

DHARANI SUGARS AND CHEMICALS LIMITED



24th

***ANNUAL REPORT
2010 - 2011***



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BOARD OF DIRECTORS

- Dr Palani G Periasamy** - Executive Chairman
Mr M Ramalingam - Managing Director
Dr K N Sivasubramanian
Mr A Sennimalai
Mr PS Gopalakrishnan
Mr T Ramabhadran
Dr KC Reddy - Nominee Director - IREDA

- Company Secretary - Mr E P Sakthivel
Auditors - M/s Srinivasan & Shankar
Chartered Accountants, Chennai - 600 028

- Bankers - ICICI Bank Limited
Indian Bank
State Bank of India
Bank of India
The Federal Bank Limited
The South Indian Bank Limited
Central Bank of India
Union Bank of India
IDBI Bank Limited
Indian Overseas Bank
IREDA

- Registered Office - "PGP House", No 57 Sterling Road,
Nungambakkam, Chennai - 600 034.
Phone No. 2831 1313 - 2820 7480 / 81 / 82
E-mail: secretarial@dharanisugars-pgp.com

- Factories :
- Dharani I
Dharani Nagar
Tirunelveli District - 627 760 Tamil Nadu
Phone : (04636) 241370 - 72
Email : dharani1@dharanisugars-pgp.com
 - Dharani II
Karaipoondi Village,
Chetput Road, Polur Taluk
Tiruvannamalai Dist. - 606 803
Tamil Nadu
Phone : (04181) 223161 - 162, 223170
Email : dharani2@dharanisugars-pgp.com
 - Dharani III
Kalayanallur Village, Sankarapuram Taluk
Villupuram Dist. - 606 206, Tamil Nadu
Phone : (04151) 248208, 248277
Email: dharani3@dharanisugars-pgp.com



NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the **TWENTY FOURTH** Annual General Meeting of the Members of the Company will be held at "Sathguru Gnanananda Hall", Narada Gana Sabha, New No.314 TTK Road, Alwarpet, Chennai 600 018 on **Friday, the 23rd September 2011 at 10.20 A.M** to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2011 and Profit and Loss Account for the year ended on that date and consider the reports of the Directors and Auditors.
2. To appoint a Director in place of Shri P S Gopalakrishnan, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and to authorise the Board of Directors to fix their remuneration.

Notes:

A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.

1. The proxy form, in order to be effective must be duly completed, stamped and lodged with the Registered Office of the Company not less than forty-eight hours before the commencement of the meeting.
2. As required under Clause 49 (IV)(G) of the Listing Agreement, the relevant details of Directors seeking appointment / re-appointment under item No.2 is annexed.
3. The Register of Members and Share Transfer Books of the Company will remain closed from **16th September 2011 to 23rd September 2011** both days inclusive.
4. Members/ Proxy holders must bring the Attendance Slip duly signed to the meeting and hand it over at the entrance. Xerox copy/ torn attendance slips will not be accepted.
5. Members are requested to quote their Registered Folio numbers/ ID Nos. in all correspondence with the Company and notify the Company immediately of change, if any, in the Registered Address and/ or of their mandates.
6. All documents referred to in the above notice are open for inspection at the Registered Office of the Company between 2.00 P.M and 4.00 P.M on any working day.
7. Members who have not encashed their Dividend Warrants of 2008-09 and 2009-10 may send the same to the Registered office or Share Transfer Agent for revalidation.
8. Members are requested to bring their copies of Annual Report to the Meeting.
9. The Ministry of Corporate Affairs vide its Circular dated 21st April 2011 allowed the Companies to send notices, annual reports and other documents by means of e-mail to the members of the Company. Hence members, who have not registered their e-mail addresses, are requested to register their e-mail addresses with the Company/ Registrar.

By Order of the Board
For Dharani Sugars and Chemicals Limited

Place : Chennai – 34
Date : 24.05.2011

E.P. SAKTHIVEL
COMPANY SECRETARY



Details of the Directors seeking Appointment / Re-appointment at the 24th Annual General Meeting. (Pursuant to Clause 49 of the Listing Agreement with Stock Exchanges)

Name	Mr P.S Gopalakrishnan
Age	74
Qualification	B.COM, LLB, AIB (Associate of Institute of Bankers) (London), Fellow of Economic Development Institute of World Bank, Washington.
Date of Appointment	30.08.2005
Experience	More than 35 years in Banking and Development financial institutions
Other Directorships	a. Kothari Sugars & Chemicals Ltd b. Sakthi Finance Ltd C. Shriram General Insurance Co. Ltd.,
Member of Committees	Management Committee, Audit Committee
No of Shares held in this Company	Nil
% of Shares	Nil

**DIRECTORS' REPORT**

Dear Members,

Your Directors present herein the **Twenty-Fourth** Annual Report on the operations of your Company and the Audited Statement of accounts for the year ended 31st March 2011.

Financial Results

(Rs. in Lakhs)

Particulars	Year Ended 31.03.2011	Year Ended 31.03.2010
Gross Sales	85883.64	59667.62
Profit before Interest, Depreciation and Tax	8161.20	12192.39
Interest and Finance Charges	5817.10	3326.96
Depreciation	2146.05	1398.00
Profit/(Loss) before Tax	198.05	7467.43
Amortization of USAID Grant	11.25	11.25
Income Tax / (MAT) Credit	(102.30)	62.31
Deferred Tax Asset / (Liability)	251.81	(2978.09)
Profit/(Loss) After Tax	358.81	4562.90
Dividend	-	380.85
Dividend Tax	-	63.25
Transfer to General Reserve	-	500.00
Carried forward from last year	4461.20	842.40
Balance carried forward to Balance Sheet	4820.01	4461.20

Product-wise performance**Sugar:**

During the year under review, the company has crushed 13.29 lakh tonnes of cane as against 12.23 lakh tonnes of cane in the previous year. The increase in cane crushing is mainly due to Sankarapuram unit crushing for the full year. During the year, the Company has processed 90685 Tonnes of Raw Sugar as against 116215 Tonnes of Raw Sugar in the previous year.

The total sugar production was 20.10 lakh qtls as against 21.30 lakh qtls in the previous year. The sugar recovery from the cane was 8.93 % as against 8.49% in the previous year. The company has sold 26.14 lakh qtls as against 18.83 lakh qtls in the previous year. During the year the company has exported 8.90 lakh qtls of sugar. The average realization for the year 2010-11 was Rs. 2801/qrtl as against Rs. 2678/qrtl in the Previous year.

Power:

During this period, the total power generation was 2146.29 lakh units as against 1214.29 lakh units in the previous year. The export to the TNEB grid was 1535.04 lakh units as against 765.37 lakh units in the previous year. Accordingly, the total value of the power exported to the grid has increased to Rs.6992.18 lakhs as against Rs 3062.53 lakhs in the previous year.

Industrial Alcohol:

The production of industrial Alcohol was 125.76 lakh litres as against 150.59 lakh litres in the previous year. The decrease in the production was mainly on account of not operating the Sugar Plant for longer duration from where steam for the distillery unit is supplied. The Alcohol sale was 119.11 lakh litres as against 142.29 lakh litres in the previous year. Consequent to this, the Alcohol sales has come down to Rs.3435.54 lakhs as against Rs.4248.10 lakhs in the previous year. The average realization was Rs. 28.81/ litre as against Rs.29.80 /litre in the previous year.

Financial Performance:

During the year, the company has achieved a record turnover of Rs.858.84 crores as against Rs 596.67 crores in the previous year. However, the Gross operating profit decreased to Rs. 81.61 crores from Rs. 121.92 crores in the previous year. The reduction in the GOP was mainly on account of reduced margin in 2010-11 as compared to the previous year. After adjusting interest and depreciation, the operations resulted in a net profit of Rs. 2.09 crores, as against the profit of Rs 74.79 crores in the previous year. Taking into account the Deferred Tax Asset of Rs.2.51 crores and Tax of Rs.1.02 crores, the net profit comes to Rs 3.59 crores as against the profit of Rs. 45.63 crores in the previous year.



Dividend

Due to inadequate profit in the current year, the Board of Directors is unable to recommend any dividend for the year 2010-11.

Reserves

No amount is being transferred to Reserves due to inadequate profit during the year 2010-11.

Fixed Deposits

A sum of Rs. 99.46 lakhs was collected as deposits during the year 2010-2011. Your Company has complied with the provisions of Section 58 (A) and 58 (AA) of the Companies Act, 1956 and the rules prescribed there under. Your Company has no unpaid deposits which were due or repayable as on 31st March 2011. Your Company has not defaulted in repayment of the deposits on the due dates. As on the date of this report, there are no unclaimed deposits.

Auditors

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

Cost Audit

The Company has received the approval of the Central Government for appointment of Mr. V Srinivasan, as Cost Auditor to carry out the Cost Audit for the Financial Year 2010 - 11.

Share Capital Audit Report

As part of the guidelines issued by Government of India for voluntary adoption by all Companies, your Company appointed Mr M Damodaran, Practicing Company Secretary, to conduct Share Capital Audit of the Company. The Share Capital Audit Report for the financial year ended 31st March 2011, addressed to the Board of Directors of the Company, is attached to the Annual Report.

The Share Capital Audit Report confirms that the Company has complied with all the applicable provisions of the Companies Act, 1956, Depositories Act, 1996, Listing Agreement with the Stock Exchanges, Securities Contracts (Regulations) Act, 1956 and all the Regulations of SEBI as applicable to the Company, including the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992.

Directors

Shri P S Gopalakrishnan is retiring by rotation at the ensuing Annual General Meeting and is eligible for reappointment.

Directors' Responsibility Statement

In terms of Section 217 (2AA) of the Companies Act, 1956 your Directors confirm as follows.

- (i) That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- (ii) That the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period.
- (iii) That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- (iv) That the directors have prepared the annual accounts on a going concern basis.



Corporate Governance

A report on Corporate Governance and a management discussion and analysis report, in line with SEBI prescribed format incorporated in the Listing Agreement, are attached herewith. A certificate from the Statutory Auditors on compliance of conditions of Corporate Governance has been obtained and copy enclosed to this report.

Particulars of Employees

Under the provisions of Section 217 2(A)(a) of the Company's Act 1956 read with Companies (particulars of employees) Rules, 1975 as amended, the names and other particulars of employees are set out below:

(A) Employed throughout the year ended 31st March, 2011 and was in receipt of remuneration aggregating not less than Rs.60,00,000

Name / (Age)	Designation of the Employee/ Nature of Duties	Remuneration (Rs.)	Qualification / Experience (Years)	Date of commencement of Employment	Previous Employment
Dr. Palani G Periasamy (73 Years)	Executive Chairman	65.15 lakhs	MA., MA., Ph.D (USA) (24 Years)	04.06.1987	Professor of Economics, USA. Financial Consultant & Industrialist

(B) Employed for part of the year ended 31st March, 2011 and was in receipt of remuneration aggregating not less than Rs. 5, 00, 000 per month - NIL

1. The nature of employment of all employees above is contractual. The appointment is for a period of 5 years from 25.06.2009 to 24.06.2014
2. Remuneration as shown above includes salary, allowances, leave travel assistance, plus commission @3% of the net profit.
3. Remuneration as shown above does not include amount attributable to compensated absences as actuarial valuation is done for the company as a whole only.
4. He is not related to any Director of the Company.

Energy, Technology and Foreign Exchange

Information relating to the conservation of energy, technology absorption and foreign exchange earnings and outgo as required to be furnished under the provisions of Section 217 (1) (e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 is given as Annexure I to this report.

Acknowledgments

The Board of Directors places on record its appreciation of the support, assistance and co-operation received from the Central Government, Government of Tamil Nadu, various governmental agencies, ICICI Bank Limited, IREDA, the Company's bankers, Indian Bank, State Bank of India, The South Indian Bank Limited, Bank of India, Central Bank of India, The Federal Bank Limited, Union Bank of India, IDBI Bank Ltd and Indian Overseas Bank.



