



# Dharani Sugars and Chemicals Limited

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

Tel : 28234000, 28311313, 28254176, Fax : 28232074, 28232076

Email : accounts@dharanisugars-pgp.com, commercial @pgpgroup.in, secretarial@dharanisugars-pgp.com

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

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

DSCL/Results Mar2022/Reg-33 /2022

04.11.2022

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<sup>th</sup> Floor  
Plot No.C/1 G Block Bandra – Kurla Complex  
Bandra East,  
Mumbai 400 051

Dear Sir/Madam

**Sub: Out Come Board Meeting – 4.11.2022 - Audited Financial Results for the Quarter & Year ended 31<sup>st</sup> March 2022.**

**Ref : BSE- Scrip Code – 507442 (BSE) – NSE- DHARSUGAR.**

We wish to inform you that the meeting of the Board of Directors of the Company (with suspended Powers) under the chairmanship of one of the directors Dr Palani G Periasamy held today i.e., on Friday, the 4<sup>th</sup> November 2022. The Interim Resolution Professional (IRP) appointed by the Hon'ble NCLT vide order No. IBA/976/2019 dated 29.07.2021 also participated in this meeting.

The Audited financial results of the Company for the quarter & year ended 31<sup>st</sup> March 2022 were reviewed by the Audit Committee and thereafter approved by the suspended Board of Directors, and the same was taken on record by IRP. The following items were discussed and approved in the Meeting of the Board of Directors.

1. Audited Financial Results for the Quarter and Year ended 31<sup>st</sup> March 2022 along with segment wise report.
2. Statement of Assets & Liabilities.
3. Cash Flow Statement
4. Independent Auditors Report.
5. Statement on impact of Audit Qualifications.

In compliance with Regulations 33 & 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. We are enclosing herewith a copy of the Audited Financial Results for the Quarter & year ended 31<sup>st</sup> March 2022 and Independent Auditor's Report of the Statutory Auditors of the Company.

The Meeting of the Board of Directors of the Company commenced at 1.00 p.m. and concluded at 1.20 p.m.

This above Result is also available at the website of the Company ([www.dharanisugars.com](http://www.dharanisugars.com)) and at the websites of the Stock Exchanges where the equity shares of the Company are listed: BSE Limited ([www.bseindia.com](http://www.bseindia.com)) and National Stock Exchange of India Limited ([www.nseindia.com](http://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 Nagar, Vasudevanallur,  
Tirunelveli District - 627 760

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Pallangacherry Post, Kallakurichi Via,

Villupuram District - 606 206

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# Dharani Sugars and Chemicals Limited

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

Tel.No.91-44-28311313, Fax No.091-44-28232074, CIN - L15421TN1987PLC014454

Email: secretarial@dharanisugars-gpp.com, Website: www.dharanisugars.in

## Statement of standalone audited financial results for the quarter and year ended March 31, 2022

Rs. in Lakhs

S.No	Particulars	Quarter ended			Year ended	
		March 31, 2022 (Audited)	Dec 31, 2021 (Unaudited)	March 31, 2021 (Audited)	March 31, 2022 (Audited)	March 31, 2021 (Audited)
	<b>Income from Operations</b>					
1	(a) Net Sales/ Revenue from operations	-	-	23.23	3,967.26	3,108.99
2	(b) Other Income (Net)	4.26	4.88	6.37	100.80	582.52
3	<b>Total Income (1+2)</b>	<b>4.26</b>	<b>4.88</b>	<b>29.60</b>	<b>4,068.06</b>	<b>3,691.51</b>
4	<b>Expenses</b>					
	(a) Cost of materials consumed	0.70	0.75	147.94	3,199.01	2,519.94
	(b) Changes in inventories of finished goods, work in progress and stock in trade	-	-	(108.87)	113.02	(20.15)
	(c) Employees benefits expense	292.30	299.15	307.88	1,255.39	1,367.24
	(d) Finance Cost	(338.43)	120.31	206.29	1.24	210.78
	(e) Depreciation and amortisation expense	584.25	584.26	584.98	2,337.03	2,339.96
	(f) Other expenses	140.38	174.01	265.62	1,182.03	1,077.56
	<b>Total Expenses</b>	<b>679.20</b>	<b>1,178.48</b>	<b>1,403.84</b>	<b>8,087.72</b>	<b>7,495.33</b>
5	Loss before exceptional items and tax (3-4)	(674.94)	(1,173.60)	(1,374.24)	(4,019.66)	(3,803.82)
6	Exceptional items	-	-	-	-	-
7	<b>Loss before tax (5+6)</b>	<b>(674.94)</b>	<b>(1,173.60)</b>	<b>(1,374.24)</b>	<b>(4,019.66)</b>	<b>(3,803.82)</b>
8	<b>Tax expense</b>					
	Current tax	-	-	-	-	-
	Deferred tax Asset/(Liability)	-	-	-	-	-
	<b>Total tax expenses</b>				-	-
9	Loss for the period from continuing operations (7-8)	(674.94)	(1,173.60)	(1,374.24)	(4,019.66)	(3,803.82)
10	Loss from discontinued operations	-	-	-	-	-
11	Tax expense of discontinued operations	-	-	-	-	-
12	<b>Loss from discontinued operations (after tax) (10-11)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
13	<b>Loss for the period (11+12)</b>	<b>(674.94)</b>	<b>(1,173.60)</b>	<b>(1,374.24)</b>	<b>(4,019.66)</b>	<b>(3,803.82)</b>
14	<b>Other comprehensive income, net of income tax</b>					
	(a) (i) items that will not be reclassified to profit or loss	14.44	14.44	78.35	57.76	57.75
	(ii) income tax relating to the above items	-	-	-	-	-
	(b) (i) items that will be reclassified to profit or loss	-	-	-	-	-
	(ii) income tax relating to the above items	-	-	-	-	-
	<b>Total other comprehensive income, net of income tax</b>	<b>14.44</b>	<b>14.44</b>	<b>78.35</b>	<b>57.76</b>	<b>57.75</b>
15	<b>Total comprehensive loss for the period (13+14)</b>	<b>(660.50)</b>	<b>(1,159.16)</b>	<b>(1,295.89)</b>	<b>(3,961.90)</b>	<b>(3,746.07)</b>
16	Paid-up equity share capital	3,320.00	3,320.00	3,320.00	3,320.00	3,320.00
	Face value per share (Rs)	10.00	10.00	10.00	10.00	10.00
17	Earning per share (Rs) (not annualised)					
	- Basic	(2.03)	(3.53)	(4.14)	(12.11)	(11.46)
	- Diluted	(2.03)	(3.53)	(4.14)	(12.11)	(11.46)

