



Dharani Sugars and Chemicals Limited

Regd. Office: "PGP HOUSE", (Old No.57) New No.59, Sterling Road, Nungambakkam, Chennai - 600 034.

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GST No : 33AAACD1281F1Z7 | TIN NO:33061502443 | CST No : 818529/19.11.87

CIN No : L15421TN1987PLC014454, Website : www.dharanisugars.in

DSCL\Results Reg-33 \2020

11.11.2020

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 th Floor Plot No.C/1 G Block Bandra – Kurla Complex Bandra East, Mumbai 400 051
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Dear Sir,

Sub: Unaudited Financial Results for the Quarter and half year ended 30th September 2020.

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 11th November 2020.

1. Unaudited Financial Results for the Quarter and half year ended 30th September 2020 along with segment wise report.
2. Auditors Limited Review Report.

The Meeting of the Board of Directors of the Company commenced at 11.30 a.m. and concluded at 1.30 p.m.

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

Dharani Sugars and Chemicals Limited

Regd. Office: "PGP House", New No.59 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 unaudited financial results for the quarter and six months ended September 30, 2020

S.No	Particulars	Quarter ended			Six months ended		(Rs in Lakhs)
		September 30, 2020 (Unaudited)	June 30, 2020 (Unaudited)	September 30, 2019 (Unaudited)	September 30, 2020 (Unaudited)	September 30, 2019 (Unaudited)	Year ended March 31, 2020 (Audited)
1	Income from Operations						
2	Net Sales/ Revenue from operations	659.50	2,410.25	4,367.68	3,069.75	10,436.01	10,996.75
3	Other Income (Net)	562.47	9.47	4.64	571.94	28.20	43.17
4	Total Income (1+2)	1,221.97	2,419.72	4,372.32	3,641.69	10,464.21	11,039.92
5	Expenses						
6	Cost of materials consumed	237.80	2,132.85	3,010.35	2,370.65	6,341.95	6,597.74
7	Changes in inventories of finished goods and work in progress	233.86	(156.54)	344.88	77.32	1,580.92	1,808.49
8	Employees benefits expense	355.67	368.32	556.77	723.99	1,124.64	2,161.73
9	Depreciation and amortisation expense	614.22	555.76	256.28	1,169.98	2,161.03	2,245.52
10	Finance Cost (refer note 6 below)	1.57	1.40	561.35	2.97	1,122.71	215.40
11	Other expenses	369.36	250.10	1,603.99	619.46	2,351.38	4,816.70
12	Total Expenses	1,812.48	3,151.89	6,333.62	4,964.37	14,682.63	17,845.58
13	Profit/ (Loss) before exceptional items and tax (3-4)	(590.51)	(732.17)	(1,961.30)	(1,322.68)	(4,218.42)	(6,805.66)
14	Exceptional items (refer note 8 below)	-	-	-	-	-	3,477.86
15	Profit/ (Loss) before tax (5+6)	(590.51)	(732.17)	(1,961.30)	(1,322.68)	(4,218.42)	(3,327.80)
16	Tax expense						
17	Current tax	-	-	-	-	-	-
18	Current tax for earlier years	-	-	-	-	-	-
19	MAT credit reversal	-	-	-	-	-	-
20	Deferred tax Asset/(Liability)	-	-	-	-	-	339.68
21	Total tax expenses	-	-	-	-	-	339.68
22	Profit/ (Loss) for the period from continuing operations (7-8)	(590.51)	(732.17)	(1,961.30)	(1,322.68)	(4,218.42)	(2,988.12)
23	Profit/ (Loss) from discontinued operations	-	-	-	-	-	-
24	Tax expense of discontinued operations	-	-	-	-	-	-
25	Profit/ (Loss) from discontinued operations (after tax) (10-11)	-	-	-	-	-	-
26	Profit/ (Loss) for the period (11+12)	(590.51)	(732.17)	(1,961.30)	(1,322.68)	(4,218.42)	(2,988.12)
27	Other comprehensive income, net of income tax						
28	(a) (i) items that will not be reclassified to profit or loss	(8.24)	(8.24)	13.63	(16.48)	27.26	(32.95)
29	(ii) income tax relating to the above items	-	-	-	-	-	-
30	(b) (i) items that will be reclassified to profit or loss	-	-	-	-	-	-
31	(ii) income tax relating to the above items	-	-	-	-	-	-
32	Total other comprehensive income, net of income tax	(8.24)	(8.24)	13.63	(16.48)	27.26	(32.95)
33	Total comprehensive income/(loss) for the period (13+14)	(598.75)	(740.41)	(1,947.67)	(1,339.16)	(4,191.16)	(3,021.07)
34	Paid-up equity share capital	3,320.00	3,320.00	3,320.00	3,320.00	3,320.00	3,320.00
35	Face value per share (Rs)	10.00	10.00	10.00	10.00	10.00	10.00
36	Earning per share (Rs) (not annualised)						
37	- Basic	(1.78)	(2.21)	(5.91)	(3.98)	(12.71)	(9.00)
38	- Diluted	(1.78)	(2.21)	(5.91)	(3.98)	(12.71)	(9.00)
Notes:							
1	The above results for the quarter and six months ended September 30, 2020 as reviewed and recommended by the audit committee of the Board, has been approved by the Board of Directors at its meeting held on November 11, 2020						
2	The statement has been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under section 133 of the Companies Act, 2013 and other recognised accounting practices and policies to the extent applicable.						
3	The format for audited quarterly results as prescribed in SEBI's Circular CIR/CFD/CMD/15/2015 dated November 30, 2015 has been modified to comply with the requirements of SEBI's circular dated July 5 2016, Ind AS and Schedule III (Part II) to the Companies Act, 2013, which are applicable to companies that are required to comply with Ind AS.						