The Board of Directors also wishes to place on record its appreciation for the cane growers, without whose help and support it could not have achieved the progress that has been made so far. With our encouragement and their initiative, we hope for improved cane availability for the ensuing years.

Your Directors are thankful to the employees of the Company for their wholehearted co-operation and unstinted dedication to duty leading to cordial industrial relations during the year under review.

The Board is thankful and grateful for the continuing co-operation to the management from the shareholders family since inception and is confident that this partnership will sustain forever.

for and on behalf of the Board of Directors

DR PALANI G PERIASAMY
Executive Chairman

Place: Chennai - 34
Date: 24th May 2011

Management Discussion and Analysis Report.

Company profile

Your Company is engaged in the business of manufacture of Sugar, Co-generation of power and Alcohol including Ethanol. The operations are spread over in three locations in Tamil Nadu namely, at Dharani Nagar in Tirunelveli District, at Karaipoondi Village, Polur in Thiruvannamalai District and at Kalayanallur Village, Sankarapuram Taluk in Villupuram District.

Indian Sugar Scenario

India, the world's biggest consumer of sugar is the second largest producer of sugar in the world after Brazil. It is also the India's second largest Agro based industry after textiles. It employs about 50 million farmers and supports another 50 million people by providing direct/indirect employment. The Industry pays about Rs.50000 crores to the farmers as cane payment, which constitutes about two thirds of the cost of production of sugar. The sugar industry contributes an estimated Rs.5000 crores annually by way of excise duty and purchase tax on sugar cane.

As per the study by A.C. Nielson, about 70% of sugar consumption is accounted for by the bulk consumers like beverages, biscuit/confectionery and sweet meat manufacturers, etc. and the balance 30% is equally consumed by BPL families

and the middle income families. Out of this, the supplies to the BPL families are ensured through PDS supply. Despite this, Indian Sugar Industry may be the highly controlled and regulated Industry in the World. These controls are being exercised in the name of protecting the consumers, (which includes the bulk consumers also), whereas it really hurts the Industry and the farmers. In fact our Sugar Industry may be the only Industry in the world, which subsidizes the Indian consumers, subsidizes the Government by carrying the inventory to meet the supply throughout the year, subsidizes the international consumers by exporting the surplus sugar at a huge loss. Also imports during deficit period at high cost which benefits the international farmers and the trade.

Despite the above, the Indian Sugar production has bounced back and the sugar production for the season 2010-11 is expected to be 242 lakh tonnes as against 181 lakh tonnes in the previous season. Improved Free sale sugar price during the earlier season has enabled the industry to increase the cane price substantially. It has helped to attract more farmers back to sugar cane cultivation. If the sugar price in India is not artificially controlled, competition among the mills will ensure fair and remunerative price to the farmers which will ensure consistency in the production of sugar.



Summary of the Indian Sugar balance is given below:

(Qty. in Lakh Tonnes)

Sl. No	Particulars	2007-08	2008-09	2009-10	2010-11 Estimates	2011-12 Projections
1.	Opening stock	110.00	105.00	43.64	49.80	65.35
2.	Production	263.56	145.38	189.12	242.00	270.00
3.	Imports	-	24.03	40.80	3.43	-
4.	Total supply	373.56	274.41	273.56	295.23	335.35
5.	Domestic consumption	219.00	229.12	221.41	211.88	225.00
6.	Exports	49.56	1.65	2.35	18.00	40.00
7.	Total demand	268.56	230.77	223.76	229.88	265.00
8.	Closing stock as on 30 th September	105.00	43.64	49.80	65.35	70.35
9.	Stock as % of off take	39%	19%	22%	28%	26%

World Sugar Scenario

The second revision of the world sugar balance in the 2010/11 (October/September) crop cycle by ISO puts world production at a record 168.045 mln tonnes, raw value, up 4.66% from the last season. Although ISO still expect a record high world sugar

production, it has been revised downwards by 0.910 mln tonnes from their previous assessment in November, 2010. In contrast to output, world consumption has been revised marginally upwards and now is put at 167.849 mln tonnes. Consumption is expected to grow at 2.01%, slower than the 10-year average of 2.6%, due to historically high prices in both the world and domestic markets. After two seasons of large deficits, the stocks/consumption ratio had reduced to the lowest level for more than 20 years - since 1989/90. The ratio is expected to decrease further to 35.04% in 2010/11 from 35.73% in the previous season of a large deficit. Despite the downward revision of world production, export availability still covers projected import demand. The world export availability is put at 50.496 mln tonnes exceeding import demand estimated at 50.309 mln tonnes.

A summary of the third assessment of the world sugar balance in 2010/11 is given in the table below.

(Qty. in Million Tonnes)

Sl.No	Particulars	2007-08	2008-09	2009-10	2010-11
1	Production	168.61	154.23	160.57	168.05
2	Consumption	162.24	164.59	164.55	167.85
3.	Surplus / (Deficit)	6.37	(10.36)	(3.98)	0.20
4	Import Demand	45.95	50.96	53.39	50.31
5	Export availability	46.25	50.90	53.02	50.50
6	End Stock	70.53	61.67	58.80	58.81
7	Stock/Consumption in %	43.47	37.47	35.73	35.04

Source : ISO Quarterly Outlook, Feb,2011

Government Policies

Sugar is one of the highly controlled and regulated commodity in India. Levy obligation reduced to the previous year level of 10%. Though the balance 90% is called as free sugar, it is also regulated through monthly release mechanism. The Central Government continuously monitors the free sale sugar price in the market and depending upon the price, the Government, now

and then varies the release quantity to control abnormal increase in the price. Some of the major moves taken during the last year are given below:

1. Permitted export of sugar against the export obligation of raw sugar imported in the earlier years.
2. Release of Sugar for exports under Open General Licence in a phased manner with restriction on the quantity.
3. Increase in the stock holding limit.



Risks and Concerns

Risks and Concerns given by the management below are not exhaustive and only highlight some of the salient among them. The investors are advised to exercise their due diligence in assessing the various risk factors associated with industry and your Company. The sugar industry is highly regulated with the Government exercising control over pricing of sugar cane, allocation of area for sugar units, sugar release and off take and pricing of by-products such as Molasses, Alcohol and Power. Some of the inherent business risks and the mitigation measures initiated by your Company are given as under:

Raw Material

Cane is the basic raw material for sugar industry and the efficient operations of the Sugar as well as Distillery depends upon the availability of adequate cane. Sugar industry being cyclical in nature is affected by the vagaries of the monsoon. Substantial increase in the price of alternate crops as compared to sugarcane have resulted in the farmers switching to other crops which are more profitable, like wheat, soya, paddy and maize. This trend is likely to affect the cane availability in the coming years. Recently, another major factor affecting the cane cultivation is the availability and cost of harvest labour.

To mitigate the above raw material related risks, your Company has announced a reasonable remunerative cane price in line with the market trend and also arranging necessary fertilizers and other inputs required for cane cultivation. Also various extension services are provided to educate the Farmers about the best practices in cane cultivation for improvements in the yield. Your Company has also in co-ordination with the Government encouraged drip irrigation for better water management. Your Company has also imported harvesting machines to cope up with the labour shortage to some extent. In times of acute shortage of cane, the Company imports Raw Sugar for effective utilization of the capacity and to improve the bottom line.

Forex Risk

Import of Raw Sugar involves foreign exchange outflow. Any wide fluctuation in the value of Rupee against US Dollar may impact the profitability of the Company. The Company is closely monitoring the movement to take appropriate action.

Product Risks

Sugar and Alcohol are highly regulated and the prices of the same are directly / indirectly controlled by the Government through various methods. The price of sugar has not increased in line with the input cost which is forcing the farmers, the option of alternative remunerative crops. Sugar is subject to 10% Levy and the free sugar sale is controlled by Government through release mechanism.

To mitigate the product related risks, the Company has been taking efforts to make its operation as an integrated one comprising of Sugar, Power and Alcohol including fuel Ethanol.

Co-Generation of Power

Sugar industries in India have a potential for co-generation of about 3000 MW power and export the additional power to the Grid. It is an environmental friendly and renewable source of power and is also made available to the rural areas, where the mills are located. Your Company is in the forefront to develop this source and export the surplus power to the Grid. Though the Co-generation of power in India was not very attractive due to low tariff offered by the State Electricity Boards, implementation of reforms introduced through Electricity Act, 2005 like Open Access and third party sales are likely to improve the realization and thus the profit of Co-generation units. Your Company has applied for Carbon Credit though price per CER has come down. The UNFCCC has also made its norms stringent making it difficult for projects to earn the same level of Carbon Credit.



Ethanol

Ethanol besides being the green and renewable fuel gives an assured demand for an agricultural produce, which directly helps the sugar industry and the sugar cane farmers by way of better realization and stable prices. Blending of Ethanol with Petrol substitute import of petrol to the extent of the quantity mixed in petrol. The Government ambitions petrol-ethanol blending programme is yet to be fully implemented. The blending programme is currently on in Uttar Pradesh, Punjab, Haryana, Karnataka, Andhra Pradesh and Kerala.

The Government has envisaged 20% ethanol blending across the country by 2017 under the National Biofuel Plan. While in Brazil more than 50% of the cane is used for ethanol, India is yet to implement the scheme on a sustained basis.

Outlook for 2011-12

The sugar production for 2011-12 season is expected to witness a substantial jump and is likely to be around 270 lakh tonnes as against the previous season's expected production of 242 lakh tonnes. This quantum jump in production would not have been possible, but for the attractive cane price paid during the seasons 2009-10 and 2010-11, which has encouraged cane growers. Correspondingly, the cane availability for your units have also increased excepting the Dharani Nagar unit, where the availability of the cane is less on account of drought in the cane commend area.

Human Resources

The Industrial relations at your Company continue to be cordial. The Company is consistently improving the various facilities extended to the employees. During the year the Company has taken up the construction of residential housing units for the employees at Polur and Sankarapuram units. There are 801 employees in your Company.

Internal Control

An Internal Audit system is in position, which carries out continuous check on an on-going basis. The company has proper and effective internal control systems commensurate with the nature of its business and size of operation to ensure that all controls and procedures function satisfactorily and to monitor compliance of all policies and procedures.

Transactions

The Company has allotted 40 lakhs Equity shares on preferential basis to the promoters/ Non promoters on 07.10.2010 pursuant to the resolution passed at the Annual General Meeting held on 24th August 2009.

Audit Committee

The Audit Committee formed in due compliance with Section 292 A of the Companies Act, 1956 and clause 49 of the Listing Agreement with Stock Exchanges, consists of members Dr K C Reddy, (Nominee Director from IREDA), Shri P. S. Gopalakrishnan, Independent Director and Shri A Sennimalai, Director. Dr K C Reddy is the Chairman of the Committee.

Listing with Stock Exchanges

The Company's securities are at present listed at the following stock Exchanges.

1. Bombay Stock Exchange Ltd. Floor 25, P.J. Towers, Dalal Street, Mumbai - 400 001.
2. National Stock Exchange of India Ltd, Exchange Plaza, Bandra Kurla Complex Bandra (East) Mumbai-400 051.

The Company's equity shares however continue to be listed at Mumbai Stock Exchange and National Stock Exchange, whose terminals are available nationwide

The Listing Fees for the Bombay Stock Exchange and National Stock Exchange have been paid upto date.



