g	Net Worth	
	h	Any other financial item(s) as felt appropriate by the Management)	
II	Audit Qualification (each audit qualification)		
	a	<p>Details of Audit Qualifications</p> <p>a. The Company Stopped Providing Interest on the outstanding borrowings from banks and financial institutions. Not restated the foreign currency loan. Application filed for CIRP was admitted on 29-07-2021 by NCLT and IRP was appointed.</p> <p>b. Appointment of RP was admitted in the cast of one of the major investees (Appu Hotels Ltd) of the company by the NCLT. There is a doubt about the recoverability of the investments is Rs.1455.53 Lakhs.</p> <p>c. There exists material uncertainty that case a significant doubt on the company's ability to continue as a going concern.</p> <p>d. The matters referred in clause (a) to (c) have been qualified in limited review reports of earlier quarters as well as the independent audit opinion issued by previous auditors for the earlier year.</p> <p>e. Auditor could not circulate for direct confirmation for bank balances, borrowings, trade receivables, trade payables, advances received/ paid and for deposits received/ paid, as the necessary information was not made available by the Company to us.</p> <p>f. No physical verification has been carried on by the management during the year.</p> <p>g. The matters referred to in clauses (a) to (f) have been qualified and clauses (a) to (c) have been qualified in our limited review reports of earlier quarters as well as in the independent audit opinion for the earlier years.</p>	



*[Handwritten signature]*

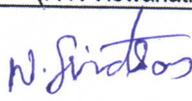
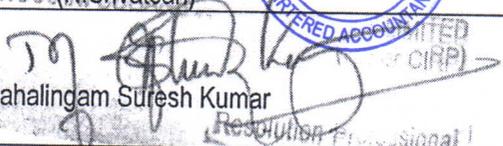


	b Type of Audit Qualifications: Qualified Opinion/ Disclaimer of Opinion / Adverse Opinion	Qualified Opinion
	c Frequency of Qualifications: Whether appeared first time/ repetitive / since how long continuing	Appears for the second Time in the annual financial statements. However, item 1 and 3 has already appeared in the qualified in the Limited Review Reports for earlier quarters (since Quarter ended September 30, 2019)
	d for Audit Qualification(s) where the impact is quantified by the auditor, Management's views:	Impact not presently quantifiable due to the various uncertainties involved.
	e for Audit Qualification(s) where the impact is not quantified by the auditor:	
	i. Management's estimation on the impact of audit qualification.	<p>a. Due to continues drought in Tamil Nadu for the years 2016 to 2018, the cane availability and consequent capacity utilisation for the sugar units in Tamil Nadu has drastically come down to around 35%. On account of this, the Company could not service the loans and the loans have slipped into NPA. Subsequently the loans have become NPA in the books of the lenders and the company is not providing interest in the books of the Company. Company is discussing with them for settlement of debts of the principal outstanding as on the NPA date. Company is confident of settling the Bankers dues and revive the operations of the Company..</p> <p>Appu Hotel assets are mainly of lands and well known branded Five star Deluxe Hotels and the realisable value of Appu Hotels Ltd Assets are far in excess of its liabilities. Further as per the promoters settlement Proposal U/S 12A of IBC ,the dues of all the secured and unsecured financial creditors , operational creditors and all other stake holders including shareholders are fully accommodated. Hence the Company is confident of realising the value of the investment stated in the books which is Rs 1455.53 lakhs.</p> <p>b. . The Company is confident of settling the current issues with Banks and FIs. SISMA has also made representation to the Central and State Government for extending necessary support to the Tamilnadu sugar units for revival of the industry. Normal operations are expected to start shortly.</p> <p>d. The matters referred in clause (a) to (c) have been qualified in limited review reports of earlier quarters as well as the independent audit opinion issued by previous auditors for the earlier year and the Company is confident of settling the Bankers dues and revive the operations of the Company..</p> <p>e. Company loan accounts have become NPA, There fore no change in the bank balances, borrowings, trade receivables, trade payables, advances received/ paid and for deposits received/ paid..</p> <p>f. No physical verification has been carried on by the management during the year due to shortage of staffs at factory also there is no operation in the factory. The assets are fully protected.</p> <p>g. The matters referred to in clauses (a) to (f) have been qualified and clauses (a) to (c) have been qualified in the limited review reports of earlier quarters as well as in the independent audit opinion for the earlier years and the</p>



*[Handwritten signature]*

		Company is confident of settling the Bankers dues and revive the operations of the Company.
	ii. Management's is unable to estimate the impact, reasons for the same:	Impact not presently quantifiable due to the various uncertainties involved.
	iii. Auditor's comments on (i) or (ii) above;	Refer "Basis for Qualified Opinion" in audit report read with relevant notes in the financial results the same is self-explanatory.

CEO/ Managing Director	(M Ramalingam)
Chief Financial Officer	(M P Kaliannan)
Audit Committee Chairman	(R K Viswanathan)
Statutory Auditors	 FOR DRAWN (N. Srivatsan)
Resolution Professional IPR No. IBBI/IPA-001/IP-P00110/2017-2018/10217	 Mahalingam Suresh Kumar Resolution Professional



Place: Chennai  
Date: 27.05.2023