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- 4 The Company has made detailed assessment of its liquidity position for the next year and the recoverability and carrying value of its assets comprising property, plant and equipment, investments and trade receivables. Based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The situation is changing rapidly giving rise to inherent uncertainty around the extent and timing of the potential future impact of the Covid-19 which may be different from that estimated as at the date of approval of the financial results. The Company will continue to closely monitor any material changes arising of future economic conditions and impact on its business.
- 5 The Company's net worth is negative and the borrowings from banks and financial institutions have been classified by the lenders as non-performing assets. All the banks and financial institutions have also issued notice calling back the loans. The Company approached the consortium of bankers for an One Time Settlement (OTS)/ restructuring which is under negotiation. The Company is confident of a turnaround, if the OTS/ restructuring has been approved by the banks and financial institutions.
- It may also be noted that the poor performance of the Company is mainly due to low availability of sugarcane for crushing as planting areas are being continuously reduced due to continuous draught and the general slowdown in sugar industry due to factors like failure of monsoon, varietal degeneration, reduced recovery, decline in area under cultivation and the resultant reduction in capacity utilisation of sugar mills. This being a general industry issue, a formal representation was made by the South Indian Sugar Mills Association (SISMA), in which the Company is a member, to the Hon'ble Prime Minister and the Chief Minister of Tamil Nadu for announcing revival packages for the sugar industry. SISMA expects that its demands will be considered by the Central and State Governments favourably.
- In the meeting with the Hon'ble Union Finance Minister, SISMA has submitted a request for restructuring of loans to sugar mills considering the status of Sugar industry in Tamilnadu. Pursuant to the directions of the Hon'ble Union Finance Minister, the Ministry of Finance had organised a joint meeting of the senior officers of Reserve Bank of India (RBI), Ministry of Finance, Food Ministry, Tamilnadu State Government, Farmers' Associations and SISMA. The meeting was held on September 24, 2019 and deliberated on the supportive measures including restructuring of accounts required for the revival of sugar units in Tamilnadu. SISMA has also sent a letter to the State Level Bankers Committee (SLBC) and requested to keep in abeyance the recovery proceedings initiated against sugar units in Tamilnadu, including proceeding before the SARFAESI, Hon'ble National Company Law Tribunal (NCLT) and Debt Recovery Tribunal (DRT), considering the discussions arising out of the above meeting. The Hon'ble Chief Minister of Tamilnadu has also communicated with the Hon'ble Union Finance Minister requesting to direct the bankers to restructure of loans given to the sugar industry and not to take any harsh measures under SARFAESI, Insolvency and Bankruptcy Code and DRT vide D.O letter dated October 24, 2019 and press release No.725 dated October 26, 2019, until the sugar sector is revived.
- SISMA representatives again met the Hon'ble Chief Minister of Tamil Nadu to express the further distress faced by the sugar industry coupled with the Covid'19 and accumulating dues from TANGEDCO. Based on the representations, the Government of Tamilnadu ordered for release of outstanding TANGEDCO dues to the sugar mills by granting subsidy and advance subsidy for 2020-21 to TANGEDCO. This is expected to give a reasonable relief to the sugar mills to manage the working capital requirements.