Annexure – I

Information as required under Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.

a. Energy Conservation Measures:

1. By modifying the speed of the Boiler Feed Water Pumps, ID Fans, Bagasse Feeders, Air cooled condenser Fans to operate at 90% of the speed has resulted in a saving of 529 Kw/hr.
2. Installation of VFD's for Cooling tower fan, condensate extraction pump has resulted in a saving of 95 Kw/hr.

b. Technology absorption, Adaptation and Innovation:

Efforts made in Technology absorption are given below in Form B

Form B (Rule 2)

Form for disclosure of particulars with respect of Technology absorption

1. Six lead varieties of cane were identified for its yield and quality and taken for further multiplication for Big mill test.
2. Farmers are being educated through seminars and field trials on improved method of cane cultivation.
3. Improvement in the techniques for easy operation of farm machines for weeding, earthingup and cane harvest.

c. Foreign Exchange Earnings and Outgo:

During the year your Company earned Foreign exchange through export of Sugar and the details of earnings and outgo due to import of Raw sugar are given below:

(Rs. In Lakhs)

Earnings & Outgo	2010-11	2009-10
Foreign Exchange earned during the year	28848.57	Nil
Outgo during the year	12.90	47659.20



FORM 'A'

CONSUMPTION OF ENERGY

	2010-11		2009-10		
	Sugar	Distillery	Sugar	Distillery	
A. POWER AND FUEL CONSUMPTION					
1 ELECTRICITY					
a. Purchased					
Units	Kwh	2036129	582937	1236942	124654
Total amount	Rs.	13248014	3024134	9176945	771577
Rate /Unit	Rs.	6.51	5.19	7.42	6.19
b. Own Generation					
(i) Through Diesel Generator					
Unit	Kwh	245983	87397	201565	19450
Unit / Litre of Diesel		2.82	3.12	2.94	3.20
Cost / Unit	Rs.	14.38	13.72	12.09	11.39
(ii) Through Steam					
Turbine/Generator (Generated out of our own bagasse consumption)	Kwh	46647905	2582601	41081569	3482071
Cost / Unit					
2 COAL					
Quantity	Mts.	108108		57132	
Total amount	Rs	344925258		154523869	
Average rate per MT	Rs.	3191		2705	
3 FURNACE OIL					
Quantity	Lts		276664		33320
Total amount	Rs.		7544035		751753
Average rate per Litre	Rs.		27.27		22.56
4 FIRE WOOD					
Fire wood quantity	Mts.	18473		38127	
Total cost	Rs.	48753074		91538696	
Average rate per MT.	Rs.	2639		2401	

B. CONSUMPTION PER UNIT OF PRODUCTION

Sugar Produced	Qtls	2010300		2130010	
Industrial alcohol produced	Lts		12576175		15059065
Electricity consumed	Kwh	24.34	0.26	19.81	0.24
Coal Mts					
Furnace Oil Lts					
Fire wood Mts.					

for and on behalf of the Board

DR PALANI G PERIASAMY
Executive ChairmanPlace : Chennai-34
Date : 24th May 2011

**REPORT ON CORPORATE GOVERNANCE****(As required by Clause 49 of the Listing Agreement with the Stock Exchanges)**

Company's philosophy is to achieve excellence in its entire activities serve the interest of the shareholders, stakeholders and the society in general, thereby contributing to the welfare of the nation. The Company continues to be transparent in all its dealings and present a complete picture of the operations of the Company to the public at large and the shareholders and stakeholders in particular. The Company has always believed in fair business and corporate practices while dealing with the shareholders, employees, customers, farmers, creditors, lenders and others. The Company is prompt in discharging its statutory obligations and duties. All the mandatory requirements of this clause have been complied with.

The Company has laid down a Code of Conduct for observance by Directors and senior management. Affirmation of Compliance to this code has been obtained from all of them and the Executive Chairman has furnished a declaration to this effect.

1. Board of Directors

The Board of Directors comprises of Seven members out of whom three member belong to the promoter group. The Board has a judicious mix of Executive and Non-Executive Directors. There are now two Executive Directors and five Non Executive Directors. Out of the Non-Executive Directors, one Director represents the lending Financial Institution IREDA as their nominee. There are four Independent Directors. Constitution of Board of Directors of the Company is in full compliance with Clause 49 of the Listing Agreement.

2. Board Meetings, AGM and Attendance thereat

The Board met five times during the financial year, on 25.05.2010, 13.08.2010, 06.09.2010, 10.11.2010 and 07.02.2011. Details of attendance of each Director at the Board meetings, the last AGM held on 6th September 2010, and details of number of outside directorships held by each of the Directors are given below.

Name of the Director	No. of Board Meetings attended	Last AGM attended Yes/No	No. of Directorship held in other companies		Member or Chairman of Committees			
			Pub	Pvt.	Mgt.	Audit	Rem	S. G.
Dr Palani G Periasamy – Executive Chairman	5	Yes	2	2	Chm	-	-	-
Shri A Sennimalai – Non Executive	4	Yes	1	1	Mem	Mem	Mem	-
Dr K N Sivasubramanian – Non Executive (Independent)	Nil	No	Nil	Nil	-	-	-	-
Shri M Ramalingam– Managing Director	5	Yes	Nil	Nil	Mem	-	-	Mem
Dr K C Reddy - Non Executive (Independent) (Nominee of IREDA)	5	Yes	Nil	Nil	-	Chm	Chm	Chm
Mr P S Gopalakrishnan - Non Executive (Independent)	5	Yes	3	Nil	Mem	Mem	-	-
Shri T Ramabhadran Non Executive (Independent)	4	Yes	3	Nil	-	Mem	Mem	-

Mgt - Management Committee SG - Shareholders Grievance Committee Rem - Remuneration Committee



3. Management Committee

The Board has constituted a Management Committee to facilitate the operational needs of the company. It meets as and when the need to consider any matter assigned to it arises. Four meetings were held on 26.07.2010, 26.10.2010, 15.12.2010 and 22.12.2010 during the year.

The Names of Directors of the Management Committee are given below

- Dr Palani G.Periasamy
• Shri M.Ramalingam
• Shri A.Sennimalai
• Shri P.S Gopalakrishnan

4. Audit Committee

The qualified and independent audit committee constituted in accordance with Sec 292 A of the Companies Act, 1956 and clause 49 of the Listing Agreement comprises of four non-executive directors out of whom three are Independent Directors. The Chairman of the Audit Committee is Dr K C Reddy an independent Director. All the members satisfy the requirements stipulated in Clause 49. The Chairman of the Audit Committee was present at the Annual General Meeting held on 6th September 2010.

The following are the present members of the Audit Committee.

- Dr K C Reddy, Chairman (Representing IREDA)
• Shri P S Gopalakrishnan (Independent)
• Shri A Sennimalai
• Shri T Ramabhadran (Independent)

Shri E P Sakthivel, Company Secretary acted as Secretary to this Committee.

The Audit committee has to consider all matters connected with accounting standards issued by Institute of Chartered Accountants of India and to see whether Cost Accounting Records are maintained as per the requirements. The committee shall also discuss the accounting systems, accounting policies, internal control adopted by the Company. In addition, the Committee is expected to review the financial statements before recommending to the Board of Directors. Further the Committee will examine the

financial and operational performance of the Company and take note of the major developments of the Industry.

Audit Committee Meetings and Attendance: The Committee met 4 times on 25.05.2010, 13.08.2010, 10.11.2010 and 07.02.2011.

Table with 2 columns: Name of the Director, No. of Audit Committee Meetings attended. Rows include Dr K C Reddy, Shri P S Gopalakrishnan, Shri A Sennimalai, and Shri T Ramabhadran.

SEBI recently amended the listing agreement entrusting the Audit Committee with the responsibility of approving the appointment of the CFO, in future.

5. Remuneration Committee

Remuneration Committee constituted in the year – 2002 has the following non-executive Directors as Members to determine the specific remuneration packages for executive directors including pension rights etc., The Chairman is an independent Director, representing IREDA. The committee will examine the performance, experience and qualification and accordingly recommend suitable packages.

- Dr K C Reddy : Chairman
• Shri T Ramabhadran : Director
• Shri A Sennimalai : Director

No remuneration is paid to Non executive Directors, except sitting fees for attending the Board/ Committee meetings. Sitting fees are paid within the limits prescribed by Government of India and the Articles of Association of the Company.

a. Remuneration paid to Executive Chairman Dr Palani G Periasamy for the year 2010 – 2011 is in accordance with the approval accorded by the Central Government under Sec 269 of the Companies Act, 1956, approval of share holders in the AGM dated 24.08..2009 and within the limits prescribed in Schedule XIII of the Companies Act 1956.

b. Remuneration paid to Shri M Ramalingam, Managing Director is in accordance with Schedule XIII of the Companies Act, 1956 and the approval of the Shareholders at the Annual General Meeting held on 17th September 2007 and as recommended by the Remuneration Committee.



Particulars	Year ended 31 st March' 11	Year ended 31 st March' 10
a. Executive Chairman		
i. Salary	48.00	40.53
ii. Allowances	8.00	6.13
iii. P.F & Superannuation	0.00	0.76
iv. Commission	9.15	174.26
b. Managing Director		
i. Salary	10.20	9.60
ii. Allowances	3.50	3.40
iii. P.F & Superannuation	2.75	2.59

Note: The above does not include liability for Gratuity and Leave encashment as per actuarial valuation.

c. Sitting Fees Paid to Non- Executive Directors.

(in Rupees)

Sl.No.	Name of the Director	Board Meetings	Committee Meetings
1	Shri A Sennimalai	20000.00	40000.00
2	Dr K C Reddy	25000.00	30000.00
3	Shri P S Gopalakrishnan	25000.00	45000.00
4	Shri T Ramabhadran	20000.00	20000.00
5	Dr. K.N. Sivasubramanian	Nil	Nil

6. Share Allotment Committee Meeting

The Board has constituted a Share Allotment Committee to facilitate the allotment of Equity Shares on preferential basis. The Share allotment committee met on 7th October 2010 during the year.

The Names of Directors of the Share Allotment Committee are given below

- Mr T Ramabhadran
- Shri A. Sennimalai
- Shri P.S Gopalakrishnan

7. Shareholders' Grievance Committee

The Shareholder's Grievance Committee consists of Dr K C Reddy, Chairman who is a Non-Executive Director, and Shri M Ramalingam, Managing Director with Shri E P Sakthivel, Company Secretary as compliance officer. The committee has given utmost importance to redress the investor's complaints promptly. The complaints are settled within 15 days from the date of receipt of the complaints. The nature of complaints normally relate to transfer of shares, non-receipt of Annual Reports, non- receipt of declared dividends etc., The committee reviewed the action taken by the Company on those matters.

No of Complaints received	94
No of Complaints settled	94
No of Complaints pending	Nil
No of Pending Share Transfers	Nil



The Board has designated the Company Secretary as the compliance officer.

Investors Grievance complaints e-mail	investor@cameoindia.com
Company e-mail	secretarial@dharanisugars-pgp.com
Company Website	www.dharanisugars.in

8. General Body Meeting.

Details of Annual General Meetings (locations, and time) held in past three years.

AGM for the year	Location	Date	Time
2009-2010	Narada Gana Sabha No.314 TTK Road, Alwarpet, Chennai 600 018	06.09.2010	10.20 A.M
2008-2009	Narada Gana Sabha No.314 TTK Road, Alwarpet, Chennai 600 018	24.08.2009	10.20 A.M
2007-2008	Narada Gana Sabha No.314 TTK Road, Alwarpet, Chennai 600 018	29.09.2008	10.20 A.M

1. No Special Resolutions was passed in the previous AGM held on 29th September 2008.
2. Two Special Resolutions were passed in the AGM held on 24th August 2009.
3. No Special Resolutions was passed in the previous AGM held on 6th September 2010.

The Company has not passed any Special Resolution through postal ballot last year.

9. Cost Accounting Records (Electricity Industry) Rules 2001

The Company has maintained all records, books, registers, accounts and the reports as required by the Cost Accounting Records Rules 2001 in regard to the Co-generation Power Plant at Unit II, Polur and Unit III, Sankarapuram.

10. Disclosures

Related party transactions are contracts or arrangements made by the Company from time to time with companies in which the directors are interested. All these contracts or arrangements were approved in the Board, entered wherever applicable, in the Register of contracts maintained under section 301 of the Companies Act, 1956 and the register placed before the subsequent Board Meeting.

All such material transactions with related parties during the year 2010 – 2011 are given against note ii in the Schedule 18.3.11 to the Accounts. They were also brought to the notice of the Audit Committee.