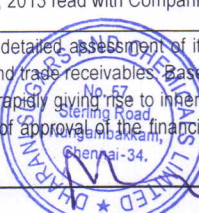
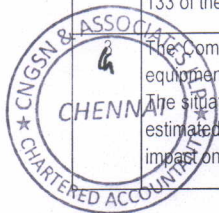
- Notes:**
- The Hon'ble National Company Law Tribunal ("NCLT"), Chennai Bench, admitted the Corporate Insolvency Resolution Process ("CIRP") application filed by a financial creditor of the Company and appointed an Interim Resolution Professional ("IRP"), in terms of the Insolvency and Bankruptcy Code, 2016 ("the Code") to manage the affairs of the Company vide order dated July 29, 2021 received by the Company on July 31, 2021. On an appeal filed by a director of the company, the Hon'ble National Company Law Appellate Tribunal ("NCLAT") has directed the IRP to carry out the CIRP Proceedings and the next hearing has been listed for December 22, 2022. In view of pendency of the CIRP, and in view of suspension of the powers of the board of directors, IRP is taking on record the audited financial results. The IRP has relied upon the assistance provided by the management in the review of the audited financial results and the representations, clarifications and explanations provided by the Managing Director, Chief Financial Officer, other directors, key management personnel of the Company in reviewing the audited financial results.
  - The audited financial results have been reviewed and recommended by the board of directors of the Company (powers of whom stand suspended in accordance its IBC) and accordingly, the IRP, in reliance of such examination by the directors of the Company and the aforesaid representations, clarifications and explanations has taken on record the above audited results. It is clarified that the IRP has not conducted an independent verification of these audited results and has not certified on the truthfulness, fairness, accuracy or completeness of these results, in so far as it pertains to the period prior to commencement of the CIRP and his appointment.
  - These audited results have been prepared in accordance with the Indian Accounting Standard (referred to as "Ind AS") 34 Interim Financial Reporting prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time.

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.

For DHARANI SUGARS AND CHEMICALS LIMITED

(Taken on record)  
S. Rajendran

Interim Resolution Professional





## Statement of standalone audited financial results for the quarter and year ended March 31, 2022 (Contd..)

- 4 The Company's net worth is negative and the borrowings from banks and other financial institutions have been classified by the lenders as non-performing assets. All the banks and other financial institutions have also issued notice calling back the loans. Considering the above facts and since the Company's One Time Settlement ("OTS") proposal is also under negotiation, as in the previous periods, the Company stopped providing interest on the outstanding borrowings from banks and financial institutions and has not restated the foreign currency loans after the NPA date. **Please refer note No. 11 by IRP.**

However, the Hon'ble NCLT, Chennai Bench, admitted the CIRP application filed by a financial creditor of the Company as more fully explained in Note 1 above and the Interim Resolution Professional is receiving claims from the financial and operating creditors towards principal and interest due till the date of admission of CIRP. In the meanwhile, the Promoter of the Company had organised and had deposited Rs. 6,453.30 lakhs (including of Rs.2500.00 Lakhs in the earlier year) as on date in the office account (NO LIEN Account) of Indian Bank as stipulated by the consortium of bankers/financial institutions for the OTS settlement proposal. However, as per the arrangement with the Promoter, the money deposited by the Promoter shall remain as the Assets of the Promoter or his affiliates until the settlement proposal is duly sanctioned and approved by the lenders. As per legal advice obtained by the promoters, the entire amount of Rs 6,453.30 lakhs kept in the office account of Indian Bank NO LIEN account will be recorded as loan from the promoters' group after the withdrawal of CIRP. In case no settlement proposal gets materialised, the said money is to be refunded to the promoter/his affiliates by the banks. It is relevant to note that out of the said deposit, the amount of Rs.2500 Lakhs recorded wrongly in the books of account of the earlier years, was reversed by the Company and necessary entries passed. Consequently, the interest accrued up to December 31, 2021 aggregating to Rs 338.43 lakhs in respect of the above loans has also been reversed (which resulted in negative finance cost for the current quarter

As there was a delay in payment of the balance OTS amount by the Promoter, the Hon'ble National Company Law Appellate Tribunal ("NCLAT") has vacated the interim stay for holding of meetings of Committee of Creditors and directed the IRP to commence the CIRP proceedings and the next hearing has been listed for December 22, 2022.

In the opinion of the management, in view of the OTS sought by the Company and the also due to the present developments at Hon'ble NCLT/ NCLAT, there will be no further interest liability on the Company from the NPA date.

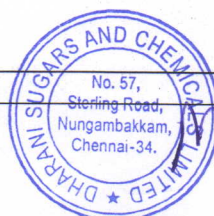
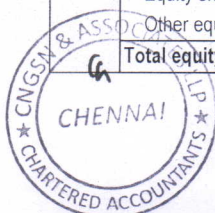
Pending resolution of the above uncertainties, which depends upon the future events, the Company has prepared the financial statements on a going concern basis and has not considered any adjustment in the carrying value of non-financial and financial assets/ liabilities. This is a matter of qualification by the auditors.

- 5 A corporate insolvency resolution process (CIRP) and the appointment of resolution professional were admitted in the case of one of the major investees of the Company by the Hon'ble NCLT, Chennai Bench vide its order dated May 5, 2020. The carrying amount of the investments as at March 31, 2022 is Rs. 1,455.53 Lakhs. The Hon'ble NCLT has passed an order approving the resolution plan submitted by one of the resolution applicants. In accordance with the approved resolution plan, no payment will be made towards any amount due to the promoters and their related group companies by the successful resolution applicant. Aggrieved by this Order, the investee has filed an application before the Hon'ble National Company Law Appellate Tribunal ("NCLAT") praying for quashing the order of the Hon'ble NCLT. The Hon'ble NCLAT has set aside the resolution plan approved and ordered to recommence the CIRP process, including the consideration of 12A application filed by the promoters of the investee company. On an appeal against the order of the Hon'ble NCLAT, the Hon'ble Supreme Court has heard the arguments of both the sides and reserved the case for judgement as on date. The Promoter has recently (on October 11, 2022) also given a proposal for settling the entire dues of the CoC members U/S 12A of the IBC code. Required funding has been arranged by way of deposits and Bank Guarantee. The proposal is under the consideration of the CoC members. Accordingly, in the opinion of the management, the Company will still be able to recover the entire carrying amount of the investments, even in the aforesaid CIRP conditions. Based on the above estimate made by the management, no adjustment has been made in the fair value of the investments in the aforesaid investee. This is a matter of qualification by the auditors. IRP is unable to comment on the above in the absence of appropriate documents.

