



**DHARANI SUGARS
AND
CHEMICALS LIMITED**

CHAIRMAN'S SPEECH

26-09-2018

31st ANNUAL GENERAL MEETING

**Venue: Narada Gana Sabha, Mini Hall
314 T.T.K. Road, Alwarpet, Chennai-600 018**





DHARANI SUGARS AND CHEMICALS LIMITED

CHAIRMAN'S SPEECH

Dear Shareholders,

It is with great pleasure, I welcome you all to this 31st Annual General Meeting of your Company. The Annual statement of Accounts sent to you earlier has been with you for some time and I seek your permission to take it as read. I shall commence the proceedings of the Annual General Meeting with a brief summary of the present status of the world economy and its impact on the Indian economy.

Global Economy

Short-term prospects for the world economy have generally improved over the last six months. According to the World Economic Situation and Prospects as of mid-2018 report, global economic growth is expected to reach 3.2 per cent in both 2018 and 2019. This is the fastest rate of growth since 2011. There is a stronger outlook for developed economies, reflecting rising wages, favorable investment conditions and the short-term impact of fiscal stimulus measures in the United States. Many commodity-exporting countries are also benefitting from higher prices of energy and metals.

However the improvement in short-term prospects, downside risks to global growth have also been building. This means that there is a greater probability that economic growth could turn out far worse than current baseline projections. Key risks include the build-up of trade tensions among major economies; increasing geopolitical tensions; greater uncertainty about the path of monetary policy adjustment in developed economies; and high and rising levels of debt in both developed and developing countries. Any of these factors have the potential to derail the recent improvement in economic prospects.

Many developing countries are exposed to associated risks, especially where the rise in debt in recent years reflects significant amounts of dollar-denominated debt. The prospects of tighter liquidity conditions and potential spikes in risk aversion expose emerging economies to higher borrowing costs, depreciation of domestic currencies and a decline in equity prices.

This could adversely impact banking and corporate sector balance sheets as well as the capacity to roll over debt. Furthermore, the corporate sector will face a heavy debt servicing schedule in the next few years, especially in the case of a sudden appreciation of the dollar. The effects on real economic activity could prove large, through a sharp slowdown in investment, higher inflation or fiscal adjustment measures.

Indian Economy

The size of Indian economy would be doubled to 5 trillion US dollar by 2022, with manufacturing and agriculture contributing \$1 trillion each. Also, GOI is committed towards doubling the farmers' income by 2022. The Government's push for make-in-India has led to 80% of mobile phones currently in use being manufactured within the country helping to save Rs. 3 lakh crores in foreign exchange. Also the Government has come with Digital India initiative which focus on creation of Digital Infrastructure, delivery of services digitally and to increase the digital literacy.

FDI equity inflow into India reached USD 34.84 Billion during 2017-18, while the cumulative equity inflow to the country from April 2000 to December 2017 in the calendar year has reached USD 368.05 Billion. The 13% fall in the dollar value of the rupee so far in the calendar year focuses attention on the country's growing deficit in goods and services. The Govt. is talking of promoting exports and curbing non-essential imports.

The Indian economy would grow at over 8% rate in the fiscal year 2018 with massive employment generation being seen in IT and retail sectors. India has one of the fastest growing service sectors in the world with an annual growth rate above 9% since 2001, which contributed to 57% of the GDP. India has become a major exporter of IT services, Business (BPO) services, and software with \$154 billion revenue in FY 2017. Software exports are expected to be India's substitute for the oil import bill. IT industry continues to be the largest private-sector employer in India.



above the agricultural sector and, the Manufacturing sector has held a substantial share of its economic contribution in the Indian economy.

Indian Economy records 8.2 % growth in the first quarter of 2018-19. Our fastest growing major economy is higher than China's 6.7% in the same quarter. The GDP in the 1st quarter of 2018 -19 is estimated Rs.33.74 lakh crores against 31.18 lakh crores in quarter 1 of 2017-18 showing a growth rate of 8.2 %.

The long-term growth prospective of the Indian economy is positive due to its young population, corresponding low dependency ratio, healthy savings and investment rates, and increasing integration into the global economy.

Indian Sugar Scenario

In India, Sugar industry is the second largest agro-based industry after the Textiles industry and it contributes significantly to the socio economic development of the nation. Now, India is almost the largest producer of sugar in the world and also the largest consumer of sugar. Prime Minister of India has in the year 2017 promised to double the farmers income in 5 years.

Sugarcane is most important commercial crop and it is occupying 5.0 million hectares in area of the Indian nation. It contributes significantly to the socio economic development of the nation. Indian sugar industry is also a major sector to generate employment to rural population. Probably 0.5 million people are dependent on sugar factories and also 50 million sugarcane farmers and 7.5 per cent of the rural population are involved in cultivation of sugar, harvesting and ancillary activities in India. Indian sugar industry development is backbone to economic development of the rural areas through mobilizing rural resources leading to generation of employment.