The Managing Director and President (Corporate Finance) have furnished the required certificate as provided in Clause 49 (V) of the Listing Agreement.

All the mandatory requirements as per Clause 49 of the Listing Agreement have been followed.

11. Non-mandatory requirements

While Remuneration Committee has been set up, Board felt that, the other non-mandatory requirements like whistle blower policy, training of Board members, evaluation of Non-executive directors, can be introduced for adoption as and when considered necessary.



12. Means of Communication

- a. Publication of Results: The quarterly financial results of the company are announced within the stipulated period and were published in the following English and Tamil newspapers from Chennai City.

June –2010	Financial Express	Makkal Kural
September 2010	Financial Express	Makkal Kural
December –2010	Financial Express	Makkal Kural
March - 2011	Financial Express	Makkal Kural

- b. News, Release etc., : The Company has its own website www.dharanisugars.in and all vital information relating to the Company and its performance including financial results, press releases pertaining to important developments, performance updates and corporate presentations etc., are regularly posted on the website.
- c. The Ministry of Corporate Affairs has taken a “Green Initiative in the Corporate Governance” to allow paperless compliances by the Corporate sector. After introducing E-filing of various Returns through the MCA portal, MCA by its Circular dated 21.04.2011 has now made permissible the service of documents through electronic mode to shareholders.
- d. As a responsible corporate citizen, the Company shall endeavor to support the Green Initiative of the Government. This however would be possible only with the active support and co-operation of shareholders.

The Company has attached a separate format to its shareholders to send an email confirmation to its designated ID secretarial@dharanisugars-pgp.com mentioning the name, DP/Customer ID or Folio No. and the Email ID of the Shareholder for communication. On this confirmation,

- i. The Company would henceforth send all Notices, Annual Report and other communication to these shareholders through Email.
- ii. Copies of same would be available under the 'investor section' of our websites www.dharanisugars.in
- iii. Shareholders will at all times be entitled to receive free of cost, hard copy (paper version) of Annual Report and other communication on specific request.
- iv. Shareholders are further entitled to change the instructions from time to time.

The Company earnestly appeals to all its shareholders to support the Green Initiative of the Government by opting for electronic mode of receiving our corporate communications.

Management discussion and Analysis report is a part of the Directors' Report.

13. Insider Trading

The code of conduct for prevention of Insider Trading as suggested under the SEBI (Prohibition of Insider Trading) Regulations, 1992 has already been introduced. The Company Secretary is the Compliance Officer for this purpose. The Board monitors the adherence to the various requirements as set out in the code every quarter. No violation of the regulations has taken place.



14. General Shareholder Information

i. Time, Date and Venue of Annual General Meeting	23rd September 2011 at 10.20 A.M. Narada Gana Sabha New No. 314 TTK Road Alwarpet, Chennai 600 018
ii. Financial Year	April 2010 – March 2011
iii. Date of Book Closure	16 th September 2011 to 23rd September 2011 (both days inclusive)
iv. Listing on Stock Exchange	1. Bombay Stock Exchange, Mumbai 2. The National Stock Exchange of India Ltd, Mumbai
v. Announcement of Quarterly Results	Tentatively during the 2 nd Week of August 2010, November 2010, February 2011 and June 2011

15. Market Price Data

The high and low quotations of the Company's shares on the Bombay Stock Exchange, (BSE) and National Stock Exchange of India Ltd. (NSE) from April 2010 to March 2011 are furnished below. Bombay Stock Exchange - script code 507442 & National Stock Exchange of India Ltd. - DHARSUGAR EQ.

MONTH	NSE		BSE	
	HIGH (Rs.P.)	LOW (Rs.P.)	HIGH (Rs.P.)	LOW (Rs.P.)
April - 2010	51.75	45.00	51.20	45.30
May - 2010	48.50	38.75	48.05	40.15
June - 2010	47.30	38.50	48.35	40.90
July - 2010	50.00	43.10	50.00	43.05
August - 2010	49.40	37.20	50.80	38.60
September - 2010	53.00	40.10	53.70	40.60
October - 2010	54.00	47.15	53.50	46.55
November - 2010	59.00	41.00	58.75	41.50
December - 2010	51.90	40.00	51.80	41.65
January - 2011	49.50	31.00	49.00	32.00
February - 2011	39.00	31.00	38.40	31.40
March - 2011	37.00	30.35	36.50	32.10

16. Distribution of Shareholding details as on 31.03.2011

Shareholding of Nominal value of Rs.	Shareholders		Share Amount	
	Number	% to Total	In Rs.	% to Total
Upto 5000	14396	91.70	19554620	7.41
5001 – 10000	686	4.37	5462790	2.00
10001 – 20000	275	1.75	4235210	1.42
20001 – 30000	60	0.38	1554110	0.62
30001 – 40000	34	0.22	1227460	0.52
40001 – 50000	38	0.24	1794490	0.60
50001 – 100000	50	0.32	3814280	1.63
100001 and above	160	1.02	256255500	85.80
Total	15699	100.00	293898460	100.00



- a. there were no unclaimed shares out of shares issued pursuant to the earlier public or any other issues and consequently no demat suspense account has been opened for keeping an account of such unclaimed shares.

17. Registrars and Share Transfer Agents

M/s Cameo Corporate Services Limited
 "Subramanian Building, 5th Floor
 No 1 Club House Road,
 Chennai 600 002.
 Phone No 91-44-28460390
 Fax No: 91-44-28460129, E-mail : cameo@cameoindia.com / Investor@cameoindia.com

Transfer/Transmission of shares can be effected through the above by sending the required documents to the General Manager, Cameo Corporate Services Limited, Chennai at the above address.

18. No of Shares Held by Non –Executive Directors

Sl.No	Name of the Director	No of Shares
1	Shri A Sennimalai	15903
2	Dr K.N Sivasubramanian	263341
3	Shri P.S Gopalakrishnan	Nil
4	Dr K.C Reddy	500
5	Shri T Ramabhadran	200

19. Dematerialisation of Shares

The Company's Equity Shares have already been dematerialised. The ISIN No. allotted is INE988C01014. Those desirous of converting their holdings into electronic form may do so by opening an account with a Depository Participant and sending a request for dematerialisation of their shares. Trading of equity shares in the stock exchanges will be done only in dematerialised form.

As on 31.03.2011, 23809972 Shares constituting 81.02% have been dematerialised.

20. PAN Requirement

SEBI vide circular dated 27th April 2007 made PAN as the sole identification number for all participants transacting in the securities market irrespective of the amount of such transaction. In continuation of the same, SEBI by its circular dated 20th May 2009 has made it mandatory to furnish a copy of PAN card of the transferee to the Company / RTA for registration of transfer of shares of listed companies in physical form and off market / private transactions. Investors are advised to take note of same.

Particulars	No of Shares	% of Shares
National Securities Depository Ltd	22056602	75.05
Central Depository Services (I) Ltd	1753370	5.97
Total	23809972	81.02



21. Plant Location

Sugar Unit – I	2500 TCD	Dharani Nagar, Vasudevanallur Tirunelveli Dist – 627 760
Sugar Unit – II	4000 TCD	Karaipoondi Village Polur – 606 803 Thiruvannamalai Dist
Sugar Unit – III	3500 TCD	Kalayanallur Village Sankarapuram Taluk Villupuram Dist. – 606 206 Tamil Nadu
Distillery (in Unit I)	60 KLPD	Dharani Nagar, Vasudevanallur Tirunelveli Dist – 627 760
Distillery (in Unit III) (Under implementation)	100 KLPD	Kalayanallur Village Sankarapuram Taluk Villupuram Dist. – 606 206 Tamil Nadu
Co- Generation of Power (In Unit II)	15 MW	Karaipoondi Village Polur - 606803 Thiruvannamalai Dist
Co- Generation of Power (In Unit III)	22 MW	Kalayanallur Village Sankarapuram Taluk Villupuram Dist. – 606 206 Tamil Nadu

**TCD – Ton crushed per day, KLPD – Kilo Litre Per Day.

22. Nomination Facility.

Individual shareholders can avail of the facility of nomination. The nominee shall be the person in whom all rights of transfer and / or amount payable in respect of the shares shall vest, in the event of the death of the shareholder. A minor also can be a nominee but the name of the guardian has to be given in the nomination form. In case, any assistance is needed, Share Department of the company can be approached.

23. Bank Mandate

i. Physical holding

In order to provide protection against fraudulent encashment of the warrants, shareholders holding shares in physical form are requested to intimate the Company under the signature of the sole/ first joint holder, their Bank account particulars to be incorporated in the dividend warrants. This is a mandatory requirement in terms of SEBI Circular No. D&CC/FITTC/Cir-04/2001 dated 13.11.2001.

ii. Demat holding

Bank account details as furnished by their Depositories to the company in the case of shareholders holding shares in electronic form will be printed on their dividend warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such shareholders for deletion of / Change in such bank details. Instructions, if any, already given by them in respect of shares held in physical form will not be automatically applicable to shares held in electronic mode. Shareholders who wish to change such bank account details are advised to inform their Depository Participants about such change, with complete details of bank account.

iii. ECS mandate

Shareholders holding shares in physical form who wish to avail Electronic Clearing Facility (ECS) may authorise the Company with their ECS mandate in the prescribed form. Requests for payment of dividend through ECS.



24. The CEO and CFO have furnished the required Certificate to the Board of Directors, as provided in Para V of Clause 49.

Certificate under Para V of the revised Clause 49 of the Listing Agreement.

- a) We have reviewed financial statements and the cash flow statement for the year 2010-11 and that to the best of our knowledge and belief:

these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

- b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the auditors and the Audit committee

Significant changes in internal control over financial reporting during the year:

Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements: and

Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting

Sd/-
M P Kaliannan
President (CF)

Sd/-
M Ramalingam
Managing Director

25. Affirmation of Compliance with the Company's code of conduct-Clause 49 D (ii)

I hereby declare that all the Board Members and Senior Management have affirmed compliance with the code of conduct laid down by the Board.

Sd/-
Dr Palani G Periasamy
Executive Chairman



26. Reconciliation of Share Capital Audit

In accordance with the guidelines on Corporate Governance issued by the Government of India in December 2009, and Securities and Exchange Board of India (SEBI) vide Circular no. CIR/MRD/DP/30/2010 dated September 06, 2010. the Company has appointed Mr M Damodaran, Practicing Company Secretary, to conduct a Share Capital Audit of the Company for the financial year ended 31st March 2011. He has submitted his report confirming the Company's compliance with all the applicable provisions of various corporate laws. The Share Capital Audit Report is annexed.