## 6 Statement of Assets and Liabilities

(Rs. in Lakhs)

Particulars	As at March 31, 2022 (Audited)	As at March 31, 2021 (Audited)
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	51,448.08	53,785.54
Financial assets		
Investments	1,465.04	1,463.15
Other financial assets	43.31	43.01
Other non-current assets	54.05	112.48
<b>Total non-current assets</b>	<b>53,010.48</b>	<b>55,404.18</b>
<b>Current assets</b>		
Inventories	42.69	189.79
Financial assets		
Trade receivables	451.14	511.04
Cash and cash equivalents	14.73	580.09
Other financial assets	-	3.00
Other current assets	47.29	57.09
Current Tax Assets (Net)	19.91	17.53
<b>Total current assets</b>	<b>575.76</b>	<b>1,358.54</b>
<b>Total Assets</b>	<b>53,586.24</b>	<b>56,762.72</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Equity share capital	3,320.00	3,320.00
Other equity	(19,951.99)	(15,990.09)
<b>Total equity</b>	<b>(16,631.99)</b>	<b>(12,670.09)</b>



For DHARANI SUGARS AND CHEMICALS LIMITED

S.Rajendran

Interim Resolution Professional

Regn. No. IBBI/IPA-002/IP-N00098/2017-18/10241



<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Financial liabilities		
Borrowings	605.99	615.35
Other financial liabilities	11.62	15.79
Deferred tax liabilities (net)	1,338.46	1,338.46
Provisions	564.02	564.02
<b>Total non-current liabilities</b>	<b>2,520.09</b>	<b>2,533.62</b>
<b>Current liabilities</b>		
Financial liabilities		
Borrowings	52,727.96	52,996.74
Trade payables	8,656.53	8,651.78
Other financial liabilities	19.28	21.51
Other current liabilities	6,156.46	5,106.86
Short Term Provisions	137.91	122.30
<b>Total current liabilities</b>	<b>67,698.14</b>	<b>66,899.19</b>
<b>Total liabilities</b>	<b>70,218.23</b>	<b>69,432.81</b>
<b>Total Equity and Liabilities</b>	<b>53,586.24</b>	<b>56,762.72</b>

7 The Company has organised the business into three segments viz. Sugar, Distillery and Power. This reporting complies with Ind AS 108 "Operating Segments".

Rs.in Lakhs

Particulars	Quarter ended			Year ended	
	March 31, 2022 (Audited)	Dec 31, 2021 (Unaudited)	March 31, 2021 (Audited)	March 31, 2022 (Audited)	March 31, 2021 (Audited)
<b>Segment Revenue</b>					
(a) Sugar	-	-	23.23	3,967.26	3,045.44
(b) Distillery	-	-	-	-	63.55
(c) Power	-	-	-	-	-
(d) Unallocated	4.26	4.88	6.37	100.80	582.52
<b>Total</b>	<b>4.26</b>	<b>4.88</b>	<b>29.60</b>	<b>4,068.06</b>	<b>3,691.51</b>
Less: Inter Segment Revenue	-	-	-	-	-
<b>Revenue from operations (Net)</b>	<b>4.26</b>	<b>4.88</b>	<b>29.60</b>	<b>4,068.06</b>	<b>3,691.51</b>
<b>Segment Results</b>					
Profit (+) / Loss (-) before tax and finance cost					
(a) Sugar	(680.82)	(720.84)	(877.64)	(2,708.00)	(2,884.17)
(b) Distillery	(227.25)	(227.23)	(205.47)	(956.64)	(870.95)
(c) Power	(109.56)	(110.10)	(91.20)	(454.58)	(420.44)
(d) Unallocated	4.26	4.88	6.36	100.80	582.52
<b>Total</b>	<b>(1,013.37)</b>	<b>(1,053.29)</b>	<b>(1,167.95)</b>	<b>(4,018.42)</b>	<b>(3,593.04)</b>
Add/ (Less) : Finance Cost	(338.43)	120.31	206.29	1.24	210.78
Loss from continuing operations	(674.94)	(1,173.60)	(1,374.24)	(4,019.66)	(3,803.82)
Loss from discontinuing operations	-	-	-	-	-
<b>Loss Before Tax</b>	<b>(674.94)</b>	<b>(1,173.60)</b>	<b>(1,374.24)</b>	<b>(4,019.66)</b>	<b>(3,803.82)</b>
<b>Segment Assets</b>					
(a) Sugar	31,501.85	34,319.01	32,982.04	31,501.85	32,982.04
(b) Distillery	12,535.57	12,734.72	12,545.07	12,535.57	12,545.07
(c) Power	9,431.35	9,504.29	11,118.70	9,431.35	11,118.70
(d) Other unallocable corporate assets	117.47	118.26	116.91	117.47	116.91
<b>Total assets</b>	<b>53,586.24</b>	<b>56,676.28</b>	<b>56,762.72</b>	<b>53,586.24</b>	<b>56,762.72</b>
<b>Segment Liabilities</b>					
(a) Sugar	55,682.12	58,112.09	53,587.34	55,682.12	53,587.34
(b) Distillery	4,816.17	4,815.98	4,817.61	4,816.17	4,817.61
(c) Power	9,719.94	9,719.70	11,027.86	9,719.94	11,027.86
(d) Other unallocable corporate liabilities	-	-	-	-	-
<b>Total liabilities</b>	<b>70,218.23</b>	<b>72,647.77</b>	<b>69,432.81</b>	<b>70,218.23</b>	<b>69,432.81</b>
<b>Capital Employed (Segment assets-Segment liabilities)</b>					
(a) Sugar	(24,180.27)	(23,793.08)	(20,605.30)	(24,180.27)	(20,605.30)
Add : Loans	23,519.30	23,562.40	23,529.39	23,519.30	23,529.39
<b>Capital Employed Sugar segment</b>	<b>(660.97)</b>	<b>(230.68)</b>	<b>2,924.09</b>	<b>(660.97)</b>	<b>2,924.09</b>
(b) Distillery	7,719.40	7,918.74	7,727.46	7,719.40	7,727.46
Add : Loans	3,243.43	3,243.43	3,243.80	3,243.43	3,243.80
<b>Capital Employed Distillery segment</b>	<b>10,962.83</b>	<b>11,162.17</b>	<b>10,971.26</b>	<b>10,962.83</b>	<b>10,971.26</b>
(c) Power	(288.59)	(215.41)	90.84	(288.59)	90.84
Add : Loans	7,375.55	7,375.55	7,375.55	7,375.55	7,375.55
<b>Capital Employed power segment</b>	<b>7,086.96</b>	<b>7,160.14</b>	<b>7,466.39</b>	<b>7,086.96</b>	<b>7,466.39</b>
<b>Total capital employed in segments</b>	<b>17,388.82</b>	<b>18,091.63</b>	<b>21,361.74</b>	<b>17,388.82</b>	<b>21,361.74</b>
Other unallocable corporate assets less Corporate liabilities	117.47	118.26	116.91	117.47	116.91
<b>Total Capital Employed</b>	<b>17,506.29</b>	<b>18,209.89</b>	<b>21,478.65</b>	<b>17,506.29</b>	<b>21,478.65</b>