Indian Sugar production in the ongoing season 2017-18 is estimated at 32.00 million tonnes as against the production of 20.28 million tonnes in the previous sugar season 2016-17. The season 2017-18 is likely to close with 10.00 million tonnes of sugar. Indian sugar production for the next season is estimated at a record level of 35 million tonnes. The increase in the sugar production is due to good monsoon in UP, Maharashtra and Karnataka.

However, a significant increase in sugar production in the coming year is likely to result in closing stocks of 9

to 9.5 million tons even after considering export of 2 million tons, though this might pose a challenge given the subsidised global sugar prices.

However, the production in Tamil Nadu and South Karnataka is likely to remain impacted by the consecutive seasons of poor rainfall. This along with the increase in the cane cost due to higher Fair and Remunerative Price (FRP) in sugar year 2018-19 might impact the performance of the sugar mills in these regions. The current year drought in Tamil Nadu is the worst among the droughts in the last 140 years. Consequent to this, the Tamil Nadu mills are operating around 30 to 35% of the installed capacity.

As the Sugar Industry is very important in the Indian Economy particularly to the rural Economy, several policy measures and financial incentives have been announced by the Govt. of India as well as the Tamilnadu Government. These measures are expected to improve the prospects of the sugar units in the next two years.

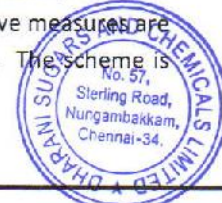
The Govt. of India has fixed a minimum selling price for sugar at Rs.29/- per kg which will be periodically increased in line with the increase in the cane price. For the coming season the Sugar price is expected to be increased to Rs.34/- per kg. This will ensure that the sugar Companies realize a remunerative price irrespective of the excess production in the country. Earlier, the sugar price has fallen below the cost of production. Despite the Govt's bailout package, pressure on sugar prices cannot be ruled out.

The Govt. of India has announced various incentives for increasing the Ethanol blending with the view to reduce the sugar production and increase bio-fuel. The following are some of the measures announced by Govt. of India with Ethanol Blending Scheme:

The Govt. of India has also permitted use of B heavy molasses for production of Ethanol and also permitted production of Ethanol directly from Cane Juice as is being followed in Brazil which measure will reduce accumulation of surplus sugar.

Announced an Ethanol price increase of 2.5% from Rs.47.50 per litre to Rs.59.50 per litre for Ethanol made from Sugar Cane Juice and for Ethanol made from B heavy molasses the price has been increased from Rs.47.50 to Rs.52.43 per litre which will be more remunerative to the sugar companies.

The Ethanol blending scheme is periodically reviewed by high level committee and supportive measures are being announced from time to time. The scheme is



expected to save about Rs. 10000 crores per year in terms of foreign exchange savings by reducing the oil imports especially when world oil prices fluctuate shortly.

World Sugar Scenario

The Global Sugar Market is poised for two consecutive years of surplus production, due to increased production from India and Thailand as per Rabobank. The Global surplus is likely to be around 10.5 million tonnes in the 2017-18 season. This was up by 3 million tonnes from the earlier forecast. This surplus production is contained at this level, mainly due to the increase in the percentage of sugarcane used for Ethanol production in Brazil where the total sugarcane produced, 60.3% is used for ethanol production and only 39.7% is used for sugar production.

Despite a projected overall decline in Global Sugar Production in 2018-19 season, there would still be a surplus of 5 million tonnes. The Global Sugar Price would continue to be depressed for one more year.

Performance of Your Company

During the year under review the total Gross income was Rs.505.34 crores as against Rs.540.22 crores in the previous year. The Gross profit has decreased to Rs.14.16 crores as against Rs.80.16 crores in the previous year. After considering interest, the cash loss works out to Rs.62.12 crores as against the cash profit of Rs.7.33 crores in the previous year. The net loss after depreciation and deferred tax, the loss for the year works out to Rs.84.63 crores as against the loss of Rs.17.42 crores in the previous year. The loss was mainly due to lower volume of cane crushing due to continuous drought during the last four years and substantial fall in the sugar realisation during the last quarter of this year.

Performance for the first Quarter Ended 30th June 2018

During the quarter under review, the total income was Rs.114.40 crores as against the total income of Rs.153.90 crores in the corresponding period of the previous year. Gross loss for the quarter was Rs.4.14 crores against the profit of Rs.25.92 crores in the corresponding period of the previous year. The interest for the quarter was Rs.18.94 crores against Rs.18.64 crores in the corresponding period of the previous year. After providing for interest, the operation has resulted in a cash loss of Rs.23.08 crores as against the cash profit of Rs.7.28 crores in

the corresponding period of the previous year. The net loss after depreciation and tax was Rs.28.83 crores as against the profit of Rs.1.08 crores in the corresponding period of the previous year. Your company is experiencing some temporary difficulties in meeting its commitments to Banks and Lending Institutions on time. Your company is, however, considering proposing restructuring of the loans and making its operations viable.