- SISMA made another representation to the Hon'ble Union Finance Minister vide its letter No.GS7/ 43/ 2020 dated July 21, 2020 highlighting the fact that out of 25 private sugar mills in the State of Tamil Nadu, 12 mills remain closed during the current season leading to widespread job losses while the banks have initiated aggressive recovery measures by referring the accounts of the above mills to Hon'ble NCLT/ DRT. SISMA requested to implement support measures like restructuring of debts availed from banks/ financial institutions/ sugar development funds, keeping in abeyance the recovery proceedings initiated against financially stressed mills before NCLT/ DRT till such a revival package is implemented, extending soft loans under credit guarantee scheme, direct subsidy to cane farmers towards FRP payment for the portion of FRP which has become unaffordable to the mills due to low sugar recovery, advising banks to liberally disburse crop loans to farmers etc. SISMA expects that considering the possibility of rural community job losses, loss of livelihood of the rural population and the massive adverse impact on the rural economy, the Union Finance Ministry will implement the revival packages as requested in the immediate near future.
- 6 Despite the above matters relating to industry issues requiring policy decisions at various levels and submissions being under consideration by the Central and State Governments to revive the sugar units in Tamilnadu, Bank of India has filed an insolvency petition with Hon'ble NCLT for corporate insolvency resolution process on August 14, 2019. The Company has replied stating that the entire sugar industry in Tamilnadu is passing through a distressing period and that the Bank has failed to adhere to the Prudential Framework for Resolution of Stressed Assets and that the bank has ignored the consortium arrangement and independently proceeded for recovery of its portion of debt. Bank of India has also sent, in parallel, an intimation letter for scheme of One Time Settlement (BOI OTS 2019) dated October 31, 2019 received by the Company on November 8, 2019. The Company replied to Bank of India offering an OTS proposal vide letter dated December 17, 2019 and January 21, 2020 and the same is under negotiation. During the hearings held on February 10, 2020 and March 3, 2020, Bank of India informed the Hon'ble NCLT about the OTS proposal submitted by the company along with the initial deposit as per the OTS proposal and sought time for its decision to review the OTS proposal. Accordingly, the Hon'ble NCLT posted the case for further hearing. The next hearing is postponed to November 18, 2020. Another bank has invoked the guarantee given by the Company for the farmers' loan and issued notice to the Company to repay the entire guaranteed amount.
- Subsequent to the quarter end, the Company has received summons dated October 1, 2020 from the Debt Recovery Tribunal, Chennai based on an application filed by another bank for recovery of dues. The Tribunal has posted the hearing for November 25, 2020 for filing the return submission and personal appearance by the Company and also imposed a restriction on the Company not to sell any of its secured assets and properties. The Company is in the process of responding to the above summons.
- Considering the fact that all the banks/ financial institutions have declared the loans are non-performing asset (NPA) and issued recall notices, the Company stopped providing interest on the outstanding borrowings from banks and financial institutions, not restated the foreign currency loans and also reversed the interest provided during the earlier quarters/ years in respect of periods after the NPA date. In the opinion of the management, in view of the one-time settlement/ restructuring of the loans sought by the Company, there will be no further interest liability on the Company from the NPA date.
- Pending resolution of the above uncertainties, which is depended upon future events, the company has prepared the financial statements on a going concern basis and has not considered any impairment in the carrying value of non-financial and financial assets. This is a matter of qualification by the auditors.



