

MD	✓			BKC	✓
CS	W/A			DPY	W/A
RO	✓			DIV	W/A
TRA	W/A			AC	✓
AGM	✓	✓		SHI	✓
YE	✓	✓			✓

DHARANI SUGARS AND CHEMICALS LIMITED



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**TENTH
ANNUAL
REPORT
1996-97**





CONTENTS	Page
Board of Directors	3
Notice to shareholders	4
Directors' Report	5
Annexure to the Directors' Report	8
Auditors' Report	10
Balance Sheet	12
Profit and Loss Account	13
Schedules	14
Notes on Accounts	22



**BOARD OF DIRECTORS**

Dr PALANI G.PERIASAMY M.A., M.A., Ph.D.
Executive Chairman

Mr R.NATARAJAN D.C.R.E.
Vice Chairman & Managing Director

Mr M.RAMALINGAM B.E., A.M.I.E.
Director — Technical

Dr C.K.DHEENAN M.D., F.A.C.S., F.R.C.S.,(C)

Dr K.N.SIVASUBRAMANIAN M.B.B.S.,F.A.A.P.,A.B(PED)A.B(NEO)

Dr K.S.THIRUMALAI SAMY M.Sc., Ph.D.

Mr A.SENNIMALAI M.Sc., M.B.A.

Mr D.SRIDHARAN I.A.S.(Retd) — Nominee Director — ICICI

Dr K.C.REDDY M.A., Ph.D — Nominee Director — IREDA

Auditors

M/s S.V.JAYARAMAN & Co.,
Chartered Accountants
Chennai 600 083

Bankers

INDIAN BANK
STATE BANK OF INDIA
BANK OF INDIA
THE FEDERAL BANK LIMITED
THE SOUTH INDIAN BANK LIMITED

Registered Office

No.1 Venus Colony
Second Street, Alwarpet
Chennai 600 018

Factories**DHARANI I**

Dharani Nagar 627 760
Tirunelveli Dist.
Tamil Nadu

DHARANI II

Karaipoondi Village
Chettipet Road
Polur Taluk
Tiruvannamalai Dist.
606 803
Tamil Nadu

DHARANI III

Panipola
Nayagarh 752 069
Orissa



DHARANI SUGARS AND CHEMICALS LIMITED

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the TENTH Annual General Meeting of the Members of the Company will be held at Sathguru Gnanananda Hall, Narada Gana Sabha, No.254 T.T.K. Road, Alwarpet, Chennai - 600 018 on Monday the 15th December 1997 at 10.30 A.M to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 1997 and the Profit and Loss Account for the year ended on that date and consider the Reports of the Directors and Auditors.

2. To appoint a Director in place of Mr.M.Ramalingam who retires by rotation and being eligible offers himself for re-appointment.

3. To appoint a Director in place of Dr.K.S.Thirumalaisamy who retires by rotation and being eligible offers himself for re-appointment.

4. To appoint Auditors and to authorise the Board of Directors to fix their remuneration.

By Order of the Board

Place : Chennai
Dated : 07.11.97

DR PALANI G.PERIASAMY
Executive Chairman

NOTES

1. A Member entitled to attend and vote at this Annual General Meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member.

The proxy form, in order to be effective must be duly completed, stamped and lodged with the Registered Office of the Company not less than fortyeight hours before the commencement of the meeting.

2. Members/Proxy holders must bring the Attendance Slip duly signed to the meeting and hand it over at the entrance. Xerox copy/ torn attendance slips will not be accepted.

3. Members are requested to quote their Registered Folio numbers in all correspondence with the Company and notify the Company immediately of change, if any, in the Registered Address and/or of their mandates.

4. Members who are holding shares in more than one folio are requested to intimate to the Secretarial Division the details of all their folio numbers for consolidation into single folio.

5. All documents referred to in the above notice are open for inspection at the Registered

Office of the Company between 2.00.P.M. and 4.00.P.M. on any working day.

6. Members who have not encashed their dividend warrants of earlier years may write to Registered Office with Folio details for revalidation or for obtaining duplicate warrants.