## 8 Statement of Cash Flows

(Rs. in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Cash Flow From Operating Activities</b>		
Profit before income tax	(4,019.66)	(3,803.82)
Adjustments for		
Depreciation and amortisation expense	2,337.03	2,339.96
(Gain)/ loss on disposal of property, plant and equipment	0.43	(38.63)
Unamortised finance income	(3.92)	(8.20)
Unamortised interest expense and rent	0.02	40.48
Allowance for expected credit loss	37.21	374.40
Interest income	(4.23)	(12.97)
Finance costs	1.24	210.78
Changes in fair value of investments	(1.89)	(2.80)
	<b>(1,653.77)</b>	<b>(900.80)</b>
Change in operating assets and liabilities		
(Increase)/ decrease in other financial assets	2.68	(40.42)
(Increase)/ decrease in inventories	147.10	42.25
(Increase)/ decrease in trade receivables	22.69	827.98
(Increase)/ decrease in other assets	68.23	412.40
Increase/ (decrease) in provisions and other liabilities	1,120.49	(1,140.98)
Increase/ (decrease) in trade payables	4.75	(558.38)
Cash generated from operations	(287.83)	(1,357.95)
Less: Income taxes paid/ (refunds)	2.38	(6.85)
<b>Net cash from operating activities (A)</b>	<b>(290.21)</b>	<b>(1,351.10)</b>
<b>Cash Flows From Investing Activities</b>		
Proceeds from sale of property, plant and equipment	-	43.88
Realisation of/ (investment in) fixed deposits with banks	-	6.33
Interest received	4.23	12.97
<b>Net cash used in investing activities (B)</b>	<b>4.23</b>	<b>63.18</b>
<b>Cash Flows From Financing Activities</b>		
Proceeds from/ (repayment of) short term borrowings (net)	(267.67)	2,198.88
Proceeds from/ (repayment of) long term borrowings (net)	(10.47)	606.54
Interest paid	(1.24)	(996.40)
<b>Net cash from/ (used in) financing activities (C)</b>	<b>(279.38)</b>	<b>1,809.02</b>
<b>Net increase/ (decrease) in cash and cash equivalents(A+B+C)</b>	<b>(565.36)</b>	<b>521.10</b>
Cash and cash equivalents at the beginning of the financial year	580.09	58.99
<b>Cash and cash equivalents at end of the year</b>	<b>14.73</b>	<b>580.09</b>

9 The Company has provided for certain employee/ other claims relating to earlier years/ periods aggregating to Rs 468.04 Lakhs during September 2021. The same is subject to approval of the IRP and a matter of qualification by the auditors.

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

## 11 Status of the CIRP Proceedings:

Corporate Insolvency Resolution Process (CIRP) of Dharani Sugars and Chemicals Limited (DSCL) was ordered by Hon'ble NCLT, Chennai vide orders in IA/976/2019 on 29th July 2021, and Mr. S. Rajendran was appointed as the Interim Resolution Professional ("IRP").

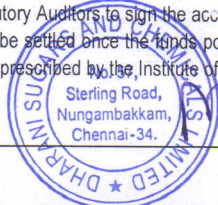
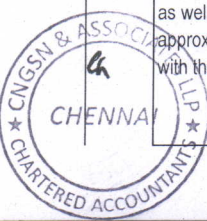
Upon appointment, IRP took control and management of DSCL and has taken efforts to keep it as a going concern. The word "management" used elsewhere in general refers to the previous management i.e., promoters whereas after commencement of CIRP the management of the corporate debtor vests with the IRP as per Section 17 of IBC. IRP made a public announcement on 1st August 2021, intimating commencement of CIRP and calling upon creditors to submit their claims against DSCL. IRP collated all claims received and filed a report constituting Committee of Creditors (CoC) on 21st August 2021 and List of Creditors was published in the website, IBBI and reported to Stock Exchanges.

The notice and agenda notes for the 1st CoC scheduled to be held on 27th August 2021 was sent to the members of the CoC and the directors on 21st August 2021. In the meantime, an appeal was filed by Mr. A. Sennimalai, director of DSCL in NCLAT, Chennai, challenging the order of the NCLT, Chennai. NCLAT passed an order on 27th August 2021 to defer the first CoC meeting which was scheduled for the day. As there was a stay on holding of CoC meeting, the CIRP process could not continue effectively. Subsequently Hon'ble NCLAT on 26th April 2022 ordered that there is no interim order prevailing and directed IRP to proceed further in the manner known to law.

IRP reconvened the 1st CoC meeting on 2nd May 2022. Pursuant to the decision made in the 1st CoC meeting, IRP issued 'Form G' - Public Announcement inviting Expression of Interest (Eoi) to submit Resolution Plans. As on last date for receipt of Eoi, i.e. 1st June 2022, 7 Eois were received. As per Regulation 35 of IBC, IRP has appointed two sets of IBBI Registered Valuers to estimate the fair value and the liquidation value, which shall be shared with the members of CoC on receipt of resolution plans. The physical verification of inventory and fixed assets were carried out by the Valuers.

Further, IRP convened the 2nd CoC meeting on 7th June 2022. List of Prospective Resolution Applicants (PRA) was shared with the CoC members. As per the approval made in the 2nd CoC meeting, Request for Resolution Plan (RFRP), Evaluation Matrix (EM) were issued to the CoC members and to the PRAs through Virtual Data Room (VDR). Site visits were carried out by all the PRAs. The last date for the submission of the Resolution Plan was 26th July 2022.

IRP convened the Board Meeting for approval of accounts for the FY ended 31st March 2022 on 22nd July 2022, along with Audit Committee, Stakeholder Relationship Committee and Nomination & Remuneration Committee. On a request made by IRP, Statutory Auditors of the Corporate Debtor also attended the meetings. After detailed deliberation of the financial statements for the period ended 31st March 2022, the accounts were not approved by the Board and the same was intimated to the Stock Exchanges as well. Further, IRP requested the Statutory Auditors to sign the accounts once the same is approved by the Board assuring that their pending payments for 20-21 audit fees of approximately to Rs. 12.49 lakhs would be settled once the funds position improves. However, the Auditors refused to sign unless this arrear fees are fully paid, in accordance with the provisions of the Code of Ethics prescribed by the Institute of Chartered Accountants of India.