Dharani Sugars and Chemicals Limited

Statement of standalone unaudited financial results for the quarter and six months ended September 30, 2020 (contd..)

7 During June, 2020 quarter, the Hon'ble National Company Law Tribunal, Chennai Bench vide its order dated May 5, 2020 admitted a corporate insolvency resolution process (CIRP) and approved the appointment of an interim resolution professional, in one of the investee companies. The investment was classified as fair value through profit and loss as per Ind AS and the carrying amount of investments as at September 30, 2020 is Rs. 1,455.53 Lakhs. In the opinion of the management, the major part of the assets of the investee company 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. Accordingly, the Company will be able to recover the entire carrying value of the investments, even in the aforesaid CIRP conditions. Based on the above estimate, no adjustment has been made in the fair value of such investment. This is a matter of qualification by the auditors.

8 Exceptional items presented in the above financial results for the year ended March 31, 2020 represent reversal of interest on loans from banks and financial institutions post NPA date, as more fully explained in note 6 above.

9 Sugar Industry being seasonal in nature, the Quarterly results cannot be taken as an indicator of the full year's working results

10 Statement of assets and liabilities

		(Rs. in Lakhs)	
Particulars	As at September 30, 2020 (Unaudited)	As at March 31, 2020 (Audited)	
Assets			
Non-current assets			
Property, plant and equipment			
Financial assets	54,955.52	55,780.06	
Investments			
Other financial assets	1,462.33	1,460.35	
Other non-current assets	42.96	43.07	
Total Non-current assets	242.42	246.76	
Current assets	56,703.23	57,530.24	
Inventories			
Financial assets	94.72	582.74	
Trade receivables			
Cash and cash equivalents	1,710.38	1,713.42	
Bank balances other than above	49.15	58.99	
Other financial assets	6.33	6.33	
Other current assets	2.99	3.00	
Current Tax Assets	254.10	335.21	
Total Current assets	16.87	24.38	
Total Assets	2,134.54	2,724.07	
EQUITY AND LIABILITIES	58,837.77	60,254.31	
Equity			
Equity share capital	3,320.00	3,320.00	
Other Equity	(13,583.18)	(12,244.02)	
Total equity	(10,263.18)	(8,924.02)	
Liabilities			
Non-Current Liabilities			
Financial liabilities			
Borrowings	73.75	75.21	
Other financial liabilities	21.21	23.12	
Deferred tax liabilities (net)	1,338.46	1,338.46	
Provisions	706.11	559.74	
Total Non-Current Liabilities	2,139.53	1,996.53	
Current liabilities			
Financial liabilities			
Borrowings			
Trade payables	50,722.73	51,114.05	
Other financial liabilities	8,814.22	9,210.16	
Other current liabilities	2,047.40	2,049.66	
Short Term Provisions	5,345.68	4,674.27	
Total Current liabilities	31.39	133.66	
Total Liabilities	66,961.42	67,181.80	
Total Equity and Liabilities	69,100.95	69,178.33	
	58,837.77	60,254.31	



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Statement of standalone unaudited financial results for the quarter and six months ended September 30, 2020 (contd..)

11 The Company has organised the business into three segments viz. Sugar, Distillery and Power. This reporting complies with the Ind AS segment reporting principles.