Outlook for the year 2018-19

Due to continuous drought in Tamilnadu for the last four years, the cane availability has come down and the sugar mills could hardly operate around 35% of the installed capacity. With this lower capacity utilization the Company would end with higher cost of production due to fixed cost apportionment. With the various policy decision and supportive measures announced by the Government of India, and the favorable monsoon predicted for this year and restructuring of its debts, we are hopeful that the performance of your company will improve in the coming years.

Acknowledgements

I take this opportunity to thank all the members of Dharani family for their dedication and hard work.

I would also like to place on record my thanks for the active support of the Banks/Financial Institutions viz., Indian Bank, State Bank of India, South Indian Bank Limited, IDBI Bank Limited, The Federal Bank Limited, ICICI Bank, Central Bank of India, Bank of India, Union Bank of India, Indian Overseas Bank and IREDA.

I also thank the cane farmers in our factory command areas and the Government of India and Tamilnadu for their co-operation and support.

Above all, we are deeply grateful for the continuing invaluable support extended by the family of shareholders of the Company.

Once again I thank you all.

Chennai-600 034
Date: 26-09-2018

Dr.Palani G. Periasamy
Executive Chairman

Note: This does not purport to be a record of the proceedings of the Annual General Meeting



DHARANI SUGARS AND CHEMICALS LIMITED



PGP GROUP

**31st
ANNUAL REPORT
2017-2018**



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31ST ANNUAL REPORT

BOARD OF DIRECTORS

Dr Palani G Periasamy	Chairman
Mr M Ramalingam	Managing Director
Mr A Sennimalai	Director
Mrs Visalakshi Periasamy	Director
Mr P S Gopalakrishnan	Independent Director
Mr P Selvam, IAS (Retd)	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 CNGSN & Associates LLP Chartered Accountants, Chennai – 600017 Firm Reg No. 004915S/S200036
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
Registered Office	PGP House, New No. 59 (Old No.57) Sterling Road, Nungambakkam, Chennai 600 034 CIN No: L15421TN1987PLC014454
Phone Nos/ Fax Nos	91-44-28311313, 28311314 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 31st 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 **Wednesday the 26th September 2018 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 2018, 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. Re-appointment of Retiring Director

To appoint a Director in place of Mrs Visalakshi Periasamy, (DIN 00064517) who retires by rotation and being eligible offers herself for re-appointment.

SPECIAL BUSINESS

3. Remuneration to Dr Palani G Periasamy, Whole time Director designated 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, Wholetime Director designated as Executive Chairman of the Company for a period not exceeding 2 years and 3months from the year 2017-18 till 24-06.2019, in case there are no profits or the profits are inadequate during the years in question.

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

4. Remuneration to Mr M Ramalingam, Managing Director

To consider, and if thought fit to pass with or without modification, the following resolution as **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 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 2017-18 for a period not exceeding 3 years from the year 2017-18, 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	
HRA	2.40
LTA	1.80
Medical	1.80
Total	27.60

5. Remuneration to Cost Auditor for the year 2018-19.

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 M/s SRR Associates, Cost Accountants (FRN 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 2018-19 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 : 28th May 2018

E P Sakthivel
Company Secretary



Dharani Sugars and Chemicals Limited

Notes :

A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY

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 **20th September 2018 to 26th September 2018** 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 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 Central Government. Members may refer to page No.38 of the Annual Report and lodge their claim, if any, immediately. Similarly shares relating to them will also be transferred to Investor Education and Protection Fund.
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.
10. Explanatory statement pursuant to Section 102 of the Companies Act, 2013 in respect of the special business set out against item 3 is annexed hereto.

By Order of the Board
For **Dharani Sugars and Chemicals Limited**

Place: Chennai – 34
Date : 28th May 2018

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 Mrs Visalakshi Periasamy

Particulars	
Name of the Director	Mrs Visalakshi Periasamy
Date of Birth & Age	12.08.1946 & 72 years
Date of Appointment	12.11.2014
Qualification	BBA
Experience in specific functional areas	30 years
List of other Listed Companies in which Directorship held	Dharani Finance Limited
Chairman/Member of the Committee of the Board of Director of the Company.	Nil
Number of Shares and % held in the Company (both own or held by / for other persons on a beneficial basis) as on March 31, 2018	1200101 Equity Shares (3.61%)
Relationship between directors inter - se	She is the spouse of Dr Palani G Periasamy, Executive Chairman.



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

Item No.3 . Remuneration to Dr Palani G Periasamy, Wholetime Director designated as Executive Chairman for the year 2017-18.

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 Lakhs (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 there are no profits for the year 2017-18, the above procedure is being followed. The following remuneration which is within the prescribed limits is proposed for a period not exceeding 2 years and 3 months from the year 2017-18 as the present term of office is upto 24.06.2019. Prior approval of the secured creditors has also been obtained, as required by the provisions of Schedule V of the companies Act 2013.

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.