For DHARANI SUGARS AND CHEMICALS LIMITED

S. Rajendran

Interim Resolution Professional

Regn. No. IBBI/IPA-002/IP-N00098/2017-18/10241



IRP issued a notice to the employees/management stating that, with effect from 1st August 2022 only restricted number of employees need to report to the factory and the salary for these employees will be paid based on certified attendance by the HOD and during the CIRP period, the remaining employees are not eligible for any wages on "NO WORK NO PAY" basis as there is no work. Also, in order to reduce the expenses of the company, IRP issued a letter to the management/Promoters of the Corporate Debtor proposing the rent be reduced from Rs. 4.53 lakhs to Rs. 1.5 lakhs per month plus GST from 1st August 2021 till the completion of the CIRP.

On 3rd August 2022 IRP convened the 3rd CoC meeting to open the Resolution Plans which were received in password protected files as on 26th July 2022. IRP received 4 Resolution Plans in total. Further during this meeting, the CoC members approved the re-appointment of Mr. M. Ramalingam as Managing Director with effect from 1.04.2022.

With reference to the decision taken during the 5th CoC meeting, IRP made the payment of Rs. 12.49 lakhs to Statutory Auditors for the FY 2020-21 on 12th October 2022 and same was acknowledged by him. IRP appointed Senthil & Associates, Chartered Accountants, Chennai to examine PUF transactions on 10th October 2022. Further as per the e-voting results dated 22nd September 2022 CoC approved the appointment of Mr. Mahalingam Suresh Kumar, Insolvency Professional as Resolution Professional subject to approval by the Adjudicating Authority for which an application is being filed by the CoC members with NCLT.

IRP convened the 6th CoC meeting on 28th September 2022, in which the last date for submission of the final revised resolution plan was decided as 15th October 2022. As 180th day of CIRP was coming to an end on 23rd September 2022, IRP filed an application seeking one time extension of 90 days with NCLT, Chennai on 20th September 2022 after getting CoC approval to this effect. The application is under scrutiny before the Registry of NCLT, Chennai. As on 22nd September 2022, IRP appointed 3rd set of Registered Valuers for valuation of Plant & Machinery and Securities and Financial Assets.

IRP took steps convene the Audit Committee and Board Meeting on 27th October 2022 for approving the accounts for the FY 2021-22 and to proceed further. As on 15th October 2022, IRP received 3 revised final resolution plans from the Resolution Applicants after negotiations with the RAs. IRP convened the 7th CoC meeting held on 17th October 2022 based on CoC's request to open the revised final resolution plans submitted by three resolution applicants in password protected files.

In view of pendency of the CIRP and in view of suspension of the powers of board of directors, the powers of adoption of the audited financial results for the year ended March 31, 2022 vest with the IRP. The IRP has taken on record these audited financial results of relevant periods only to the limited extent of discharging the powers of the Board of Directors of the company which has been conferred upon him in terms of provisions of Section 17 of the Code. It is clarified, however, that the IRP has not conducted an independent verification of these audited financial results and has not certified on the truthfulness, fairness, accuracy or completeness of these results, in so far as it pertains to the period prior to commencement of the CIRP and his appointment as IRP & to the transactions if any that have happened without the approval of the IRP.

The IRP has relied upon the assistance provided by the operational team in the review of the audited financial results and the representations, clarifications and explanations provided by the Managing Director, Chief Financial Officer, Company Secretary, other directors, key managerial personnel of the Company in reviewing the audited financial results.

#### Claims received:

Pursuant to the public announcement for submission of claims, IRP has received the claims from various stakeholders including the farmers who have submitted the claim for their dues against the supply of sugarcane and transportation charges. Further, farmers have not claimed interest on the sugarcane dues for the delayed payment as per the provisions of Sugarcane (Control) order 1966 and the same was not provided in the books of accounts of the Corporate debtor. Banks and financial institutions have submitted their claim including their interest liability as on CIRP commencement date (29th July 2021) amount to Rs. 805,92,89,155/- while the corporate debtor did not provide for interest after NPA date. IRP has collated the claims based on the books of accounts of the corporate debtor and the documents submitted by the respective stakeholders, and the same was published in the website of Corporate debtor and filed with IBBI, NCLT and Stock exchanges.

#### Status of OTS Deposit/12A Proposal:

In the 4th CoC meeting held on 29th Aug. 2022, it was informed by the management that Bank of India (Applicant Financial Creditor) had rejected the promoter's settlement offer for want of proof of funds and they will again resubmit their proposal after finalising the source of funds. In the 7th CoC meeting held on 17th Oct. 2022, it was confirmed by Bank of India that they have not received any proposals from the management under Section 12A of IBC, 2016.

In the reconvened 1st CoC meeting held on 02nd May 2022, the CoC members had voted against the resolution to consider and release Rs. 26.31 Crores of funds available with Indian Bank and Bank of India for crushing operations in Unit I and to keep the company as a going concern and further authorising the IRP to keep the unspent balance in fixed deposits with the lead bank.

In the 2nd CoC meeting held on 07th June 2022, IRP informed CoC that to meet the urgent requirement of funds for operation and CIRP expenses and to keep the Corporate debtor as a going concern, an application has been filed with NCLT Chennai seeking directions to Indian Bank and Bank of India to refund to the Corporate debtor the initial OTS deposit of Rs. 25 Crores and Rs. 1.31 Crores respectively lying with them as there was no OTS proposal pending with banks, as per the Orders dated 26th April 2022 of Hon'ble NCLAT. The said Application is numbered as IA(IBC)/701/2022. The matter is pending adjudication by NCLT, Chennai. The next date of hearing is 15th November 2022.

