

DHARANI SUGARS AND CHEMICALS LIMITED



**30th
ANNUAL REPORT
2016-2017**



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30TH ANNUAL REPORT

BOARD OF DIRECTORS

Dr Palani G Periasamy	Chairman
Mr M Ramalingam	Managing Director
Mr A Sennimalai	Director
Mr P S Gopalakrishnan	Independent Director
Mrs Visalakshi Periasamy	Director
Mr P Selvam	Independent Director
Dr S Muthu	Independent Director
Dr. V R S Sampath	Independent Director
Mr R K Viswanathan	Independent Director
Dr K C Reddy	Nominee Director – IREDA
Mr E P Sakthivel	Company Secretary
Mr M P Kaliannan	Chief Financial Officer
Auditors	M/s Srinivasan & Shankar Chartered Accountants, Chennai – 600 004
Banks and Public Financial Institution	ICICI Bank Limited
	Indian Bank
	State Bank of India
	Bank of India
	Central Bank of India
	IDBI Bank Limited
	The South Indian Bank Limited
	The Federal Bank Limited
	Union Bank of India
	Indian Overseas Bank
	IREDA
Corporate Identification No.(CIN)	L15421TN1987PLC014454
Registered Office	PGP House, New No. 59 (Old No.57) Sterling Road, Nungambakkam, Chennai 600 034
Phone Nos/ Fax Nos	91-44-28311313, 28311414 Fax No. 91-44- 28232074/76
Email & Website	secretarial@dharanisugars-pgp.com 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, Chetpet, Polur Taluk Tiruvannamalai Dist – Tamil Nadu Phone No. 04181-223161 -162,223170 dharani2@dharanisugars-pgp.com
	Dharani –III, Kalayanallur Village, Sankarapuram Taluk. Villupuram Dist – 606206,Tamil Nadu Phone No. 04151 -248208,248277 dharani3@dharanisugars-pgp.com



NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the 30th Annual General Meeting of the Members of the Company will be held at "Sathguru Gnanananda Mini Hall", Narada Gana Sabha, New No.314 TTK Road, Alwarpet, Chennai 600 018 on **Monday, the 25th September 2017 at 10.20 A.M** to transact the following business:

ORDINARY BUSINESS

1. Adoption of Financial Statements

To receive, consider and adopt the audited Financial Statements including Balance Sheet as at 31st March 2017, the Statement of Profit and Loss and Cash Flow Statements for the year ended on that date and consider the reports of the Directors and Auditors.

2. Reappointment of Retiring Directors

To appoint a Director in place of Mr A Sennimalai (DIN 00062791) who retires by rotation and being eligible offers himself for re-appointment.

3. Auditor's Appointment

To consider and if thought fit, to pass, the following resolution as ordinary resolution:

RESOLVED THAT pursuant to the provisions of section 139, 142 and any other applicable provisions of the Companies Act, 2013 and Audit & Auditors Rules, 2014, (the rules), (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) consent of the Company is hereby accorded for appointment of **Mr Chinnasamy Ganesan** from CNGSN & Associates LLP, firm of Chartered Accountants, Chennai (Registration number 027501 with the Institute of Chartered Accountants of India) as Statutory Auditors for a period of 5 years from the conclusion of this meeting till the conclusion of the, 35th Annual General Meeting of the Company on such remuneration as may be agreed upon by the Audit committee/ Board of Directors in consultation with the Auditors, subject to ratification by shareholders in every subsequent annual general meeting.

SPECIAL BUSINESS

4. Appointment of Dr V R S Sampath as Independent Director

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.

RESOLVED that pursuant to the provisions of Section 149,150,152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, **Mr. V R S Sampath** (DIN 804839), an Independent

Director of the Company whose period of office as additional director comes to a close at the Annual General Meeting, as per section 161 of the Companies Act, 2013, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years from 25.09.2017 to 24.09.2022.

5. Appointment of Mr. R K Viswanathan as Independent Director

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.

RESOLVED that pursuant to the provisions of Section 149,150,152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, **Mr. R K Viswanathan** (DIN 00047420), an Independent Director of the Company whose period of office as additional director comes to a close at the Annual General Meeting, as per section 161 of the Companies Act, 2013, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years from 25.09.2017 to 24.09.2022.

6. Re-appointment of Mr M Ramalingam, as Managing Director

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution.