27. Compliance Officer

Shri E.P Sakthivel, Company Secretary is the Compliance Officer under SEBI (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 and under clause 47 of the Listing Agreement with stock Exchanges. His email ID is secretarial@dharanisugars-pgp.com

28. Addresses for Communication

M/s Dharani Sugars and Chemicals Limited
"PGP House" No.57, Sterling Road
Nungambakkam, Chennai – 600 034.
Telephone: 044 – 2820 7480 – 82, 2831 1313, 2825 4176/2825 2789
Fax No: 044 – 2823 2074
Email : secretarial@dharanisugars-pgp.com
Website : www.dharanisugars.in



Share Capital Audit Report

To,
The Board of Directors,
Dharani Sugars and Chemicals Limited.
PGP house 57, Sterling Rd,
Nungambakkam, Chennai-34

I have examined the registers, records and documents of **Dharani Sugars and Chemicals Limited** ("the Company"), having its registered office at PGP house 57, Sterling Road, Nungambakkam, Chennai-34, for the financial year ended on March 31, 2011 according to the Provisions of

- The Companies Act,1956 and the Rules made under that Act;
 - The Depositories Act,1996 and the Regulations and Bye-laws framed under that Act;
 - The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act,1992("SEBI Act")
 - The Securities and Exchange Board of India(Substantial Acquisition of Shares and Takeovers)Regulations, 1997;
 - The Securities and Exchange Board of India(Prohibition of Insider Trading) Regulations, 1992.
 - The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines,2000;
 - The Securities Contracts (Regulation) Act,1956('SCRA') and the Rules made under that Act; and
 - The Equity Listing Agreements with Bombay Stock Exchange Limited and National stock Exchange Limited India Ltd.,
1. Based on my examination and verification of the registers, records and documents produced to me and according to the information and explanations given to me by the Company, I report that the Company has, in my opinion, complied with the provisions of the Companies Act,1956 ('the Act') and the Rules made under the Act and the

Memorandum and Articles of Association of the Company, with regard to :

- a. maintenance of various statutory registers and documents and making necessary entries therein;
- b. closure of the Register of Members
- c. forms, returns, documents and resolutions required to be filed with the Registrar of Companies and Central Government;
- d. service of documents by the Company on its Members and the Registrar of Companies;
- e. notice of Board meetings and Committee meetings of Directors;
- f. the meetings of Directors and Committees of Directors including passing of resolutions by circulation;
- g. the 23rd Annual General Meeting held on 6th September 2010.
- h. minutes of proceedings of General Meeting and of Board and other meetings;
- i. approvals of the Members, the Board of Directors, the Committees of Directors and government authorities, wherever required;
- j. constitution of the Board of Directors / Committee(s) of directors and retirement, resignation and re-appointment of Directors including Whole-time Director;
- k. payment of remuneration to the Directors including the Managing Director and Whole-time Director;
- l. appointment and remuneration of Auditor
- m. transfers and transmissions of the Company's shares and issue and delivery of duplicate certificates of shares;
- n. declaration and payment of dividends;
- o. borrowings and registration, modification and satisfaction of charges;



- p. investment of the Company's funds including inter-corporate loans and investments and loans to others;
- q. form of balance sheet as prescribed under Part I of Schedule VI to the Act and requirements as to Profit & Loss Accounts as per Part II of the said Schedule;
- r. contracts, common seal, registered office and publication of name of the Company; and generally, all other applicable provisions of the Act and the Rules made under that Act.
2. further report that
- a. the Directors have complied with the requirements as to disclosure of interests and concerns in contracts and arrangements, shareholdings and directorships in other companies and interests in other entities;
- b. The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the code of Business Conduct & Ethics for Directors and Management personnel.
- c. The Company has obtained all necessary approvals under the various provisions of the Act;
- d. There was no Prosecution initiated against or show cause notice received by the Company and no fines or penalties were imposed on the Company during the year under review under the Companies Act, SEBI Act, SCRA Depositories Act, Listing Agreement and Rules, Regulations and Guidelines framed under these Acts against the Company, its Directors and Officers.
3. I further report that the Company has complied with the provisions of the Depositories Act, 1996 and the Bye-laws framed thereunder by the Depositories with regard to dematerialization/rematerialisation of securities and reconciliation of records of dematerialized securities with all securities issued by the Company.
4. I further report that:
- a. the Company has complied with the requirements under the Equity Listing Agreements entered into with the Bombay Stock Exchange Limited and National Stock Exchange of India Limited;
- b. the Company has complied with the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 including the Provisions with regard to disclosures and maintenance of records required under the Regulations;
- c. the Company has complied with the Provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 including the Provisions with regard to disclosures and maintenance of records required under the Regulations;

M. Damodaran
Practicing Company Secretary
C.P No. 5081

Place: Chennai
Date : 24th May 2011



**TO THE MEMBERS OF
DHARANI SUGARS AND CHEMICALS LIMITED**

We have audited the attached Balance Sheet of **DHARANI SUGARS AND CHEMICALS LIMITED**, as at 31st March 2011, the Profit and Loss account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we have annexed hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.

In terms of and further to our comments in the Annexure referred to above, we report that:

- (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
- (b) In our opinion, proper books of account as required by law, have been kept by the Company so far as it appears from our examination of the said books and records;

- (c) The Balance Sheet, Profit & Loss account and Cash flow statement referred to in this report are in agreement with the said books of account;
- (d) In our opinion, the Balance Sheet, Profit & Loss account and Cash flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- (e) On the basis of the written representations received from the Directors as on 31st March 2011, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2011 from being appointed as a director in terms of sub section 1(g) of Section 274 of the Companies Act, 1956

In our opinion and to the best of our information and according to the explanations given to us, the said financial statements, read in conjunction with **Notes and Schedules attached thereto**, give the information required by the Companies Act, 1956 in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India.

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2011;
- (b) in the case of the Profit & Loss Account, of the Profit of the Company for the year ended on that date and;
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date;

SRINIVASAN & SHANKAR
Chartered Accountants
(Firm Registration No. : 005093S)

per **P SRINIVASAN**
Partner
Membership No.025416

Place : Chennai
Dated : 24th May 2011



ANNEXURE TO THE AUDITORS' REPORT

With reference to our Auditor's Report to the Shareholders of **Dharani Sugars and Chemicals Limited**, we report that, in our opinion and to the best of our knowledge and belief and as per the information and explanations furnished to us and the books and records examined by us in the normal course of audit;

1. In terms of its fixed assets

- a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) The fixed assets of the Company have been physically verified during the period by the management in accordance with a programme of verification, the frequency whereof is reasonable. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- c) During the year, the Company has not disposed off any substantial part of the fixed assets.

2. In respect of its inventories

- a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.

- 3. The Company has not granted any loans, secured or unsecured during the year to companies, firms or parties covered in the Register maintained under Section 301. In respect of loans, secured or unsecured taken by the Company from companies, firms, or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, we state the following:

- a) During the period, the Company has taken loans from a party covered in the register maintained under Section 301 of the Companies Act, 1956. The outstanding amount in respect of the loans taken during the year is Rs. 350 lakhs as at the end of the year.

- b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions on which the loans has been taken from the Company, are not prima facie prejudicial to the interest of the Company. The amounts are repayable on demand.

- 4. In our opinion and according to the explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal system.

- 5. In respect of transactions entered in the register maintained in pursuance of Section 301 of the Companies Act 1956.

- a) To the best of our knowledge and belief and according to the information and explanations given to us, transactions that need to be entered into the register maintained under Section 301 have been so entered.



- b) According to the information and explanations given to us, there are no transactions of purchase of inventory and fixed assets and sale of goods exceeding Rs.5 lakhs in respect of each party. In respect of other transactions exceeding Rs. 5 lakhs in respect of each party, the transactions have been made at prices, which are prima facie, reasonable having regard to the prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, directives issued by the Reserve Bank of India and the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under, to the extent applicable, have been complied with. We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the accounts and records maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.
9. According to the information and explanations given to us, in respect of statutory dues and other dues.
- a) The Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Investor Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities during the period.
- b) As confirmed by the Management, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess, on account of any dispute other than the following:

Name of the Statute	Nature of dues	Amount (Rs. in lakhs)	Forum where dispute is pending
Finance Act, 1994	Service Tax on Manpower and Recruitment Supply Agency Service	580.01	Central Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service Tax on Goods Transport Agency	14.92	Central Excise and Service Tax Appellate Tribunal



10. The Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year.
11. According to information and explanation given to us and as per the books and records examined by us, the Company has not defaulted in repayment of dues to financial institution or bank. The Company has not issued any debentures.
12. Based on our examination of documents and records, we are of the opinion that the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
15. The Company has not given any guarantee for loans taken by others from bank or financial institutions.
16. To the best of our knowledge and belief and according to the information and explanations given to us, term loans availed by the Company were, prima facie applied by the Company during the period for the purposes for which the loans were obtained.
17. To the best of our knowledge and according to the information given to us, funds raised on short-term basis have, prima facie not been used for long-term investment.
18. The Company has made preferential allotment of shares to parties and to a company covered in the register maintained under Section 301 of the Act.
19. According to the information and explanations given to us, the Company has not issued any debentures.
20. The Company has not raised any monies by way of public issues during the year.
21. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

SRINIVASAN & SHANKAR

Chartered Accountants
(Firm Registration. No. 005093S)

per P SRINIVASAN

Partner

Membership No. 025416

Place : Chennai

Dated : 24th May 2011



AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

**TO
THE MEMBERS OF
DHARANI SUGARS AND CHEMICALS LIMITED**

We have examined the compliance of conditions of corporate governance by **DHARANI SUGARS AND CHEMICALS LIMITED**, for the year ended 31st March 2011, as stipulated in Clause 49 of the Listing Agreement of said Company with stock exchange(s).

The compliance of conditions of corporate governance is the responsibility of the management. Our Examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of the Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

SRINIVASAN & SHANKAR
Chartered Accountants
(Firm Registration No. 005093S)

Place : Chennai
Dated : 24th May 2011

per P SRINIVASAN
Partner
Membership No. 025416

**BALANCE SHEET AS AT 31ST MARCH 2011**

Particulars	Schedule No.	As at 31.03.2011	As at 31.03.2010
A. SOURCES OF FUNDS			
(Rs. in Lakhs)			
Shareholder's Funds			
Share Capital	1	2,938.98	2,538.98
Share Application Money		-	1,600.11
Reserves and Surplus	2	8,142.32	6,612.36
		11,081.30	10,751.45
Deferred Tax Liability		2,185.99	2,437.80
Loan Funds			
Secured Loans	3	40,847.49	43,640.69
Unsecured Loans	4	2,513.43	4,779.16
		43,360.92	48,419.85
Total		56,628.21	61,609.10
B. APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	46,496.22	45,001.75
Less : Accumulated Depreciation		11,569.54	9,424.18
Net Block		34,926.68	35,577.57
Capital - Work in Progress		5,877.19	3,022.20
		40,803.87	38,599.77
Investments	6	520.42	520.42
Current Assets, Loans & Advances			
Inventories	7	12,714.10	50,263.66
Sundry Debtors	8	4,268.49	2,598.70
Cash and Bank Balances	9	867.41	3,951.19
Loans and Advances	10	3,789.82	4,617.50
		21,639.82	61,431.05
Less : Current Liabilities & Provisions	11	6,335.90	38,942.14
Net Current Assets		15,303.92	22,488.91
Total		56,628.21	61,609.10
Notes on Accounts	18		

Schedules 1 to 11 and Schedule 18 referred to above form an integral part of the Balance Sheet

Refer Our Report of even date.