Members are hereby informed that the Company has transferred to the Central Government all unclaimed dividends relating to the accounting years upto 31.03.1994. Members who have not collected dividends for any accounting year upto and including 31.03.1994 are requested to make an application to the Registrar of Companies, Tamil Nadu, Shastri Bhavan, II Floor, No. 26 Haddows Road, Chennai - 600 006 for an order for payment of such uncollected dividends. Such application has to be made in the prescribed Form No.II under the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978.

7. Members are requested to bring their copies of Annual report to the meeting.

By Order of the Board

Place : Chennai
Dated : 07.11.97

DR PALANI G.PERIASAMY
Executive Chairman

**DIRECTORS' REPORT**

Dear Members,

Your Directors present their Tenth Report on the operations of your Company and the Audited Statement of accounts for the year ended 31st March 1997.

FINANCIAL RESULTS AT A GLANCE

	Year Ended 31st March 1997	Year Ended 31st March 1996
	(Rs. Lakhs)	
Total Income	7919.59	8610.98
Profit before interest, depreciation and tax	728.04	1529.63
Interest	1526.12	693.72
Depreciation	387.03	124.97
PROFIT/(LOSS) BEFORE TAX	(1185.11)	710.94
Prior Period Expenses	12.46	3.58
Tax on dividend distributed	24.29	—
PROFIT/ (LOSS) AFTER TAX	(1221.86)	707.36
Profit/(Loss) carried forward from last year	567.59	253.22
PROFIT/(LOSS)	(654.27)	960.58
APPROPRIATIONS		
Proposed Dividend (Subject to Tax)	—	242.99
General Reserve	—	150.00
Surplus carried to Balance Sheet	—	567.59
	(654.27)	960.58

REVIEW OF OPERATIONS

Though the new factory at Polur was commissioned in July'96 the total quantity of cane crushed during the year has come down to 7.48 lakh tonnes as against 8.21 lakhs tonnes in the previous year. Due to the delay in commissioning of this factory, the registered cane earmarked for this factory became overaged with consequent reduction in the recovery rate. More than 80,000 tonnes of cane meant for Polur factory had to be shifted to Vasudevanallur Unit incurring huge transport cost. The factory at Polur could not function for nearly 2 months due to farmers' protest. As a result of these unfortunate developments the total income has come down to Rs.7919.59 lakhs as against Rs.8610.98 lakhs in the previous year. The expenditure has gone up from Rs.7775.07 lakhs to Rs.8717.67 lakhs which includes a sum of Rs.1526.12 lakhs on account of interest and Bank charges alone as compared to Rs.693.72 lakhs during 1995-96. The operations had therefore resulted in a loss of Rs.798.08 lakhs. Adding the depreciation of Rs.387.03 lakhs, prior period expenses of Rs.12.46 lakhs and Dividend Tax of Rs.24.29 lakhs, the total loss comes to Rs.1221.86 lakhs. Setting off the profit carried forward from last year, the net amount will come to (-) Rs.654.27 lakhs.

Sugar industry as a whole had gone through a severe financial crunch during that year. Besides, due to surplus production and stock of sugar in the country price realisations came down quite substantially. The Government has recently, hiked PDS sugar price from Rs.9.05 to Rs.10.50 per Kg. The revised price still falls short of realistic cost structure involving huge subsidy on this count from both industry and Government. A large number of sugar factories have suffered loss and your Company is also one among them. The



DHARANI SUGARS AND CHEMICALS LIMITED

industry being a cyclical one and with reduction in cane cultivation, there is likely to be shortage of sugar in the country for a few years resulting in better prospects for the industry.

DIVIDEND

Due to absence of Profit, your Directors regret their inability to recommend a dividend.

The shareholders may recall that the Directors had recommended a dividend of 27% for the year ended 31st March 1996 subject to approval by the Financial Institutions. The Company was able to get their consent only during September '97 and the Dividend Warrants have been despatched to all resident shareholders on the 15th October '97. It may however be added that consequent to the disbursement of the dividend being made after 01.06.97, TDS has not been effected as per the Finance Act 1997 and your Company has borne the entire liability of Income Tax of over Rs.24 lakhs.

RESERVES

No amount is proposed to be transferred to Reserves as there are no profits.