Particulars	Quarter ended			Half year ended		Year ended
	September 30, 2020 (Unaudited)	June 30, 2020 (Unaudited)	September 30, 2019 (Unaudited)	September 30, 2020 (Unaudited)	September 30, 2019 (Unaudited)	March 31, 2020 (Audited)
Segment Revenue						
Sugar	600.51	2,408.28	3,634.28	3,008.79	7,341.34	7,596.02
Distillery	58.99	1.97	1,567.11	60.96	4,306.32	4,657.52
Power	-	-	93.07	-	106.85	335.36
Unallocated	562.47	9.47	4.64	571.94	28.20	43.17
Total	1,221.97	2,419.72	5,299.10	3,641.69	11,782.71	12,632.07
Less: Inter Segment Revenue	-	-	926.79	-	1,318.50	1,592.15
Revenue from operations (Net)	1,221.97	2,419.72	4,372.31	3,641.69	10,464.21	11,039.92
Segment Results						
Profit (+) / Loss (-) before tax and finance cost						
Sugar	(852.87)	(377.76)	(1,816.71)	(1,230.63)	(2,555.78)	(1,367.47)
Distillery	(189.37)	(250.62)	379.23	(439.99)	927.23	272.12
Power	(109.17)	(111.86)	(272.18)	(221.03)	(457.04)	(1,720.54)
Unallocated	562.47	9.47	4.64	571.94	28.20	43.17
Total	(588.94)	(730.77)	(1,705.02)	(1,319.71)	(2,057.39)	(2,772.72)
Add/ Less : Finance Cost	1.57	1.40	256.28	2.97	2,161.03	215.40
Profit/ (Loss) from continuing operations	(590.51)	(732.17)	(1,961.30)	(1,322.68)	(4,218.42)	(2,988.12)
Profit/ (Loss) from discontinuing operations	-	-	-	-	-	-
Profit/ (Loss) Before Tax	(590.51)	(732.17)	(1,961.30)	(1,322.68)	(4,218.42)	(2,988.12)
Segment Assets						
Sugar	34,520.02	36,435.19	37,961.26	34,520.02	37,961.26	36,458.53
Distillery	12,934.40	12,343.77	13,957.46	12,934.40	13,957.46	12,560.57
Power	11,264.59	11,045.37	13,035.25	11,264.59	13,035.25	11,118.31
Other unallocable corporate assets	118.76	115.97	124.29	118.76	124.29	116.90
Total assets	58,837.77	59,940.30	65,078.26	58,837.77	65,078.26	60,254.31
Segment Liabilities						
Sugar	53,247.28	53,794.71	57,305.77	53,247.28	57,305.77	53,329.94
Distillery	4,821.19	4,818.08	5,056.81	4,821.19	5,056.81	4,819.87
Power	11,032.48	10,991.94	12,809.79	11,032.48	12,809.79	11,028.52
Other unallocable corporate liabilities	-	-	-	-	-	-
Total liabilities	69,100.95	69,604.73	75,172.37	69,100.95	75,172.37	69,178.33
Capital Employed (Segment assets-Segment liabilities)						
Sugar	(18,727.26)	(17,359.52)	(19,344.51)	(18,727.26)	(19,344.51)	(16,871.41)
Add: Loans	22,921.42	22,921.39	23,181.67	22,921.42	23,181.67	22,922.87
Capital Employed Sugar segment	4,194.16	5,561.87	3,837.16	4,194.16	3,837.16	6,051.46
Distillery	8,113.21	7,525.69	8,900.65	8,113.21	8,900.65	7,740.70
Add: Loans	3,243.80	3,243.80	3,261.32	3,243.80	3,261.32	3,243.79
Capital Employed Distillery segment	11,357.01	10,769.49	12,161.97	11,357.01	12,161.97	10,984.49
Power	232.11	53.43	225.46	232.11	225.46	89.79
Add: Loans	7,375.55	7,375.55	7,375.56	7,375.55	7,375.56	7,375.56
Capital Employed power segment	7,607.66	7,428.98	7,601.02	7,607.66	7,601.02	7,465.35
Total capital employed in segments	23,158.83	23,760.34	23,600.15	23,158.83	23,600.15	24,501.30
Other unallocable corporate assets less Corporate liabilities	118.76	115.97	124.29	118.76	124.29	116.90
Total Capital Employed	23,277.59	23,876.31	23,724.44	23,277.59	23,724.44	24,618.20