SRINIVASAN & SHANKAR

Chartered Accountants

Firm Registration. No. 005093S

for and on behalf of the Board

per P SRINIVASAN

Partner

Membership No. 025416

Place : Chennai - 600 034

Dated : 24th May 2011

E.P. SAKTHIVEL

Company Secretary

M. RAMALINGAM

Managing Director

DR. PALANI G. PERIASAMY

Executive Chairman

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011**

Particulars	Schedule No.	For the year Ended 31.03.2011	For the year Ended 31.03.2010
(Rs. in Lakhs)			
A. INCOME			
Sales	12	85,883.64	59,667.62
Less: Excise Duty		1,825.08	1,837.32
Net Sales		84,058.56	57,830.30
Other Income	13	230.35	348.10
Increase/(Decrease) in inventory	14	(15,457.41)	14,671.40
Total		68,831.50	72,849.80
B. EXPENSES			
Raw Materials consumed	15	50,509.36	52,185.67
Excise duty movement in inventory		(708.22)	340.29
Manufacturing and Other Expenses	16	10,869.16	8,131.45
Total		60,670.30	60,657.41
C. Profit before Interest & Depreciation		8,161.20	12,192.39
Interest and Finance Charges	17	5,817.10	3,326.96
Depreciation	5	2,146.05	1,398.00
D. Profit after Interest & Depreciation		198.05	7,467.43
E. Amortisation of USAID Grant		11.25	11.25
F. Profit/ (Loss) before Tax		209.30	7,478.68
G. Provision for Tax			
a) Current tax		(93.11)	(1,286.14)
b) Provision for tax pertaining to previous years		(102.30)	82.69
c) Minimum Alternative tax Entitlement credit		93.11	1,265.76
d) Deferred Tax Asset / (Liability)		251.81	(2,978.09)
H. Profit/ (Loss) after Tax		358.81	4,562.90
I. Surplus Carried forward from previous year		4,461.20	842.40
J. Amount available for appropriation		4,820.01	5,405.30
K. Appropriations/Transfers			
a) Proposed Dividend		-	380.85
b) Dividend Distribution Tax		-	63.25
c) Transfer to General Reserve		-	500.00
d) Balance carried forward to Balance Sheet		4,820.01	4,461.20
		4,820.01	5,405.30
Earnings per Share (Refer Notes 18.3.13) - Basic & Diluted		1.31	17.97

Notes on Accounts

18

Schedules 12 to 18 and Schedule 5 referred to above form an integral part of the Profit and Loss Account

Refer Our Report of even date

SRINIVASAN & SHANKAR

Chartered Accountants

Firm Registration. No. 005093S

for and on behalf of the Board

per P SRINIVASAN

Partner

E.P. SAKTHIVEL

Company Secretary

M. RAMALINGAM

Managing Director

DR. PALANI G. PERIASAMY

Executive Chairman

Membership No.025416

Place : Chennai - 600 034

Dated : 24th May 2011

Schedules forming part of the Balance Sheet as at 31st March 2011

	As at 31.03.2011	As at 31.03.2010
SCHEDULE 1		
(Rs. in Lakhs)		
1. SHARE CAPITAL		
Authorised		
50000000 Equity Shares of Rs. 10/- each (Previous year - 50000000 Equity Shares of Rs. 10/- each)	5,000.00	5,000.00
10000000 Preference shares of Rs.10/- each (Previous year - 10000000 Equity Shares of Rs. 10/- each)	1,000.00	1,000.00
Total	<u>6,000.00</u>	<u>6,000.00</u>
Issued, Subscribed and Paid up		
29389846 Equity Shares of Rs. 10/- each fully paid up (Previous year - 25389846 Equity Shares of Rs. 10/-each fully paid up)	2,938.98	2,538.98
Total	<u>2,938.98</u>	<u>2,538.98</u>
SCHEDULE 2		
RESERVES & SURPLUS		
Securities Premium Account		
(i) Opening Balance	1,475.10	1,475.10
(ii) Additions during the year	1,182.40	-
[Allotment of 40,00,000 equity shares at a premium of Rs. 29.56 per share issued during the year]	<u>2,657.50</u>	<u>1,475.10</u>
General Reserve		
(i) Opening Balance	600.00	100.00
(ii) Transferred from Profit & (Loss) Account	-	500.00
	<u>600.00</u>	<u>600.00</u>
Balance in Profit and (Loss) account	4,820.01	4,461.20
Capital Reserves		
(i) Opening Balance	0.86	0.86
	<u>0.86</u>	<u>0.86</u>
Capital Grant (USAID) *		
(i) Opening Balance	75.20	86.45
(ii) Transferred to Profit & (Loss) Account	11.25	11.25
	<u>63.95</u>	<u>75.20</u>
Total	<u>8,142.32</u>	<u>6,612.36</u>

* Refer Note No.18.2 i of Notes to Accounts

Schedules forming part of the Balance Sheet as at 31st March 2011 (contd.,)

	As at 31.03.2011	As at 31.03.2010
SCHEDULE 3		
SECURED LOANS		
FROM BANKS		(Rs. in Lakhs)
a) Cash Credit for working capital	9,508.56	14,745.00
b) Term Loans	18,907.00	26,513.99
c) Short Term Loans	1,296.45	1,001.56
FROM FINANCIAL INSTITUTIONS		
Indian Renewable Energy Development Agency Ltd	7,492.00	-
FROM OTHERS		
Sugar Development Fund, Government of India	3,643.48	1,380.14
Total	<u>40,847.49</u>	<u>43,640.69</u>

Note :

- Cash Credit and Demand Loan for Working Capital from Banks ((a) above) availed are secured by Hypothecation of stocks of Sugar, Stores and Spares, Stocks in Process and Book Debts and second charge on the Fixed Assets of the Company.
- Term Loans from ICICI Bank Limited, Bank of India, Union Bank of India, Indian Bank, State Bank of India, The South Indian Bank Ltd, Central Bank of India, Indian Overseas Bank and The Federal Bank Limited are secured on a pari-passu basis by an equitable mortgage of all the immovable properties of the Company, both present and future, and a charge on Company's movable assets including plant and machinery and also save and except inventory and book debts and subject to prior charge of specified items in favour of the Company's bankers for securing working capital facilities and joint mortgage by deposit of title deed with the Banks. Further pledge of 5121500 Equity Shares of Rs 10/- each held by the Company in M/s Appu Hotels Limited in favour of above mentioned Banks as additional securities.
- Term Loan from IDBI is secured on a pari-passu basis by an equitable mortgage of all the immovable properties of the Company, both present and future, and a charge on Company's movable assets including plant and machinery and also save and except inventory and book debts and subject to prior charge of specified items in favour of the Company's bankers for securing working capital facilities and joint mortgage by deposit of title deed with the Banks.
- Term Loan from Sugar Development Fund, Government of India, is secured through a Guarantee from Indian Bank to the extent of Rs.1350 Lakhs, which is secured by an equitable mortgage on Pari Passu basis of all the immovable properties of the Company and by a charge on Company's movable assets including Plant and Machinery.
- Excise duty loan from Indian Bank is secured by an equitable charge of all the immovable properties of the Company both present and future on residual charge basis and by a charge on the Company's movable assets including Plant and Machinery.
- The Executive Chairman Dr. Palani G.Periasamy has given Personal guarantees for the loans/working capital facilities availed from financial institutions/Banks.
- The company has received Rs. 410 Lakhs from SDF for cane development and raw sugar machinery.
- During the year the Company has received Term Loan of Rs.7492 lakhs from Indian Renewable Energy Development Agency Ltd, Term Loan of Rs.2365.84 lakhs from Sugar Development Fund - Government of India and Bridge loan of Rs.2400 lakhs from State Bank of India is secured by an equitable charge of all the immovable properties of the Company both present and future on residual charge basis and by a charge on the Company's movable assets including Plant and Machinery.

SCHEDULE 4**UNSECURED LOANS**

1. Fixed Deposits	163.43	92.62
2. From Banks	2,000.00	4,536.54
3. Inter Corporate Deposits	350.00	150.00
Total	<u>2,513.43</u>	<u>4,779.16</u>



SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2011 (Contd.,)

**SCHEDULE 5
FIXED ASSETS & DEPRECIATION**

(Rupees in lakhs)

Sl. No.	Description of Assets	GROSS BLOCK			DEPRECIATION			NET BLOCK			
		As at 31.03.2010	Additions	Sales / deletion adjustments	As at 31.03.2011	Up to 31.03.2010	For the Year	Sales / deletion adjustments	Up to 31.03.2011	As at 31.03.2011	As at 31.03.2010
1.	Land & Site Development	899.25	24.90	-	924.15	-	-	-	-	924.15	899.25
2.	Buildings	9,823.61	642.79	-	10,466.40	1,525.80	263.90	-	1,789.70	8,676.70	8,297.81
3.	Plant & Machinery	33,996.22	776.68	-	34,772.90	7,743.60	1,859.83	-	9,603.43	25,169.47	26,252.62
4.	Furniture & Fixtures	98.23	4.34	-	102.57	62.41	7.02	-	69.43	33.14	35.82
5.	Office Equipments	57.52	6.71	-	64.23	22.43	6.57	-	29.00	35.23	35.09
6.	Vehicles	126.92	40.04	0.99	165.97	69.94	8.73	0.69	77.98	87.99	56.98
	TOTAL	45,001.75	1,495.46	0.99	46,496.22	9,424.18	2,146.05	0.69	11,569.54	34,926.68	35,577.57
	Capital work in progress									5,877.19	3,022.20
	Total Net Block									40,803.87	38,599.77
	Previous Year	20,810.33	24,413.44	222.02	45,001.75	8,172.65	1,398.00	146.47	9,424.18	35,577.57	12,637.68

Schedules forming part of the Balance Sheet as at 31st March 2011 (contd.)

	As at 31.03.2011	As at 31.03.2010
SCHEDULE 6		
	(Rs. in Lakhs)	
INVESTMENTS		
Trade (quoted) : At cost		
139000 Shares of Rs.10 each (Fully paid up) in Dharani Finance Ltd. (Market Value Rs.7.81 lakhs) (Previous Year Rs.8.49 Lakhs)	13.90	13.90
Trade (Unquoted) : At cost		
5121500 Equity Shares of Rs.10/- each in Appu Hotels Limited. (Fully paid up)	512.15	512.15
Total	<u>526.05</u>	<u>526.05</u>
Less : Provision for Diminution in value of quoted investment.	5.63	5.63
Total	<u>520.42</u>	<u>520.42</u>
SCHEDULE 7		
INVENTORIES		
(As per Inventory taken, valued and certified by the Management)		
Stores & Spares	872.74	806.74
Raw Materials	999.14	23,157.29
Work in Progress	323.13	382.54
Finished Goods	10,519.09	25,917.09
Total	<u>12,714.10</u>	<u>50,263.66</u>
SCHEDULE 8		
SUNDRY DEBTORS		
(Unsecured, considered good)		
Debts outstanding for a period exceeding six months	350.06	353.11
Other Debts	3,918.43	2,245.59
Total	<u>4,268.49</u>	<u>2,598.70</u>
Considered doubtful	350.06	-
Less: Provision for doubtful debts	350.06	-
Total	<u>4,268.49</u>	<u>2,598.70</u>
SCHEDULE 9		
CASH AND BANK BALANCES		
i) Cash on Hand	6.23	13.90
ii) Cheques on Hand	-	423.83
iii) Bank balances		
a) In Current account with Scheduled Banks	486.44	154.03
b) In Current account with Other Banks	34.73	18.43
c) In Deposit with Scheduled Banks	318.99	3,333.53
d) In Unpaid Dividend account	21.02	7.47
Total	<u>867.41</u>	<u>3,951.19</u>

Schedules forming part of the Balance Sheet as at 31st March 2011 (contd....)

	As at 31.03.2011	As at 31.03.2010
	(Rs. in Lakhs)	
SCHEDULE 10		
LOANS AND ADVANCES		
(Unsecured and considered good)		
Advances Recoverable in Cash or in kind or for value to be received	481.86	769.09
Balances with Customs, Central Excise and Sales-Tax authorities	1,638.20	2,110.70
Security and other Deposits	58.96	102.23
Advance Income Tax and Tax Deducted at Source	30.56	30.92
MAT Credit Entitlement	<u>1,580.24</u>	<u>1,604.56</u>
	3,789.82	4,617.50
Considered doubtful	3.97	16.21
Less: Provision for doubtful recoveries	<u>3.97</u>	<u>16.21</u>
Total	<u>3,789.82</u>	<u>4,617.50</u>

SCHEDULE 11
CURRENT LIABILITIES & PROVISIONS

A. Current Liabilities

Sundry Creditors

- Dues to Micro, Small and Medium Enterprises *	68.49	63.70
- Dues to Creditors other than Micro, Small and Medium Enterprises	3,839.69	34,689.95
Other liabilities (#)	659.29	681.57
Excise Duty and Cess on closing stock	521.01	1,229.23
Advance from customers	534.62	900.47
Security Deposit	24.50	28.47
Interest accrued but not due on loans	<u>255.31</u>	<u>176.39</u>
Total (A)	<u>5,902.91</u>	<u>37769.78</u>

B. Provisions

Provision for Taxation	93.11	484.93
Proposed Dividend	-	380.85
Dividend Distribution Tax	-	63.25
Provision for Gratuity	290.58	195.59
Leave encashment	<u>49.30</u>	<u>47.74</u>
Total (B)	<u>432.99</u>	<u>1,172.36</u>
Total (A+B)	<u>6,335.90</u>	<u>38,942.14</u>

* Refer Note 18.3.10 iv

Includes Unpaid Dividend of Rs. 21.02 lakhs (Fy 2009-10 Rs. 13.90 lakhs and Fy 2008-09 Rs.7.12 lakhs).
There are no amounts payable to Investors' Protection and Education Fund.