RESOLVED THAT Mr M Ramalingam whose current term of office as Managing Director expired on 31.03.2017 be and is hereby re-appointed as Managing Director of the Company for a further period of five years from 01.04.2017 to 31.03.2022, in terms of Sec 196 of the Companies Act, 2013.

RESOLVED FURTHER THAT pursuant to the provisions of Section 197 read with Schedule V and other applicable provisions of the Companies Act, 2013, approval be and is hereby accorded for the remuneration of Mr M Ramalingam as Managing Director during the above tenure as set out in the Statement pursuant to Section 102(1) of the Act attached hereto.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to increase, vary or amend the remuneration and other terms of the appointment from time to time on the recommendation of the Nomination cum Remuneration Committee.

PROVIDED that such revised remuneration shall be within the limits of and in conformity with Part II of Schedule V to the Companies Act, 2013 or any of statutory modification(s) or enactment thereof or relaxation granted there under.



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RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution.

7. Remuneration to Dr.Palani.G.Periasamy, as Executive Chairman.

To consider, and if thought fit to pass with or without modification, the following resolution as a Special Resolution.

RESOLVED THAT pursuant to the procedure indicated in part II section II of Schedule V read with section 196, 197 & 203 of the Companies Act 2013 and on the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors, and subject to such other approvals or consents as may be necessary, approval of the shareholders of the company be and is hereby accorded to the payment of the remuneration as indicated below to Dr Palani G Periasamy, Whole time Director designated as Executive Chairman of the company for a period not exceeding 3 years from the year 2016-17.

Rs. In Lakhs	
Particulars	per annum
Salary	24.00
Perquisites	-
LTA	-
Medical	-
Total	24.00

8. Remuneration to Mr M Ramalingam, Managing Director.

To consider, and if thought fit to pass with or without modification, the following resolution as a Special Resolution.

RESOLVED THAT pursuant to the procedure indicated in part II section II of Schedule V read with section 196, 197 & 203 of the Companies Act 2013 and on the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors, and subject to such other approvals or consents as may be necessary, approval of the shareholders of the company be and is hereby accorded to the payment of the remuneration as indicated below to Mr M Ramalingam, Managing Director of the company for the year 2016-17 for a period not exceeding 3 years from the year 2016-17, in case there are no profits or the profits are inadequate during the years in question.

Rs. In Lakhs	
Particulars	per annum
Salary	21.60
Perquisites	
House Rent Allowance	2.40
LTA	1.80
Medical	1.80
Total	27.60

9. Remuneration to Cost Auditor for the year 2016-17 & 2017-18

To consider, and if thought fit to pass with or without modification, the following resolution as a Ordinary Resolution.

RESOLVED that the Company do hereby confirm and ratify in terms of Section 148 and other applicable provisions of the Companies Act, 2013 and the Rules made there under, the payment of a sum not exceeding Rs. 1,50,000/- only as remuneration to Mr V Srinivasan, Cost Accountant (FRN No.102019) (Membership No.1248), for purpose of cost audit , as approved by the Board of Directors on the recommendations of the Audit Committee for conducting the audit of cost records of the Company, including its Sugar, Electricity, Organic and Inorganic Chemicals and Fertilizer segments as applicable for the financial year 2016-17 plus reimbursement of travel and out of pocket expenses incurred for purpose of such audit.

RESOLVED FURTHER that the Company do hereby confirm and ratify in terms of Section 148 and other applicable provisions of the Companies Act, 2013 and the Rules made there under, the payment of a sum not exceeding Rs. 1,50,000/- only as remuneration to M/s SRR & Associates Cost Accountants (Firm Registration No :000992) for purpose of cost audit , as approved by the Board of Directors on the recommendations of the Audit Committee for conducting the audit of cost records of the Company, including its Sugar, Electricity, Organic and Inorganic Chemicals and Fertilizer segments as applicable for the financial year 2017-18 plus reimbursement of travel and out of pocket expenses incurred for purpose of such audit.

By Order of the Board
For Dharani Sugars and Chemicals Limited

Place: Chennai – 34
Date : 12th August 2017

E P Sakthivel
Company Secretary



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.

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.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

1. As required under Regulation 36(3) of SEBI Listing Obligation and Disclosure Requirement 2015, the relevant details of Director seeking appointment / re-appointment under item No.2 is annexed.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 19th September 2017 to 25th September 2017 both days inclusive.
3. 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. Only members/proxy will be admitted to the auditorium for the meeting.

