

DHARANI SUGARS AND CHEMICALS LIMITED



25th

**ANNUAL REPORT
2011-2012**



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**DHARANI SUGARS AND CHEMICALS LIMITED**
25TH ANNUAL REPORT**BOARD OF DIRECTORS**

Dr Palani G Periasamy	Executive Chairman
Mr M Ramalingam	Managing Director
Dr K N Sivasubramanian	Director
Mr A Sennimalai	Director
Mr P S Gopalakrishnan	Director
Dr K C Reddy	Nominee Director – IREDA
Company Secretary	Mr E P Sakthivel
Auditors	M/s Srinivasan & Shankar Chartered Accountants, Chennai – 600 004.
Bankers	ICICI Bank Limited Indian Bank State Bank of India Bank of India The Federal Bank Limited The South Indian Bank Limited Central Bank of India Union Bank of India IDBI Bank Limited Indian Overseas Bank IREDA
Registered Office	PGP House, New No. 59 (Old No.57) Sterling Road, Nungambakkam, Chennai 600 034 Phone Nos / Fax Nos : 91-44-28311313, 2820 7480 Fax No. 91-44-28232074/76 Email : secretarial@dharanisugars-pgp.com Website : www.dharanisugars.in
Factories	Dharani – I Dharani Nagar, Tirunelveli Dist – 627 760, Tamil Nadu Phone No. 04636 – 241370-72 dharani1@dharanisugars-pgp.com Dharani –II Karaipoondi Village, Chetput, Polur Taluk Tiruvannamalai Dist, Tamil Nadu Phone No. 04181-223161 -162,223170 dharani2@dharanisugars-pgp.com Dharani –III Kalayanallur Village, Sankarapuram Taluk. Villupuram Dist – 606 206, Tamil Nadu Phone No. 04151 -248208,248277 dharani3@dharanisugars-pgp.com



NOTICE TO SHARE HOLDERS

NOTICE is hereby given that the TWENTY FIFTH Annual General Meeting of the Members of the Company will be held at "Sathguru Gnanananda Hall", Narada Gana Sabha, New No.314 TTK Road, Alwarpet, Chennai 600 018 on **Monday, the 17th September 2012** at 10.20 A.M to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2012 and Statement of Profit and Loss for the year ended on that date and consider the reports of the Directors and Auditors.
2. To appoint a Director in place of Shri A Sennimalai, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Dr K N Sivasubramanian, who retires by rotation and being eligible, offers himself for re-appointment.
4. To declare dividend on Equity shares.
5. To appoint Auditors and to authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

6. To consider and if thought fit, to pass, with or without modification, the following as a SPECIAL RESOLUTION.

"RESOLVED THAT pursuant to Section 198,269,309,310, 314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals or consents as may be necessary, Mr M Ramalingam be and is hereby re-appointed as Managing Director for a further period of five years from 01.04.2012 to 31.03.2017 on the following terms and conditions.

1. Salary - Rs. 1,50,000/- per month in the scale of
Rs. 1,50,000- 15,000 – 2,10,000.
2. Perquisites - Perquisites as per Schedule XIII of the Companies Act, 1956 shall be allowed. It shall however be restricted to an amount equal to the annual salary. Perquisites, other than contribution to Provident Fund, Superannuation Fund, gratuity, as admissible according to existing regulations, are presently classified as follows:



Part A

Housing I – The expenditure incurred by the Company on hiring unfurnished accommodation will be subject to the following ceilings:

At Bombay, Calcutta, Delhi and Chennai 60% of salary, over and above, 10% payable by the Managing Director.

At other places 40% of salary, over and above, 10% payable by the Managing Director.

The expenditure incurred by the Company on gas, electricity, water and furnishings will be valued as per the Income Tax Rules, 1962. This will, however, be subject to ceiling of 10% of the salary.

Housing II – In case accommodation is owned by the Company, 10% of the salary of the Managing Director shall be deducted by the Company.

Housing – III – In case no accommodation is provided by the Company, the Managing Director shall be entitled to House Rent Allowance subject to the ceiling laid down in Housing I.

Part B

He will be entitled to Leave Travel Allowance as per Company Policy. He will also be entitled to reimbursement of Medical expenditure as per Company Policy.

However, Leave Travel Allowance and Medical reimbursement will each be restricted to one month's salary.

Part C

Provision of a car with driver and telephone at residence provided that personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Managing Director.

In the event of absence or inadequacy of profits in any financial year of the Company during the period of appointment, the salary and other allowances aforementioned shall be regulated in accordance with Section II of Part II of Schedule XIII of the Companies Act, 1956.