#### Related Party Transactions during the CIRP period:

- In the 5th CoC meeting held on 08th September 2022, the CoC members had voted in favour of the resolution to approve the reduction in rent for corporate office from Rs. 4.53 lakh to Rs. 1.50 Lakh per month plus applicable GST with effect from 01st Aug. 2021 for the space occupied by the registered office of the Corporate debtor and inclusion of the abovesaid rent as CIRP cost.
- In the 3rd CoC meeting held on 03rd August 2022, the CoC members had voted against the approval of managerial remuneration to Dr. Palani G Periyasamy, Executive Chairman of Rs. 56 Lakhs for the financial year 2021-22.
- In the 3rd CoC meeting held on 03rd August 2022, the CoC members had voted against the approval of managerial remuneration to Mr. Ramalingam M, Managing Director of Rs. 27.60 Lakhs for the financial year 2021-22, subject to the limits specified in Schedule V of Companies Act, 2013 and approval of the shareholders of the company.
- In the 3rd CoC meeting held on 03rd August 2022, the CoC members had voted against the CIRP period operational expenses claimed to have been paid directly by the promoters towards electricity and security charges for the period from Sep'21 to Jun'22 aggregating to Rs. 1,99,24,145/- as CIRP costs as per Sec 5(13) of IBC and Reg. 31 and 33 of IBBI (IRPCP) regulations.
- Sale of used vehicle of 12 year old with a residual book value of Rs. 43,210/- to a KMP has been recorded in the books during the CIRP period for which approval of CoC should be obtained.

12 Previous period figures have been regrouped/reclassified, where necessary.

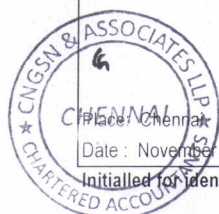
For Dharani Sugars and Chemicals Limited

Taken on Record  
For DHARANI SUGARS AND CHEMICALS LIMITED



DR PALANI G PERIASAMY  
Executive Chairman  
DIN: 00081002

S.Rajendran  
Interim Resolution Professional  
Regn. No. IBBI/PA-002/IP-N00098/2017  
Interim Resolution Professional  
IPR No. IBBI/PA-002/IP-N00098/2017-2018/10241



Date: November 4, 2022

Initialled for identification purposes





## CNGSN & ASSOCIATES LLP

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**Independent Auditors' Report**  
**on quarter and year to date Standalone financial results for the quarter and year ended March 31, 2022 of**  
**M/s Dharani Sugars and Chemicals Limited Pursuant to the Regulation 33 of the SEBI (Listing**  
**Obligations and Disclosure Requirements) Regulations, 2015**

The Interim Resolution Professional  
Dharani Sugars and Chemicals Limited  
Chennai

### Report on the audit of the Standalone Financial Results

#### Qualified Opinion

1. The Hon'ble National Company Law Tribunal ("NCLT"), Chennai Bench, admitted the Corporate Insolvency Resolution Process ("CIRP") application filed by a financial creditor of Dharani Sugars and Chemicals Limited ("the Company") and appointed an Interim Resolution Professional ("IRP"), in terms of the Insolvency and Bankruptcy Code, 2016 ("the Code") to manage the affairs of the Company vide order dated July 29, 2021, received by the Company on July 31, 2021.

We were informed that the powers of adoption of this audited financial results vest with the IRP, in view of pendency of the CIRP and suspension of the powers of board of directors.

2. We have audited the accompanying financial results of Dharani Sugars and Chemicals Limited (the "Company") for the quarter and the year ended March 31, 2022 ("Statement"), attached herewith, being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, subject to the effects of the matters described in the Basis for Qualified Opinion section of our report, the Statement:

- (a) is presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- (b) give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable accounting standards and other accounting principles generally accepted in India of the net loss and other comprehensive income and other financial information for the quarter and year ended March 31, 2022.





### Basis for Qualified Opinion

We draw attention to the following matters:

- a) Note 4 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 in the previous periods, the Company has not (a) provided interest on the outstanding borrowings from banks and financial institutions; and (b) not restated the foreign currency loans. In the opinion of the management, in view of the One Time Settlement ("OTS") of the loans sought by the Company, there will be no further interest liability on the Company from the NPA date.

However, the Hon'ble NCLT, Chennai Bench, admitted the CIRP application filed by a financial creditor of the Company as more fully explained in Note 1 above and the Interim Resolution Professional is receiving claims from the financial and operating creditors towards principal and interest due till the date of admission of CIRP.

As morefully explained in Note 4 to the Statement, we were informed by the management that

- (i) the Promoter of the Company had organised and had deposited Rs. 6,453.30 lakhs (including of Rs.2,500 Lakhs in the earlier year) as on date in the office account of Indian Bank NO LIEN account as stipulated by the consortium of bankers/ financial institutions for the OTS settlement proposal;
- (ii) as per the arrangement with the Promoter, the money deposited by the Promoter shall remain as the assets of the Promoter or his affiliates until the settlement proposal is duly sanctioned and approved by the lenders;
- (iii) as per legal advice obtained by the promoters, the entire amount of Rs 6,453.30 lakhs kept in the office account of Indian Bank NO LIEN account will be recorded as loan from the promoters' group after the withdrawal of CIRP;
- (iv) in case no settlement proposal gets materialised, the said money is to be refunded to the promoter/ his affiliates by the banks;
- (v) out of the said deposit, the amount of Rs.2,500.50 Lakhs recorded wrongly in the books of account of the earlier years, was reversed by the Company and necessary entries passed;
- (vi) consequently, the interest accrued up to December 31, 2021 aggregating to Rs 338.43 lakhs in respect of the above loans has also been reversed (which resulted in negative finance cost for the current quarter); and
- (vii) as there was a delay in payment of the balance OTS amount by the Promoter, the Hon'ble National Company Law Appellate Tribunal ("NCLAT") has vacated the interim stay for holding of meetings of Committee of Creditors and directed the IRP to commence the CIRP proceedings and the next hearing has been listed for December 22, 2022.





As morefully explained in Note 11 to the Statement, we were also informed by the IRP that

- (i) IRP reconvened the 1st CoC meeting on May 2, 2022 and pursuant to the decision made in the 1st CoC meeting, IRP issued 'Form G' – Public Announcement inviting Expression of Interest (EoI) to submit Resolution Plans. As on last date for receipt of EoI, i.e June 1, 2022, 7 EoIs were received. As per Regulation 35 of IBC, IRP has appointed two sets of IBBI Registered Valuers to estimate the fair value and the liquidation value, which shall be shared with the members of CoC on receipt of resolution plans. The physical verification of inventory and fixed assets were carried out by the Valuers;
- (ii) In the 6<sup>th</sup> CoC meeting held on September 28, 2022, the last date for submission of the final revised resolution plan was decided as October 15, 2022 and 3 revised final resolution plans from the Resolution Applicants were received as on date;
- (iii) Further as per the e-voting results dated September 22, 2022 CoC approved the appointment of Mr. Mahalingam Suresh Kumar, Insolvency Professional as Resolution Professional subject to approval by the Adjudicating Authority for which an application is being filed by the CoC members with NCLT; and
- (iv) an application has been filed with NCLT Chennai by the IRP seeking directions to Indian Bank and Bank of India to refund to the Corporate debtor the initial OTS deposit of Rs. 25 Crores and Rs. 1.31 Crores respectively lying with them, as there was no OTS proposal pending with banks. The said Application is numbered as IA(IBC)/701/2022. The matter is pending adjudication by NCLT, Chennai. The next date of hearing is posted on November 15, 2022.