4. 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.
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 2009-10, 2011-12 and 2012-13 may send the same to the registered office or Share Transfer Agent for revalidation.
7. Unpaid dividend for over 7 years will be transferred to Investor Education and Protection Fund. Members may refer to page No. 43 of the Annual Report and lodge their claim, if any, immediately.
8. Members are requested to bring their copies of Annual Report to the Meeting.
9. Pursuant to section 108 of the Companies Act, 2013 and in compliance with SEBI directives through the Listing Agreement, the Company has made the necessary arrangements to enable the members to exercise their right to vote on the resolutions through Electronic Voting. The detailed procedure for availing this facility is explained in the annexure.

By Order of the Board
For Dharani Sugars and Chemicals Limited

Place: Chennai – 34
Date : 12th August 2017

E P Sakthivel
Company Secretary

INFORMATION ABOUT THE DIRECTOR SEEKING APPOINTMENT / RE-APPOINTMENT IN THIS ANNUAL GENERAL MEETING IS FURNISHED HERE UNDER REGULATION 36(3) LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS 2015

Item No.2 – Re-appointment of Mr. A. Sennimalai

Particulars	
Name of the Director	Mr A Sennimalai
Date of Birth	06.02.1942
Qualification	M Sc M B A
Experience in specific functional areas	More than 40 years in General Management
List of other Listed Companies in which Directorship held	NIL
Chairman/Member of the Committee of the Board of Director of the Company	Member of 1. Management Committee 2. Audit Committee 3. Nomination and Remuneration Committee 4. Stakeholders Relationship Committee
Number of Shares held in the Company (both own or held by / for other persons on a beneficial basis) as on March 31, 2017	24081 Equity shares.
Relationship between directors inter - se	NIL



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Item No. 4 and 5 – Appointment of Directors

Particulars	Item No. 4	Item No. 5
Name of the Director	Dr V R S Sampath	Mr R K Viswanathan
Date of Birth	12-08-1956	03-12-1940
Qualification	Master of Arts and Master of Law in International Law and Comparative Constitutional Law	B.A.,
Experience in specific functional areas	He is currently an empanelled advocate to Canara Bank, Indian Bank and Indian Overseas Bank. Chennai. Dr. Sampath is Panel Member of Arbitrator and Mediator of World Intellectual Property Organisation (WIPO) a subsidiary of United Nations.	He is a Business man in Erode and Leading trader and Exporter in spices with more than 35 years experience in trade and marketing. He was Ex-President of Erode Turmeric Merchants Association.
List of other Public Companies in which Directorship held	Nil	Nil
Chairman/Member of the Committee of the Board of Director of the Company	Nil	Member of 1. Audit Committee 2. Nomination and Remuneration Committee
Chairman / Member of the Committee of the other Companies in which he/she is a Director	Nil	Nil
Number of Shares held in the Company (both own or held by / for other persons on a beneficial basis) as on March 31, 2017	Nil	Nil
Relationship between directors inter - se	Nil	Nil

Explanatory Statement under Section 102 of the Companies Act, 2013.

Item No. 3. Auditor's Appointment

Board of Directors at their meeting held on 12.08.2017 on the recommendation of the audit committee approved the appointment of Mr Chinnasamy Ganesan from CNGSN & Associates LLP, firm of Chartered Accountants, Chennai (Registration number 027501 with the Institute of Chartered Accountants of India) as Statutory Auditors for a period of 5 years from the conclusion of this meeting till the conclusion of the 35th Annual General Meeting of the Company on such remuneration as may be agreed upon by the Audit committee/ Board of Directors in consultation with the Auditors, subject to ratification by shareholders in every subsequent annual general meeting. Accordingly the resolution is placed for the approval of the share holders in accordance with Section 139 of the Companies Act, 2013.

The Company has received the written consent of the proposed auditors to the appointment and requisite certificate prescribed u/s 139 and 141 of the Companies Act, 2013. No director or Key Managerial Personnel of the company or their relatives are concerned or interested financially or otherwise in this business.



Item No.4: Appointment of Dr V R S Sampath as Independent Director

Dr V R S Sampath was appointed as an additional Independent Director under Section 161 of the Companies Act., 2013 to hold office till the next Annual General Meeting. It is now proposed to appoint Dr V R S Sampath as an Independent Director on a regular basis as per Section 149(10) of the Companies Act, 2013.