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Statement of Cash Flows

Particulars	(Rs.in Lakhs)	
	Six months ended September 30, 2020 (Unaudited)	Year ended March 31, 2020 (Audited)
Cash Flow From Operating Activities		
Profit before income tax	(1,322.68)	(3,327.80)
Adjustments for		
Depreciation and amortisation expense	1,169.98	2,245.52
(Gain)/ loss on disposal of property, plant and equipment	(38.63)	-
Unamortised Finance Income	(5.53)	(7.22)
Unamortised interest expense and rent	2.12	172.66
Allowance for expected credit loss	175.55	2,756.41
Interest income	(6.59)	(12.40)
Reversal of interest accrued accounted as exceptional item	-	(3,477.86)
Finance costs	0.85	215.40
Changes in fair value of investments	(1.97)	205.59
	(26.90)	(1,229.70)
Change in operating assets and liabilities		
(Increase)/ decrease in other financial assets	(2.00)	4.41
(Increase)/ decrease in inventories	137.32	1,881.42
(Increase)/ decrease in trade receivables	(172.51)	(258.12)
(Increase)/ decrease in other assets	85.45	1,748.26
Increase/ (decrease) in provisions and other liabilities	317.80	(28.59)
Increase/ (decrease) in trade payables	(395.94)	(1,422.77)
Cash generated from operations	(56.78)	694.91
Less: Income taxes paid/ (refunds)	(7.51)	0.63
Net cash from operating activities (A)	(49.27)	694.28
Cash Flows From Investing Activities		
Payments for property, plant and equipment	-	(2.48)
Proceeds from sale of property, plant and equipment	43.88	-
(Purchase)/ disposal proceeds of Investments (current)	-	0.35
Realisation of/ (investment in) fixed deposits with banks	-	15.50
Interest received	6.59	12.56
Net cash used in investing activities (B)	50.47	25.93
Cash Flows From Financing Activities		
Proceeds from/ (repayment of) short term borrowings (net)	(8.74)	(303.25)
Proceeds from/ (repayment of) long term borrowings (net)	(1.45)	(270.26)
Interest paid	(0.85)	(297.01)
Net cash from/ (used in) financing activities (C)	(11.04)	(870.52)
Net increase/ (decrease) in cash and cash equivalents(A+B+C)	(9.84)	(150.31)
Cash and cash equivalents at the beginning of the financial year	58.99	209.30
Cash and cash equivalents at end of the year	49.15	58.99

Place: Chennai -34
Date : November 11, 2020

Dr Palani G Periasamy
Executive Chairman
DIN : 00081002

Initialled for identification purposes





CNGSN & ASSOCIATES LLP

CHARTERED ACCOUNTANTS

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E.K. SRIVATSAN
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Limited Review Report on the Standalone Unaudited Financial Results for the quarter and six months ended September 30, 2020 of M/s Dharani Sugars and Chemicals Limited Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

The Board of Directors
Dharani Sugars and Chemicals Limited
Chennai

1. We have reviewed the unaudited financial results of Dharani Sugars & Chemicals Limited (the "Company") for the quarter and six months ended September 30, 2020 which are included in the accompanying 'Statement of Standalone Unaudited Financial Results for the quarter and six months ended September 30, 2020' together with the notes thereon (the "Statement"). The Statement has been prepared by the Company's management pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations, 2015"), as amended, which has been initialled by us for identification purposes. The Statement is the responsibility of the Company's Management and has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard (Ind AS) 34, "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India.

Our responsibility is to express a conclusion on the Statement based on our review.

2. We have conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement.
3. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. We draw attention to the following matters:
 - a) Note 5 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 morefully explained in Note 6 to the Statement, the Company (a) stopped providing interest on the outstanding borrowings from banks and financial institutions and (b) not restated the foreign currency loans after the NPA date. In the opinion of the management, in view of the one-time settlement/ restructuring of the loans sought by the Company, there will be no further interest liability on the Company from the NPA date.



In the absence of any specific confirmation of balances received from the banks/ financial institutions, we are unable to comment on the appropriateness of the aforesaid reversal of interest and its impact on the financial results is not presently determinable.

- b) Note 7 to the Statement which explains that the Hon'ble National Company Law Tribunal, Chennai Bench vide its order dated May 5, 2020 admitted a corporate insolvency resolution process (CIRP) and approved the appointment of an interim resolution professional, in one of the investee companies. The carrying amount of investments as at September 30, 2020 is Rs. 1,455.53 Lakhs. In the opinion of the management, the major part of the assets of the investee company 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. Accordingly, in the opinion of the management, the Company will be able to recover the entire carrying value of the investments, even in the aforesaid CIRP conditions. Based on the above estimate made, no adjustment has been considered by the management against the carrying value of such investment.