We have not received neither direct nor indirect confirmation for the balances in the escrow account aggregating to INR 6,453.30 lakhs, except a reference made in the minutes of the consortium banks and we were informed by the management that they are in the process of getting specific confirmation for this. We were not provided the bank statement supporting the basis for reversal of INR 2,500.50 lakhs, which was previously recorded as bank balances in the books of account. The Company has also reversed the interest accrued up to December 31, 2021 aggregating to INR 338.43 lakhs in respect of the above loans. We are unable to comment on the appropriateness of the aforesaid reversal of the loans and the interest accrued, in the absence of sufficient appropriate audit evidence.

Several uncertainties exist due to non-confirmation from the banks/ financial institutions for the outstanding borrowings as on March 31, 2022/ amount kept in escrow accounts as per OTS proposal, present developments in CIRP and the expected timing of withdrawal of CIRP by the financial creditors/ final approval of OTS proposal by the consortium banks.

Due to the aforesaid uncertainties, we are unable to comment on (a) the appropriateness of the non-accrual of interest on loans; (b) the impact of the non-confirmation of balances in escrow accounts in respect of amounts deposited towards OTS, balances in certain inoperative bank accounts and balances in interim finance provided by consortium bankers for CIRP expenses; (c) non recording of INR 6,453.30 lakhs deposited by the promoters in the books of the Company; (d) reversal of previously accounted loans from promoters and interest on borrowings; and (d) consequential adjustments, that may be required, in the carrying amount of the financial and non-financial assets/ liabilities of the Company.

- b) Note 5 to the Statement which explains that during June 2020 quarter, a CIRP was admitted and a resolution professional was appointed in the case of one of the major investees of the Company by the





Hon'ble NCLT, Chennai Bench vide its order dated May 5, 2020. The carrying amount of the investments as at March 31, 2022 is INR 1,455.53 Lakhs. The Hon'ble NCLT has passed an order approving the resolution plan submitted by one of the resolution applicants. In accordance with the approved resolution plan, no payment will be made towards any amount due to the promoters and their related group companies by the successful resolution applicant. In our opinion, considering the present development, the entire outstanding due from the above investee is considered to be not recoverable as per the approved resolution.

In this regard we were informed by the management that

- (i) aggrieved by the Order of the Hon'ble NCLT, the investee has filed an application before the Hon'ble National Company Law Appellate Tribunal ("NCLAT") praying for quashing the order of the Hon'ble NCLT. The Hon'ble NCLAT has set aside the resolution plan approved and ordered to recommence the CIRP process, including the consideration of 12A application filed by the promoters of the investee company. On an appeal against the order of the Hon'ble NCLAT, the Hon'ble Supreme Court has heard the arguments of both the sides and reserved the case for judgement as on date;
- (ii) the Promoter has recently (on October 11, 2022) also given a proposal for settling the entire dues of the CoC members U/S 12A of the IBC code. Required funding has been arranged by way of deposits and Bank Guarantee. The proposal is under the consideration of the CoC members
- (iii) a major part of the assets of the investee 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 (including that of the Company) and the resolution plan approved is not in line with the actual value of the assets. The management also confirmed that the resolution professional has not followed the due process of CIRP and accordingly, the resolution plan approved is not proper as per law.

Accordingly, in the opinion of the management, the Company will still be able to recover the entire carrying amount of the investments, even in the aforesaid CIRP conditions. Based on the above estimate made by the management, no adjustment has been made in the fair value of such investments.

Due to uncertainties involved in the CIRP process as detailed above, the impact, if any, on the Statement are not presently determinable in respect of the above matter.

- c) As more fully described in the Material Uncertainty Relating to Going Concern section of this report, there is a significant doubt on the Company's ability to continue as a going concern. 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) The Company has provided for certain employee/ other claims relating to earlier years/ periods aggregating to INR 468.04 Lakhs during September 2021. In the absence of approval by the IRP, the financial creditors and other competent approving authorities as well as specific demand notices from the concerned departments/ employees/ others, we are unable to comment on the appropriateness of the aforesaid accounting treatment.





- e) Ind AS 19 "Employee Benefits" requires provision towards gratuity and compensated absences should be made based on actuarial valuation. However, the Company has not obtained any actuarial report and provision for the current year was made only on an estimated basis. Accordingly, we are unable to comment on the adequacy of the provision made and the compliance with the related disclosure requirements of Ind AS 19.
- f) We could not circulate for direct confirmation for bank balances, borrowings, trade receivables, trade payables, advances received/ paid and for deposits received/ paid, as the necessary information was not made available by the Company to us. Accordingly, we are unable to comment on adjustment, if any, that may be required had we circulated and received direct confirmation for the aforesaid balances.
- g) The Company has a program of verification to cover all the items of property, plant and equipment in a phased manner over a period of three years. However, no physical verification has been carried on by the management during the year. Accordingly, we were unable to comment on whether any material discrepancies were noticed on such verification and whether they are properly dealt with in the financial statements.
- h) The Company has not filed the quarterly/ annual financial results with the stock exchanges within the stipulated time for certain quarters of the last year and the current year. However, no provision has been made in the Statement towards penalty payable for the aforesaid non-compliances.
- i) Our opinion on the Statement is qualified in respect of matters referred to clauses (a) to (h) above. The matters referred to in clauses (a) to (c) have been qualified in our limited review reports of earlier quarters as well as in the independent audit opinion for the earlier years.

We conducted our audit in accordance with the standards on auditing (SAs) specified under section 143 (10) of the Act. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the standalone financial results section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Material Uncertainty Related to Going Concern

The Company has no operations during the period from 1 October 2021 to March 31, 2022 and has very minimal operations for the other two quarter of the year. The Company has incurred huge losses during the period under consideration and also during the earlier periods/ years, due to which the Company's net worth is negative. The Company has not met its operating liabilities, including employee dues aggregating to INR 1,741.70 Lakhs due to negative cashflows. The Company's ability to continue as a going concern depends on the possible decisions that may be taken on OTS/ CIRP [as morefully explained in the Para (a) and (b) of the basis for qualification section of this report] and further inflow of funds for the working capital requirements of the Company. All the above matters materially depend on future events.





The above factors cast a significant doubt on the Company's ability to continue as a going concern. However, pending resolution of the above uncertainties, the Company has prepared the aforesaid Statement on a going concern basis.