Schedules forming part of the Profit and Loss Account for the year ended 31st March 2011

	Year ended 31.03.2011	(Rs. in Lakhs)	Year ended 31.03.2010
SCHEDULE 12			
SALES			
Sugar			
Domestic	46,014.45		52,262.36
Export	28,848.57	-	
	<u>74,863.02</u>		<u>52,262.36</u>
Industrial Alcohol	3,435.54		4,248.10
Power	6,992.18		3,062.53
Molasses	506.87		-
Bio compost	28.05		35.13
Carbon dioxide	57.98		59.50
	<u>85,883.64</u>		<u>59,667.62</u>
Total			

SCHEDULE 13**OTHER INCOME**

Interest Receipts			
(Tax Deducted at source Rs.8.12 Lakhs, Previous year - Rs.8.42 Lakhs)	81.48		81.98
Dividend Income	0.69		-
Profit on Sale / discarding of asset	0.21		99.59
Exchange Fluctuation Gain	80.84		57.94
Others	67.13		108.59
(Tax Deducted at source Rs.1.02 Lakhs, Previous year - Rs.1.07 lakhs)			
	<u>230.35</u>		<u>348.10</u>
Total			

SCHEDULE 14**INCREASE/(DECREASE) IN INVENTORY**

Opening Stock			
Work in progress	382.54		133.84
Finished goods	25,917.09		11,494.39
	<u>26,299.63</u>		<u>11,628.23</u>
Closing Stock			
Work in progress	323.13		382.54
Finished goods	10,519.09		25,917.09
	<u>10,842.22</u>		<u>26,299.63</u>
Total	<u>(15,457.41)</u>		<u>14,671.40</u>

SCHEDULE 15**RAW MATERIAL CONSUMED**

Sugar cane consumed	27,027.29		21,337.38
Raw sugar consumed	22,990.70		29,582.33
Molasses consumed	491.37		1,265.96
	<u>50,509.36</u>		<u>52,185.67</u>
Total			

**Schedules forming part of the Profit and Loss Account for the year ended 31st March 2011 (contd.)**

	Year ended 31.03.2011	Year ended 31.03.2010
SCHEDULE 16		
(Rs. in Lakhs)		
MANUFACTURING AND OTHER EXPENSES		
Fuel for Co-generation	4,429.98	2,734.35
Power and Fuel	251.54	139.14
Stores and Spares Consumed	1,020.17	969.78
Salaries, Wages and Bonus	1,323.65	987.98
Contribution to Provident Fund	75.32	64.57
Gratuity and Superannuation	91.51	73.71
Welfare Expenses	95.28	91.62
Rent	71.68	64.20
Rates & Taxes	38.61	53.39
Insurance	80.60	45.28
Director's Sitting Fees	2.25	2.35
Executive Chairman & Managing Director Remuneration	94.60	237.27
Travelling & Conveyance	36.63	29.29
Postage, Telegram & Telephones	24.21	18.34
Printing & Stationery	26.45	20.71
Auditors' Remuneration	5.85	4.57
Repairs and Maintenance		
- Plant and Machinery	257.02	290.71
- Building	142.30	168.36
- Vehicle	72.41	47.58
- Others	18.50	23.50
Loss on sale of fixed assets	0.06	-
Provision for Doubtful debts & advances	351.31	-
Packing and forwarding	2,282.04	2,032.36
Miscellaneous expenses	77.19	32.39
Total	<u>10,869.16</u>	<u>8,131.45</u>
SCHEDULE 17		
INTEREST AND FINANCE CHARGES		
Interest on Term Loans	3,139.39	1,582.85
Interest on Working Capital	1,993.49	1,351.17
Other Interest and Finance Charges	684.22	392.94
Total	<u>5,817.10</u>	<u>3,326.96</u>



SCHEDULE 18

Notes attached to and forming part of the Accounts for the year ended 31st March, 2011

18.1. Background

Dharani Sugars and Chemicals Limited (Company) was incorporated on 4th June 1987 as a Limited Company under the Companies Act, 1956. The Company is engaged in the business of manufacture of white sugar as its main product in two forms **a.** Crushing of Sugarcane and **b.** Processing of Imported Raw sugar. The other activities of the company are generation of electricity, and production of industrial alcohol.

18.2. Statement of significant accounting policies

a. Basis of Preparation

The financial statements have been prepared to comply in all material respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956 ('the Act'). The financial statements have been prepared under the historical cost convention on an accrual basis. The Company follows the mercantile system of accounting and recognises income and expenditure on accrual basis.

b. Revenue Recognition

- i. Revenue from domestic sales is recognized on accrual basis. Sales and Finished Goods are accounted inclusive of excise duty, cess but excluding sales tax and trade discounts. Revenue from export sales is recognized on the basis of the shipping bills for exports.
- ii. Export incentives are accounted on accrual basis.
- iii. Interests on deposits are accounted on time proportion basis taking into account the amount outstanding and the rates applicable.
- iv. Dividend income is recognized only when a right to receive payment is established.
- v. Claims are accounted for when there is a reasonable certainty with regard to their ultimate collection.
- vi. Other incomes are recognized on accrual basis.

c. Fixed Assets

- i. Fixed Assets are stated at cost inclusive of duties (net of CENVAT credit to the extent applicable), taxes, incidental expenses, erection/commissioning expenses and interest and all other costs allocated up to the date commencement of commercial production.
- ii. Gains or losses arising from retirement or disposal of fixed assets are recognised in the Profit & Loss account.

d. Depreciation

Depreciation is provided on Fixed Assets under the straight line method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956 and the notification issued there under, except that depreciation has been provided at 100 % on assets costing individually Rs. 5,000/- or less irrespective of whether or not the aggregate cost of such assets constitutes more than 10 % of the total cost of the assets under the particular grouping. Depreciation on addition to fixed assets during the year is charged on pro rata basis with reference to the month of addition.

Furniture & fixtures includes the cost of Rs.38.05 lakhs towards interior decoration and civil work for leased premises and depreciation rate adopted in respect of these assets are at the rate of 10% under straight line method.

e. Impairment of Assets

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed, if there is a change in the estimate of recoverable amount. During the year the Company tested impairment of fixed assets as per the Accounting Standard 28 "Impairment of Assets" to identify impairment loss, if any. The realizable amount calculated as per net selling price for all the cash generating units was higher than the carrying values of such units. Accordingly, no impairment was required to be recognized during the year.



f. Investments

Long Term Investments are stated at cost of acquisition and income from investments not carrying fixed return is accounted at the time of receipt. Gains or losses on disposal of investments are recognized in the Profit & Loss Account. The decline in value of Long term investments other than temporary, wherever applicable, is given effect to as per Accounting Standard 13 (AS 13).

g. Inventories

The inventory has been valued as under.

- i) Raw materials, Stores and spares are valued at the lower of cost and net realisable value. Cost includes cost of raw materials, transportation charges, Store/Warehouse charges. The cost is determined on weighted average basis and excludes claimable levies and taxes.
- ii) Work in progress is valued at the lower of cost and net realisable value proportionate to the stage of progress. The cost includes direct material, labour and appropriate portion of overheads.
- iii) Finished goods are valued at lower of cost and net realisable value. The cost includes direct material; appropriate portion of overheads and includes excise duty and Cess.
- iv) By products are valued at net realizable value.

h. Retirement benefits to employees

- i) Retirement benefit in the form of provident fund is charged to the Profit and Loss account on accrual basis.
- ii) Provision for Gratuity and Leave encashment is made on the basis of actuarial valuation at the end of the year in line with AS-15 (Revised). Gratuity is an unfunded liability.
- iii) Superannuation for the Executives is contributed by way of subscription to the fund with the LIC of India and the same is charged to profit and loss account on accrual basis.

i. Accounting for Grants

The Company has fulfilled the obligations under the terms of the USAID Grant. In line with the generally accepted accounting principles, a sum of Rs.11.25 Lakhs is being apportioned out of the grant to the Profit and Loss Account.

j. Foreign Currency Transactions

Exchange differences arising on reporting of foreign currency monetary items at rates different from those at which they are initially recorded during the period, or reported in previous financial statements, in so far as they relate to the acquisition of a depreciable capital asset, are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset.

Exchange differences arising on the settlement of the monetary items not covered above, or on reporting such monetary items of company at rates different from those at which they are initially recorded during the year or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

In relation to the forward contracts entered into to hedge the foreign currency risk of the underlying monetary assets / liabilities, the exchange difference is calculated as the difference between the foreign currency amount of the contract translated at the exchange rate at the reporting date, or the settlement date where the transaction is settled during the reporting period, and the corresponding foreign currency amount translated at the later of the date of inception of the forward exchange contract and the last reporting date. Such exchange differences are recognised in the profit and loss account in the reporting period in which the exchange rates change.



The premium or discount on all such contracts arising at the inception of each contract is amortised as income or expense over the life of the contract. Any profit or loss arising on the cancellation or renewal of forward contracts is recognized as income or as expense for the period.

k. Borrowing Costs

Borrowing costs that are attributable to the acquisition of or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial time to get ready for its intended use. All other borrowing costs are charged to revenue.

l. Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized when there is a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

Provisions are not discounted to its present value and are determined based on Management estimate of amounts required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current Management estimates.

Contingent liabilities are not recognized in the financial statements. Contingent asset is neither recognized nor disclosed in the financial statements

m. Taxation

Tax expense comprises current and deferred tax. Provision for current income tax is made on the assessable income at the tax rate applicable to the relevant assessment year. Deferred income taxes are recognized for the future tax consequences attributable to timing differences between the financial statement determination of income and their recognition for tax purposes.

The effect of a change in tax rates on deferred tax assets and liabilities is recognised in the income statement using the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

Minimum Alternative Tax ('MAT') credit is recognised, as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement.

n. Earnings per Share ("EPS")

The earnings considered in ascertaining the company's earnings per share comprise the net profit after tax. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the year. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share and also the weighted average number of shares, if any, which would have been issued on the conversion of all dilutive potential equity shares.



18.3. Notes on Accounts:

18.3.1 Capital Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances) Rs. 2654.71 lakhs (Previous year - Rs. 4333.39 lakhs).

18.3.2 Contingent Liabilities

- i. Claims against the Company not acknowledged as debt Rs.619.66 lakhs (Previous year - Rs.487.90 lakhs)
- ii. Purchase Tax demand contested Rs.Nil (Previous year - Rs.745.68 lakhs)
- iii. The Company has imported 381167.66 MT of raw sugar during the previous years and out of which 223957 MT has been imported under Advance License. As per the terms and conditions of License 213295 MT of white sugar will have to be exported within the prescribed period of the respective License.

The Company has so far exported 178548 MT of white sugar (Including 88758 MT in previous year). The Company is hopeful of fulfilling its balance export obligations. In the unlikely event of not fulfilling the export obligation, the Company has to pay the amount of duty concession availed in respect of its imports along with interest.

18.3.3 Taxation

i. Provision for current tax

In view of current year losses under the provisions of the Income Tax Act, 1961, and on the basis of the assessments carried out, the tax liability to Income-tax during the year is lower than the Minimum Alternate Tax. Hence, Minimum Alternate Tax (MAT) of Rs.93.11 lakhs is provided during the year.

ii. Deferred taxation

The Company had created deferred tax liability (net) in accordance with the requirements of the Accounting Standard 22 "Accounting for Taxes on Income".