Dr. V. R. S. Sampath is an advocate and editor of Sattakadir, a Law and Human Rights journal published in Chennai from 1992. He is an arbitrator and mediator specially trained in Canada and Austria. He is currently an empanelled advocate to Canara Bank, Indian Bank and Indian Overseas Bank, Chennai. Dr. Sampath is Panel Member of Arbitrator and Mediator of World Intellectual Property Organisation (WIPO) a subsidiary of United Nations.

He is a Master of Arts in History, Master of Law in International Law and Comparative Constitutional Law, Doctor of Philosophy (Ph.D) (research program on Judicial History) awarded by the University of Madras. He also holds a Post Graduate Diploma in Tourism.

He is a member of the Indian Council of Arbitration, Law Asia, and International Centre for Alternative Dispute Resolution, Commonwealth Lawyer's Association and Indian Association for Criminology.

In the opinion of the Board, Dr V R S Sampath fulfils the conditions specified in the Companies, Act, 2013 and rules made there under for his appointment as an independent Director of the Company and is independent of the management.

Requirements of Sec.160 of the Companies Act, 2013 have been complied and the Directors recommend the resolution for the approval of the shareholders. The independent Director has submitted his declaration as per Section 149(7) that he continues to meet the criteria of independent director.

None of the Directors except Dr V R S Sampath or Key Managerial Personnel of the Company is in anyway concerned or interested in the resolution.

Item No.5: Appointment of Mr R K Viswanathan as Independent Director.

Mr R K Viswanathan was appointed as an additional Independent Director under Section 161 of the Companies Act., 2013 to hold office till the next Annual General Meeting. It is now proposed to appoint Mr. R K Viswanathan as an Independent Director on a regular basis as per Section 149(10) of the Companies Act, 2013.

Mr R K Viswanathan is a Business man in Erode and Leading trader and exporter in spices with more than 35 years experience in trade and marketing. He was Ex-President of Erode Turmeric Merchants Association.

In the opinion of the Board, Mr R K Viswanathan fulfils the conditions specified in the Companies, Act, 2013 and rules made there under for his appointment as an independent Director of the Company and is independent of the management. The independent Director has submitted his declaration as per sec. 149(7) that he continues to meet the criteria of independent director.

Requirements of Sec.160 of the Companies Act, 2013 have been complied and the Directors recommend the resolution for the approval of the shareholders.

None of the Directors except Mr R K Viswanathan or Key Managerial Personnel of the Company is in anyway concerned or interested in the resolution.

Item No.6: . Re-appointment of Mr M Ramalingam as Managing Director

The current term of Mr M Ramalingam (DIN No. 00278025) as Managing Director ended on 31.03.2017. The Board of Directors at their meeting held on 11.2.2017 have reappointed Mr M Ramalingam as Managing Director of the Company for a further period of five years from 1st April 2017 to 31st March 2022 and approved the remuneration package on the recommendations of the Nomination cum Remuneration Committee as under, subject to the approval of shareholders.

Rs in Lakhs	
Particulars	Total for the year
Salary	21.60
House rent allowance	2.40
Leave travel allowance (One month salary)	1.80
Medical Reimbursements (One month salary)	1.80



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Mr M Ramalingam 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. Mr M Ramalingam is with this group since 1988 and was instrumental in setting up the 3rd sugar factory at Sankarapuram with crushing capacity of 3500TCD with Distillery of 100 KLPD. Besides he arranged for increasing the crushing capacity at Unit II (Polur) from 2500 TCD to 4000 TCD. He has an overall experience of 38 years in the Sugar industry.

Considering the services rendered by Shri M Ramalingam in the company during the last more than 25 years, the Board had decided to utilize his experience and excellent services for the benefit of the Company by re-appointing him as Managing Director on the terms and conditions detailed in the notice for a fresh period of 5 years from 01.04.2017 though he has completed the age of 70, Special justification for his appointment is given as above. The Directors recommend the resolution for the approval of the shareholders.

The terms of appointment and remuneration of Mr M Ramalingam have been determined by the Board on the recommendations of the Nomination cum Remuneration Committee having regard to the extant provisions of the Companies, Act, 2013 and Schedule V thereof.