POLUR PROJECT

Your Company has commissioned the 2500 TCD Sugar Plant in July 1996 which is expected to crush more than 4.5 lakh tons of cane contributing significantly to the profits of the Company from the next year onwards. The 15 MW Co-generation power plant will also be fully operational during 1997-98 season.

ISSUE OF RIGHTS SHARES

The Company issued Rights Shares in July 1996 to the existing share holders in the ratio of 2 shares

for every one share. The amount collected was Rs.16.39 crores (excluding the premium) thereby increasing the paid up capital to Rs.25.38 crores from Rs.8.99 crores.

FIXED DEPOSITS

The Company had no unpaid deposits which were due and are repayable as on 31st March '97. The Company has complied with the provisions of Section 58 A of the Companies Act '56 and the rules framed thereunder with regard to deposits accepted from the public.

DIRECTORS

Sri M.Ramalingam and Dr.K.S.Tirumalaisamy retire by rotation at the ensuing Annual General Meeting and are eligible for reappointment.

Necessary resolutions are placed before the shareholders for approval.

AUDITORS

The Auditors of the Company, M/s.S.V.Jayaraman & Co., Chartered Accountants, Chennai retire at the ensuing Annual General Meeting and are eligible for reappointment.

With regard to auditors' qualification for non-provision of Purchase Tax on advance payments under clause 5 A the Directors wish to state that the provision has not been made as the notification of the Government for the final price has not been received and consequently the amount payable could not be determined on a realistic basis. In regard to others, notes No.3, 20 (a & b) of Schedule 21 are self-explanatory.

COST AUDIT

As per the directions of the Government of India, Mr.G.Suryanarayanan, Cost Accountant has been



DHARANI SUGARS AND CHEMICALS LIMITED

appointed as the Cost Auditor for the financial year ended 31st March 1997.

EMPLOYEES

Your Directors are thankful to the employees of the Company for their wholehearted co-operation and unstinted dedication to duty. The industrial relations remained cordial during the year under review.

The statement in pursuance of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules 1975, as amended, is annexed to this Report as Annexure I.

ENERGY, TECHNOLOGY & FOREIGN EXCHANGE

Information relating to the conservation of energy, technology absorption and foreign exchange earnings and outgo as required to be furnished under the provisions of Section 217(1)(e) of the Companies Act, 1956, read with Companies

(Disclosure of Particulars in the Report of Board of Directors) Rules 1988 is given as Annexure II to this report.

ACKNOWLEDGMENTS

The Board of Directors places on record its appreciation of the support, assistance and cooperation received from the Central Government, State Governments of Tamil Nadu and Orissa, various governmental agencies, the all -India Financial Institutions, the Company's bankers, Indian Bank, State Bank of India, Bank of India, Federal Bank and South Indian Bank, cane growers, dealers and suppliers. Your Directors also wish to place on record their appreciation of the committed team spirit displayed by the employees at all levels.

For and on behalf of the Board

Place: Chennai
Date : 07.11.97

DR PALANI G. PERIASAMY
Executive Chairman

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DHARANI SUGARS AND CHEMICALS LIMITED

ANNEXURE I TO THE DIRECTORS' REPORT
STATEMENT PURSUANT TO SECTION 217 (2A) OF THE COMPANIES ACT, 1956 AND
THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975

Sl. No.	NAME/ DESIGNATION	REMUNERATION RECEIVED Rs.	QUALIFICATION	EXPERIENCE IN YEARS	DATE OF COMMENCEMENT OF EMPLOYMENT	AGE IN YRS.	LAST EMPLOYMENT HELD
1	Dr. Palani G. Periasamy Executive Chairman	7.07 lakhs	M.A., M.A., Ph.D. Pittsburgh—U.S.A.	35	11.12.89	59	Professor of Economics, University of Baltimore, USA and Chairman, PGP International Inc.
2	Mr. R. Natarajan Vice Chairman & Managing Director	3.52 lakhs	D.C.R.E	25	01.04.88	51	Managing Director Dharani Cements Ltd.

NOTES

1. Remuneration includes salary, commission and perquisites, as permissible.
2. Mr. R. Natarajan is related to Dr. Palani G. Periasamy.

for and on behalf of the Board

Date : 07.11.97
Place: Chennai

DR. PALANI G. PERIASAMY
Executive Chairman

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