### **Management's Responsibilities for the Standalone Financial Results**

The Statement has been prepared on the basis of the Standalone annual financial statements. The Company's board of directors are responsible for the preparation of the Statement that gives a true and fair view of the net loss and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, 'Interim Financial Reporting' prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Statement, the board of directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The board of directors and the IRP are also responsible for overseeing the Company's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Standalone Financial Results**

Our objectives are to obtain reasonable assurance about whether the Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Statement.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also carried out the following procedures as part of our audit:

- Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.





- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of Statement, including the disclosures, and whether the Statement represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial results that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial results may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial results.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**For CNGSN & ASSOCIATES LLP**

Chartered Accountants  
Firm Registration No.004915S/ S200036



**(CHINNSAMY GANESAN)**

Partner

Membership No. 027501

UDIN: 22027501BCBBPB3428



Place: Chennai

Date: November 4, 2022



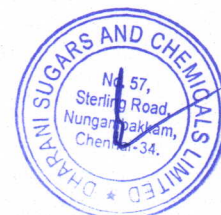
Dharani Sugars and Chemicals Limited

**Statement on impact of Audit Qualifications (for Audit Report with modified opinion submitted) along with Audited Financial Results - (Standalone)**

**Statement on impact of Audit Qualifications for the Financial year ended March 31, 2022**

(See Regulation 33/52 of the SEBI (LODR) (Amendment) Regulation, 2016)

Sl.No	Particulars	Audited Figures (as reported before adjusting for qualifications)	Audited Figures (audited figures after adjusting for qualifications)
		(Rs. lakhs)	
I	a Turnover/ Total Income		
	b Total Expenditure		
	c Net Profit/ (Loss)		
	d Earnings Per share	Impact not presently determinable	
	e Total Assets		
	f Total Liabilities		
	g Net Worth		
	h Any other financial item(s) as felt appropriate by the Management)		
II	Audit Qualification (each audit qualification)		
	a Details of Audit Qualifications	<p>a. The Company Stopped Providing Interest on the outstanding borrowings from banks and financial institutions. Not restated the foreign currency loan. Application filled for CIRP was admitted on 29-07-2021 by NCLT and IRP was appointed.</p> <p>b. Appointment of RP was admitted in the cast of one of the major investees (Appu Hotels Ltd) of the company by the NCLT. There is a doubt about the recoverability of the investments is Rs.1455.53 Lakhs.</p> <p>c. There exists material uncertainty that case a significant doubt on the company's ability to continue as a going concern.</p> <p>d. In the absence of approval by the IRP, the Company has provided for certain employee/ other claims relating to earlier years/ periods aggregating to INR 468.04 Lakhs during September 2021.</p> <p>e. The Company has not obtained any actuarial report and provision for the current year was made only on an estimated basis.</p> <p>f. Auditor could not circulate for direct confirmation for bank balances, borrowings, trade receivables, trade payables, advances received/ paid and for deposits received/ paid, as the necessary information was not made available by the Company to us.</p> <p>g. No physical verification has been carried on by the management during the year.</p> <p>h. The Company has not filed the quarterly/ annual financial results with the stock exchanges within the stipulated time for certain quarters of the last year and the current year. No penalty was provided in the Financial Statements.</p>	





b	Type of Audit Qualifications: Qualified Opinion/ Disclaimer of Opinion / Adverse Opinion	Qualified Opinion
c	Frequency of Qualifications: Whether appeared first time/ repetitive / since how long continuing	Appears for the second Time in the annual financial statements. However, item 1 and 3 has already appeared in the qualified in the Limited Review Reports for earlier quarters (since Quarter ended September 30, 2019)
d	for Audit Qualification(s) where the impact is quantified by the auditor, Management's views:	Impact not presently quantifiable due to the various uncertainties involved.
e	for Audit Qualification(s) where the impact is not quantified by the auditor:	
	i. Management's estimation on the impact of audit qualification.	<p>a. Due to continues drought in Tamil Nadu for the years 2016 to 2018, the cane availability and consequent capacity utilisation for the sugar units in Tamil Nadu has drastically come down to around 35%. On account of this, the Company could not service the loans and the loans have slipped into NPA. Subsequently the loans have become NPA in the books of the lenders and the company is not providing interest in the books of the Company. Company is discussing with them for a one time settlement\ of the principal outstanding as on the NPA date. Company is confident of settling the OTS with bankers.</p> <p>b. Appu Hotel assets are mainly of lands and well known branded Five star Deluxe Hotels and the realisable value of Appu Hotels Ltd Assets are far in excess of its liabilities. Hence the Company is confident of realising the value of the investment stated in the books which is Rs 1455.53 lakhs. Since the CIRP proceedings of the company are yet to come to closure. IRP is unable to make a comment.</p> <p>c. The Company has submitted the resolution plans to Banks for OTS and it is still under the consideration of Banks. The Company is confident of settling the current issues with Banks and Fls. SISMA has also made representation to the Central and State Government for extending necessary support to the Tamilnadu sugar units for revival of the industry. Normal operations are expected to start shortly. Since the resolution process is nearing completion with four resolution plans under consideration by CoC, there is a significant possibility of the company to continue as going concern.</p> <p>d. Due to NCLT order dated 29.07.2021 to file the claim with IRP, Company has provided for certain employee/ other claims relating to earlier years/ periods aggregating to INR 468.04 Lakhs during September 2021.</p> <p>e. The Company has not obtained any actuarial report due to earlier year payment was not paid to the actuarial report valuer and provision for the current year was made only on an estimated basis</p>





		<p>f. Company loan accounts have become NPA, There fore no change in the bank balances, borrowings, trade receivables, trade payables, advances received/ paid and for deposits received/ paid.</p> <p>g. No physical verification has been carried on by the management during the year due to shortage of staffs at factory also there is no operation in the factory.</p> <p>h. The Company has not provided the penalty in the Financial Statements. We will provide same in the next Quarter i.e. June 2022.</p>
	ii. Management's is unable to estimate the impact, reasons for the same:	Impact not presently quantifiable due to the various uncertainties involved.
	iii. Auditor's comments on (i) or (ii) above;	Refer" Basis for Qualified Opinion" in audit report read with relevant notes in the financial results the same is self-explanatory.

CEO/ Managing Director	(M Ramalingam)
Chief Financial Officer	)
Audit Committee Chairman	(M P Kaliannan)
Statutory Auditors	(Dr S Muthu)
Interim Resolution Professional IPR No. IBBI/PA-002/IP-N00098/2017- 2018/10241	(Chinnsamy Ganesan)
	S RAJENDRAN

Place: Chennai  
Date: 04.11.2022