Memorandum and Article of Association, relevant resolutions passed by the Nomination cum Remuneration Committee and the Board and the written memorandum setting out the terms of appointment of Managing Director vide Section 190(1) are available for inspection by members at the registered office of the company between 11.00 A. M and 1.00 P. M on any working day.

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

Accordingly the Directors commend the resolution for approval of the Shareholders as a Special Resolution.

Item No.7 . Remuneration to Dr Palani G Periasamy, Whole Time Director designated as Executive Chairman for the year 2016-17.

Dr Palani G Periasamy, (DIN No. : 00081002) the promoter of the Company was reappointed as a Whole time Director for a period of five years from 25.06.2014. with the following remuneration and approval of shareholders was obtained through a Special Resolution in the 27th Annual General Meeting held on 24.09.2014 Rs in Lakhs

Particulars	Total for the year
Salary	48.00
Perquisites	-
Leave travel allowance (One month Salary)	4.00
Medical Reimbursements (One Month Salary)	4.00
Total	56.00

Plus commission @ 3% of the Net Profits.

It was also provided therein that in case there are no profits or if the profits are insufficient, payment of remuneration will be regulated within the limits, i.e., not exceeding Rs.60 (since revised to Rs.120 lakhs)per year prescribed in Section II Part II of the Schedule V to the Companies Act, 2013 and after following the prescribed procedure detailed therein. As the profits for the year 2016-17 are insufficient, the above procedure is being followed. The following remuneration which is within the prescribed limits is proposed for a period not exceeding 3 years from the year 2016-17. Prior approval of the secured creditors has also been obtained, as required by the provisions of Schedule V

The Nomination & Remuneration Committee and Board have recommended this remuneration.

b) Interest of Directors, Key Managerial personnel and their relatives:

- None of the (i) Directors, except Mrs Visalakshi Periasamy, Director
- (ii) Key Managerial Personnel (CFO & CS), and
- (iii) Relatives of the persons mentioned in (i) and (ii) are interested in the above said resolution.

c) Relevance of Resolution in any other Company - The above resolution does not affect any other Company

d) Inspection of Documents - No document is required to be kept for inspection other than the Order of Appointment.



I. General Information		
1	Nature of industry	Manufacture of Sugar, Power and Alcohol
2	Date or expected date of commencement of commercial production	04.06.1987
3	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	NA
4	Financial performance based on given indicators	Given in the Board's Report
5	Foreign investments or collaborations, if any	NA
II. Information about the appointee		
1	Background details	<p>Dr Palani G Periasamy obtained his Masters in Economics from University of Madras in 1962, Masters in Economic from University of Pittsburgh, USA in 1969 and Doctorate in Advanced Micro / Macro Economics from the University of Pittsburgh, USA in 1972.</p> <p>He has over the years held various positions including Member, American Economic Association, Member, Eastern Economic Association, Member, Atlantic Economic Society and Member, Society of Government Economists. He was also Director of Graduate Studies, Graduate School of Business and Administration, University of Baltimore from 1975-79.</p> <p>He had been conferred with various awards, principal among them being "Outstanding Educator of America" award for two consecutive years in 1975 and 1976 and the "National Unity Award 1993" from the All India National Unity Conference, New Delhi. Since 1987, Dr Palani G Periasamy has been managing the activities of the PGP Group in India.</p>
2	Past Remuneration	Rs.4.00 lakhs p.m. But was paid only Rs.24 lakhs being the minimum as per Schedule V of the Companies Act 2013 for the year 2015-16.
3	Recognition or awards	As above
4	Job Profile and his suitability	He has more than 37 years experience in General administration in the group promoted by him.
5	Remuneration proposed	Rs. 24.00 Lakhs per annum
6	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)	Rs. 1 to 2 Crores per annum
7	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.	He holds 3602775 equity shares constituting 10.85% in Dharani Sugars and Chemicals Limited. He is the spouse of Mrs Visalakshi Periasamy, a Director.
III. Other information		
1	Reasons of loss or inadequate profits	Heavy drought in southern parts of India coupled with the decentralization of sugar in India has resulted in drastic reduction in the Sugar Price., whereas Cane Price has been increased by the Governments.
2	Steps taken or proposed to be taken for improvement	Explained in the Board's Report.
3	Expected increase in productivity and profits in measurable terms	

Accordingly the Directors commend the resolution for approval of the Shareholders as a **Special Resolution**.