Mr. M. Ramalingam shall not be liable to retirement by rotation, so long as he continues to be Managing Director.



Notes:

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.

1. 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 forty-eight hours before the commencement of the meeting.
2. As required under Clause 49 (IV)(G) of the Listing Agreement, the relevant details of Directors seeking appointment / re-appointment under item No.2 and 3 are annexed.
3. The Register of Members and Share Transfer Books of the Company will remain closed from **10.09.2012 to 17.09.2012** both days inclusive.
4. 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.
5. Members are requested to quote their Registered Folio numbers/ ID Nos. in all correspondence with the Company and notify the Company immediately of change, if any, in the Registered Address and/ or of their mandates.
6. 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.
7. Members who have not encashed their Dividend Warrants of 2008-09 and 2009-10 may send the same to the Registered office or Share Transfer Agent for revalidation.
8. Members are requested to bring their copies of Annual Report to the Meeting.
9. The explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the special business set out against item 6 is annexed hereto.
10. The Ministry of Corporate Affairs vide its Circular dated 21st April 2011 allowed the Companies to send notices, annual reports and other documents by means of e-mail to the members of the Company. Hence members, who have not registered their e-mail addresses, are requested to register their e-mail addresses with the Company / Registrar.

By Order of the Board
For Dharani Sugars and Chemicals Limited

Place : Chennai – 34

Date : 23.05.2012

E.P. SAKTHIVEL
COMPANY SECRETARY



**Details of the Directors seeking Appointment / Re appointment
at the 25th Annual General Meeting.**

(Pursuant to Clause 49 of the Listing Agreement with Stock Exchanges)

Name	Mr. A. Sennimalai
Age	70 years
Qualification	M.Sc., M.B.A
Date of Appointment	04.06.1987
Experience	More than 45 years
Other Directorships	Appu Hotels Limited Dharani Credit & Finance (Private) Limited
Member of Committees	Management Committee Audit Committee Remuneration Committee
No of Shares held in this Company	15503
% of Shares	0.05%

Name	Dr.K.N Sivasubramanian
Age	67
Qualification	M.B.B.S, F.A.AP.A.B (PED), A.B (NEO) USA
Date of Appointment	30.06.1988
Experience	More than 35 years in Medicine
Other Directorships	Nil
Member of Committees	Nil
No of Shares held in this Company	263341
% of Shares	0.89%



Explanatory Statement under Section 173 (2) of the Companies Act, 1956.

Item No 6

Shri M. Ramalingam was appointed as a whole time Director designated as Managing Director from 01.04.2007. He is an Engineering graduate with specialization in Sugar Technology. He had been directly involved in the setting up the sugar factory at Dharani Nagar, Polur and Sankarapuram. He has an overall experience of 38 years in the sugar industry. The company has increased the crushing capacity of Unit II Polur from 2500 TCD to 4000 TCD. Further the company has recently set up a sugar complex at Sankarapuram consisting of sugar factory 3500 TCD, distillery 100 KLPD, Cogeneration of power 22 MW. These are additional responsibilities to Mr M.Ramalingam.

His appointment comes to a close by 31st March 2012. His reappointment and remuneration has to be approved by the shareholders in this Annual General Meeting.

Considering the services rendered by Shri M.Ramalingam in the company during the last more than 20 years, the Board had decided to re-appoint him as whole time Director designated as Managing Director on the terms and conditions detailed in the notice for a fresh period of 5 years from 01.04.2012.

The Directors recommend the resolution for the approval of the shareholders.

None of the Directors of the company except Shri M Ramalingam is, in any way, concerned or interested in the resolution.



DIRECTORS' REPORT

Dear Members,

Your Directors present herein the **Twenty Fifth Annual Report** on the operations of your Company and the Audited Statement of accounts for the year ended 31st March 2012.

(Rs. in Lakhs)

Particulars	Year Ended 31.03.2012	Year Ended 31.03.2011
Total Revenue	61671.80	84288.91
Profit before Interest Depreciation and Tax	8558.27	8161.20
Interest and Finance Charges	4874.71	5817.10
Depreciation	2074.88	2146.05
Profit / (Loss) before Tax	1619.93	198.05
Amortization of USAID Grant	11.25	11.25
Tax Expense	(594.60)	149.51
Profit / (Loss) After Tax	1025.33	358.81
Dividend	293.90	-
Dividend Tax	47.68	-
Transfer to General Reserve	200.00	-
Brought forward from last year	4820.01	4461.20
Balance carried forward to Balance Sheet	5303.76	4820.01