In the absence of a comprehensive external valuation/ appraisal report of the interim resolution professional of the investee company supporting the management's estimate of possible full recovery of the carrying value of the investments, we are unable to comment on the appropriateness of not making any provision for the possible decrease in fair value of the aforesaid investment.

- c) As morefully described in the Material Uncertainty Relating to Going Concern in paragraph 5 below, there is a significant doubt on the Company's ability to continue as a going concern which may require a consequential adjustment in the carrying value of the financial and non-financial assets of the Company. 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 4 (a) to 4 (c) above. The above matters have also been qualified in our limited review reports of our earlier quarters/ audit opinion of the earlier year.

5. Material uncertainty relating to Going Concern

We draw attention to the following

- (a) The Company's net worth is negative and it continues to incur huge losses in its operations. We understand from the management that the poor performance of the Company is mainly due to low availability of sugarcane for crushing as planting areas are being continuously reduced due to continuous drought and the general slowdown in sugar industry due to factors like failure of monsoon, varietal degeneration, reduced recovery, decline in area under cultivation and the resultant reduction in capacity utilisation of sugar mills. This being a general industry issue, a formal representation was made by the South Indian Sugar Mills Association (SISMA), in which the Company is a member, to the Hon'ble Prime Minister and the Chief Minister of Tamil Nadu for announcing revival packages for the sugar industry. SISMA expects that its demands will be considered by the Central and State Governments favourably.
- (b) We were informed that
- i. In the meeting with the Hon'ble Union Finance Minister, SISMA has submitted a request for restructuring of loans to sugar mills considering the status of Sugar industry in Tamilnadu. Pursuant to the directions of the Hon'ble Union Finance Minister, the Ministry of Finance had organised a joint meeting of the senior officers of Reserve Bank of India (RBI), Ministry of Finance, Food Ministry, Tamilnadu State Government, Farmers' Associations and SISMA. The meeting was held on September 24, 2019 and deliberated on the supportive measures including restructuring of accounts required for the revival of sugar units in Tamilnadu;