Product-wise performance

Sugar: During the year under review, the company has crushed 19.08 lakh tonnes of cane as against 13.29 lakh tonnes of cane in the previous year. The increase in cane crushing is mainly due to increased availability of cane at Polur and Sankarapuram units on account of better monsoon. During the year, the Company has processed 3638 Tonnes of Raw Sugar as against 90685 Tonnes of Raw Sugars in the previous year. The total sugar production was 18.14 lakh qtls as against 20.10 lakh qtls in the previous year. The Company has

sold 18.62 lakh qtls as against 26.14 lakh qtls in the previous year. The sugar recovery from cane was 9.33% as against 8.93% in the previous year. During the year, the Company has exported 8.16 lakh Qtls of sugar as against 8.90 lakh Qtls of sugar in the previous year. The average realization for the year 2011-12 was Rs.2796/Qtl as against Rs.2801/Qtl in the previous year.

Power: During this period, the total power generation was 1728.51 lakh units as against 2146.29 lakh units in the previous year. The export to the TNEB grid was 1181.96 lakh units as against 1535.04 lakh units in the previous year. The reduction in the power generation and export was mainly due to the Polur unit generating at lower capacity on account of vibration in the Turbine. Further, the use of coal was stopped as it was found uneconomical. Accordingly, the total value of the power exported to the grid has decreased to Rs.48.49 lakhs as against Rs 69.92 lakhs in the previous year.

Industrial Alcohol: The production of industrial Alcohol was 147.19 lakh litres as against 125.76 lakh litres in the previous year. The Company was able to sell the entire production of Alcohol and the sale was 155.57 lakh litres as against 119.11 lakh litres in the previous year. Consequent to this, the value of Alcohol sales has increased to Rs.38.06 lakhs as against Rs.34.36 lakhs in the previous year. The average realization was Rs. 24.42/ litre as against Rs.28.81 /litre in the previous year. The price of alcohol has come down on account of reduction in the molasses price and import of alcohol by the IMFL units from the neighboring states.



Financial Performance

The total income for the year was Rs.616.72 crores as against the total income of Rs.842.89 crores in the previous year. The last year sale was higher mainly on account of higher volume of carry over opening stock from import of Raw Sugar. The Gross Operating Profit has increased to Rs.85.69 crores from Rs.81.73 crores in the previous year. The Cash profit has increased to Rs.36.95 crores as against Rs.23.55 crores in the previous year. . The profit after Depreciation has increased to Rs.16.20 crores as compared to Rs.2.10 crores in the previous year. The Net profit after tax works out to Rs.10.25 crores as against the profit of Rs.3.59 crores in the previous year.

Dividend

Your Directors are pleased to recommend a dividend of Re.1.00 per Equity share of Rs.10/- each for the financial year ended 31st March 2012, which will involve a pay out of Rs.293.90 lakhs, besides dividend distribution tax of Rs.47.68 lakhs

Reserves

During the year, your Company has transferred a sum of Rs. 200 lakhs to General Reserves account.

Fixed Deposits

A sum of Rs. 9.81 lakhs was collected as deposits during the year 2011-2012. Your Company has complied with the provisions of Section 58 (A) and 58 (AA) of the Companies Act, 1956 and the rules prescribed there under. Your Company has no unpaid deposits which were due or repayable as on 31st March 2012. Your Company has not defaulted in repayment

of the deposits on the due dates. As on the date of this report, there are unclaimed deposits of Rs. 6.99 Lakhs.

Auditors

The Auditors of the Company M/s Srinivasan and Shankar, Chartered Accountants, Chennai retire at the close of the ensuing Annual General Meeting and are eligible for reappointment. They have conveyed their consent for reappointment and have furnished the required declaration under Sec 224 of the Companies Act.

Cost Audit

The Company has received the approval of the Central Government for re-appointment of Mr. V Srinivasan, as Cost Auditor to carry out the Cost Audit for the Financial Year 2011-12.

Compliance

The Company has devised proper systems to ensure compliance of all laws applicable to the Company.

Directors

Board reports, with regret the sudden death of Shri T Ramabhadran, Director on 25th June 2011.

Shri A Sennimalai and Dr K N Sivasubramanian are retiring by rotation at the ensuing Annual General Meeting and are eligible for reappointment.

Shri M Ramalingam, Managing Director whose appointment as Managing Director had come to a close by 31st March 2012 has been reappointed as Managing Director for a further term of 5 years from 01.04.2012, subject to approval by shareholders in the ensuing Annual General Meeting.