- ii. SISMA has also sent a letter to the State Level Bankers Committee (SLBC) and requested to keep in abeyance the recovery proceedings initiated against sugar units in Tamilnadu, including proceeding before the SARFAESI, Hon'ble National Company Law Tribunal (NCLT) and Debt Recovery Tribunal (DRT), considering the discussions arising out of the above meeting;
- iii. The Hon'ble Chief Minister of Tamilnadu has also sent a communication to the Hon'ble Union Finance Minister requesting to direct the bankers to restructure of loans given to the sugar industry and not to take any harsh measures under SARFAESI, Insolvency and Bankruptcy Code and DRT vide D.O letter dated October 24, 2019 and press release No.725 dated October 26, 2019, until the sugar sector is revived;
- iv. SISMA has written on January 28, 2020, to The Joint Secretary - Sugar, Department of Food and PD, seeking rescheduling of SDF loans availed by TN Sugar Mills;
- v. On a petition filed by the Company and others, the Hon'ble Supreme Court of India on April 2, 2019 declared the RBI circular dated February 12, 2018, as "ultra-vires, Section 35AA of the Banking Regulation Act". Further, the Company has submitted a resolution plan to the consortium of banks for restructuring the loans. The resolution plan was rejected by the consortium of banks in the Joint Lender's Meeting held on May 22, 2019;
- vi. The Company has then submitted an OTS proposal for consideration of the consortium of the lenders, which is under negotiation and a decision is yet to be taken by the lenders;
- vii. SISMA representatives again met the Hon'ble Chief Minister of Tamil Nadu to express the further distress faced by the sugar industry coupled with Covid'19 and accumulating dues from TANGEDCO. Based on the representations, the Government of Tamilnadu ordered for release of outstanding TANGEDCO dues to the sugar mills by granting subsidy and advance subsidy for 2020-21 to TANGEDCO. This is expected to give a reasonable relief to the sugar mills to manage the working capital requirements;
- viii. SISMA has made another representation to the Hon'ble Union Finance Minister vide its letter No.GS7/ 43/ 2020 dated July 21, 2020 highlighting the fact that out of 25 private sugar mills in the State of Tamil Nadu, 12 mills remain closed during the current season leading to widespread job losses while the banks have initiated aggressive recovery measures by referring the accounts of the above mills to Hon'ble NCLT/ DRT. SISMA requested to implement support measures like restructuring of debts availed from banks/ financial institutions/ sugar development funds, keeping in abeyance the recovery proceedings initiated against financially stressed mills before NCLT/ DRT till such a revival package is implemented, extending soft loans under credit guarantee scheme, direct subsidy to cane farmers towards FRP payment for the portion of FRP which has become unaffordable to the mills due to low sugar recovery, advising banks to liberally disburse crop loans to farmers etc. SISMA expects that considering the possibility of rural community job losses, loss of livelihood of the rural population and the massive adverse impact on the rural economy, the Union Finance Ministry will implement the revival packages as requested in the immediate near future;
- ix. Despite the above matters relating to industry issues requiring policy decisions at various levels and submissions being under consideration by the Central and State Governments to revive the sugar units in Tamilnadu, one of the bankers has filed an insolvency petition with Hon'ble NCLT for corporate insolvency resolution process on August 14, 2019. The Company has replied stating that the entire sugar Industry in Tamilnadu is passing through a distressing period and that the Bank has failed to adhere to the Prudential Framework for Resolution of Stressed Assets and that the bank has ignored the consortium arrangement and independently proceeded for recovery of its portion of debt. The said Bank has also sent, in parallel, an intimation letter for scheme of One Time Settlement (BOI OTS 2019) dated October 31, 2019 received by the Company on November 8, 2019. The



Company replied to the Bank offering an OTS proposal vide letter dated December 17, 2019 and January 21, 2020 and the same is under negotiation. During the hearings held on February 10, 2020 and March 3, 2020, the said Bank informed the Hon'ble NCLT about the OTS proposal submitted by the Company along with the initial deposit as per the OTS proposal and sought time for its decision to review the OTS proposal. Accordingly, the Hon'ble NCLT posted the case for further hearing on April 1, 2020. However, no further hearings held due to the Covid'19 related restrictions as on date. The next hearing will be held on November 18, 2020;

- x. Another bank has invoked the guarantee given by the Company for the farmers' loan and issued notice to the Company to repay the entire guaranteed amount; and
- xi. Subsequent to the quarter end, the Company has received summons dated October 1, 2020 from the Debt Recovery Tribunal, Chennai based on an application filed by another bank for recovery of dues. The Tribunal has posted the hearing for November 25, 2020 for filing the return submission and personal appearance by the Company and also imposed a restriction on the Company not to sell any of its secured assets and properties. The Company is in the process of responding to the above summons.

The above factors cast a significant doubt on the Company's ability to continue as a going concern. Pending resolution of the above uncertainties, the Company has prepared the aforesaid Statement on a going concern basis. This is qualified by us as morefully explained in Paragraph 4 above. This has also been qualified in our limited review reports of our earlier quarters/ audit opinion of the earlier year.

- 6. Based on our review conducted as above, except for matters stated in Paragraph 4 above, nothing has come to our attention that causes us to believe that the Statement has not been prepared in all material respects in accordance with Ind AS and other recognised accounting practices and policies, and has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, 2015 as amended from time to time, read with SEBI Circular No. CIR/CFD/CMD1/80/2019 dated July 19, 2019 which has been initialled by us for identification purposes including the manner in which it is to be disclosed, or that it contains any material misstatement.

For CNGSN & ASSOCIATES LLP

Chartered Accountants

Firm Registration No.004915S/ S200036



(CHINNSAMY GANESAN)

Partner

Membership No. 027501

UDIN : 20027501AAAACB5281



Place: Chennai

Date: November 11, 2020