Break up of Deferred Tax Asset / Liability as on 31.03.2011 is as follows:

(Rs. in lakhs)

Particulars	As at 31 st March' 11	As at 31 st March' 10
a) Deferred Tax Liability		
Related to Fixed Assets	2844.93	2597.49
b) Deferred Tax Assets		
Eligible carry forward of loss/unabsorbed depreciation	646.87	-
Expenses allowable against taxable income in future years	12.07	159.69
Net Deferred Tax Liability	2185.99	2437.80

**18.3.4 Employee Benefits as per AS-15 (Revised)****18.3.4.1 Components of Employer Expenses**

(Rs. Lakhs)

S.No.	Particulars	As at 31 st March' 11	As at 31 st March' 10
a)	Current Service Cost	60.66	43.99
b)	Interest Cost	18.48	11.44
c)	Expected Return on Plan Assets	Nil	Nil
d)	Curtailment Cost / (Credit)	Nil	Nil
e)	Settlement Cost / (Credit)	Nil	Nil
f)	Past Service Cost	Nil	Nil
g)	Actuarial (Gain) / Loss	22.87	56.18
h)	Total expenses / (gain) recognized in the Profit & Loss Account	102.01	111.61

18.3.4.1.1 Net Assets / (Liability) recognized in the balance sheet as at 31st March, 2011

(Rs. Lakhs)

S.No.	Particulars	As at 31 st March' 11	As at 31 st March' 10
a)	Present value of obligation	339.88	243.33
b)	Fair Value of plan assets as	Nil	Nil
c)	(Asset) / Liability recognized in the Balance sheet	339.88	243.33

18.3.4.1.2 Change in Defined Benefit Obligations (DBO) during the year ended 31st March, 2011

(Rs. Lakhs)

S.No.	Particulars	As at 31 st March' 11	As at 31 st March' 10
a)	Present value of Obligation as at the beginning of the period	243.33	154.28
b)	Current service cost	60.66	43.99
c)	Interest cost	18.48	11.44
d)	Curtailment Cost / (Credit)	Nil	Nil
e)	Settlement Cost / (Credit)	Nil	Nil
f)	Plan Amendments	19.27	Nil
g)	Acquisitions	Nil	Nil
h)	Actuarial (Gain) / Loss	22.87	56.18
i)	Benefits paid	(24.73)	(22.56)
j)	Closing defined benefit obligation	339.88	243.33

**18.3.4.1.3 Change in the Fair Value of Plan Assets**

(Rs. Lakhs)

S.No.	Particulars	As at 31 st March' 11	As at 31 st March' 10
a)	Present value of Plan Assets as at the beginning of the period	Nil	Nil
b)	Acquisition Adjustments	Nil	Nil
c)	Expected return on Plan Assets	Nil	Nil
d)	Actuarial Gain / (Loss)	Nil	Nil
e)	Actual Company Contribution	24.73	22.56
f)	Benefits Paid	(24.73)	(22.56)
g)	Closing Fair Value of Plan Assets	Nil	Nil

18.3.4.1.4 Actuarial Assumptions

S.No.	Particulars	As at 31 st March' 11	As at 31 st March' 10
a)	Discount Rate (per annum)	8%	8%
b)	Expected Rate of Return on Assets (per annum)	Nil	Nil

18.3.5 Operating Lease

(Rs. Lakhs)

S.No.	Particulars	As at 31 st March' 11	As at 31 st March' 10
a)	Not Later than One year	63.12	60.12
b)	Later than One year but not later than five years	208.94	10.10
c)	Later than five years	Nil	Nil
	Total	272.06	70.22

18.3.6 Deposits with Bank

- Deposits with Banks under lien to commercial tax officers Rs.0.03 lakhs (Previous year - Rs.0.03 lakhs)
- Deposit under lien to Bank / others, Guarantees / Performance Rs.271.56 lakhs (Previous year - Rs.370.29 lakhs)

18.3.7 Details for "Balances in Current Account with Other Banks",

(given in Schedule 9)

(Rs. Lakhs)

Name of the Bank	As at 31 st March' 11	As at 31 st March' 10
Tiruvannamalai District Co-Operative Bank, Polur	33.74	17.06
Villupuram District Central Co-Operative Bank - Thiyagadurgam	0.99	1.37
Total	34.73	18.43

(None of the Directors or their relatives are interested in any of these Banks.)

**18.3.8 Capitalisation of Borrowing Cost:**

In line with Accounting Standard 16 issued by the ICAI, the Company has identified the borrowing cost with respect to specific assets at the New Unit III at Sankarapuram.

Interest amount included in Capital Work in Progress Rs.539.85 Lakhs. (Previous Year - Rs. 60.16 Lakhs)

18.3.9 Information pursuant to the provisions of Part II Schedule VI of the Companies Act, 1956.**i. Licensed and Installed Capacities:****A. Manufacture of Sugar: (UOM - TCD)**

Factories	Year ended		Year ended	
	31 st March 11		31 st March 10	
	Licensed	Installed	Licensed	Installed
A. Cane				
Dharani I at Dharani Nagar, Tamil Nadu	N.A	2500	N.A	2500
Dharani II at Polur, Tamil Nadu	N.A	4000	N.A	4000
Dharani III at Sankarapuram, Tamil Nadu	N.A	3500	N.A	3500
Total tonnes of cane crushed per day	N.A	10000	N.A	10000

B. Industrial Alcohol & Co-Generation.

Factories		Year ended		Year ended	
		31 st March 11		31 st March 10	
		Licensed	Installed	Licensed	Installed
Distillery Plant at Dharani Nagar, Tamil Nadu	KLPD	60	60	60	60
Distillery Plant at Sankarapuram, Tamil Nadu	KLPD	100	Nil	100	Nil
Co-generation Power Plant at Polur, Tamil Nadu	MW	N.A	15 MW	N.A	15 MW
Co-generation Power Plant at Sankarapuram, Tamil Nadu	MW	N.A	22 MW	N.A	22 MW

Note : N.A. means 'Not Applicable'

ii. Expenditure on employees in respect of remuneration of not less than Rs.60,00,000 per annum or Rs.5,00,000 per month is given below
(Rs. Lakhs)

Particulars	Year ended	Year ended
	31 st March 11	31 st March 10
a. Executive Chairman		
I. Salary	48.00	40.53
II. Allowances	8.00	6.13
III. P.F & Superannuation	0.00	0.76
IV. Commission	9.15	174.26

Note: The above does not include liability for Gratuity and Leave encashment as per actuarial valuation.



iii. Quantitative details:

Periods/ Products/ Details/ UOM	2010-11				2009-10			
	Sugar	Molasses	Industrial Alcohol	Power	Sugar	Molasses	Industrial Alcohol	Power
	(Qty. in Quintals)	(Qty. in MTs)	(Qty. in ltrs)	(In Units)	(Qty. in Quintals)	(Qty. in MTs)	(Qty. in ltrs)	(In Units)
Opening Stock	9,19,799	32,040	10,09,936	Nil	6,72,888	18,084	181,785	Nil
Production	20,10,300	70,148	1,25,76,175	21,46,29,100	21,30,010	63,715	1,50,59,065	12,14,28,285
Redistillation / Normal loss/Sample	Nil	Nil	7,873	Nil	Nil	Nil	574	Nil
Sales less returns	26,13,915	22,721	1,19,01,965	15,35,03,757	18,83,099	Nil	1,42,29,140	7,65,36,600
Transfer to Distillery / Own Consumption	Nil	53,113	900	6,11,25,343	Nil	49,759	1,200	4,48,91,685
Closing Stock	3,16,184	26,354	16,75,373	Nil	9,19,799	32,040	10,09,936	Nil
Sales inclusive of Excise Duty (Rs. in Lakhs)	74,863.02	506.87	3,435.54	6,992.18	52,262.36	Nil	4,248.10	3,062.53

iv. Particulars of Raw materials, Spares and components consumed:

Particulars	2010-11		2009-10	
	Consumed	% of Total consumed	Consumed	% of Total consumed
1. Raw Materials (Qty in M.T)				
a. Sugarcane	13,28,721		12,22,547	
b. Raw Sugar	90,685		1,16,215	
c. Molasses	56,172		61,001	
2. Value (Rs. in Lakhs)				
a. Sugarcane	27,027.29	53%	21,337.38	41%
b. Raw Sugar (Imported)	22,990.70	46%	29,582.33	57%
c. Molasses	491.37	1%	1,265.96	2%
TOTAL	50,509.36	100%	52,185.67	100%
3. Spares and Components (Value in Lakhs)				
a. Imported	Nil		Nil	
b. Indigenous	1,020.17	100%	969.78	100%
4. CIF value of Import Details (Value in Lakhs)				
a. Raw Sugar	Nil		46,018.73	
b. Spares	Nil		Nil	

Forex gain on raw sugar was adjusted against the Raw sugar consumption.

**18.3.10 Other Information****i. Managerial Remuneration**

Within the limit prescribed under Schedule XIII of the Companies Act, 1956 and approved by the Central Government and the shareholders.

(Rs. in lakhs)

Particulars	Year ended 31 st March 11	Year ended 31 st March 10
a. Executive Chairman		
i. Salary	48.00	40.53
ii. Allowances	8.00	6.13
iii. P.F & Superannuation	0.00	0.76
iv. Commission	9.15	174.26
b. Managing Director		
i. Salary	10.20	9.60
ii. Allowances	3.50	3.40
iii. P.F & Superannuation	2.75	2.59

Note: The above does not include liability for Gratuity and Leave encashment as per actuarial valuation.

Computation of Net Profit in accordance with section 349 of the Act for calculation of commission payable to directors:

Particulars	For the year as approved by the Central Government (Rs. in lakhs)
Turnover(Gross)	85,883.64
Net Profit or (loss) before tax	209.30
Add:	
Depreciation provided in accounts	2,146.05
Director's remuneration	94.60
Director's Sitting fees	2.25
Loss of capital nature including loss on sale of the undertakings of a company	0.06
Total	2,452.26
Less:	
Profits from the sale of the immovable property or fixed assets of a capital nature	0.21
Depreciation under Section 350 of the Act	2,146.05
Total	2,146.26
Profit	306.00
3% Commission on net profits	9.15

The above working for commission is made in line with the approval received from Central Government. The managerial remuneration for the current year is in accordance with the provisions of Section 198 read with Schedule XIII of the Companies Act, 1956.

ii. Auditors Remuneration :

(Rs. in lakhs)

Particulars	Year ended 31 st March 11	Year ended 31 st March 10
i. Audit Fees	3.25	2.25
ii. Tax audit	0.75	0.82
iii. Certification work	1.30	1.07
iv. Out - of - pocket expenses and Service Tax	0.55	0.43



iii. Realisable value of Current Assents, Loans and advances

- a. In the opinion of the Board, the investments, current assets, loans and advances are realizable at a value, which is at least equal to the amount at which these are stated, in the ordinary course of business and provision for all known and determined liabilities are adequate and not in excess of the amount stated.
- b. Advances include Rent Advance of Rs.41.53 Lakhs paid to Dr. Palani G. Periasamy, Executive Chairman in respect of the property taken on lease for office purpose. Maximum amount outstanding at any one time during the year Rs.41.53 Lakhs (Previous year Rs.41.53 Lakhs)

iv. Amount due to Micro Small and Medium Enterprises

(Rs. in lakhs)

Description	Year ended 31 st March 11	Year ended 31 st March 10
Principal	68.49	63.70
Interest	Nil	Nil
Interest Paid U/s 16 of Micro Small and Medium Enterprises Development Act, 2006	Nil	Nil
Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year)	Nil	Nil
Interest accrued and remaining unpaid	Nil	Nil

The above information and that given in Schedule 11 regarding Micro Small and Medium Enterprises have been determined to the extent the Company has received information from vendors regarding their status under Micro Small and Medium Enterprises Development Act,2006.

18.3.11 Related Party

i. Names of Related Parties:

Nature of relationship	Name
Associate Enterprises	M/s. Dharani Finance Limited (DFL) M/s. Appu Hotels Limited (AHL) M/s. PGP Educational & Welfare Society (PGPE&WS) M/s. Dharani Developers Private Limited (DDPL)
Key Management Personnel	Dr. Palani G. Periasamy, Executive Chairman Mr. M. Ramalingam, Managing Director, Mr. A. Sennimalai, Director
Enterprises Significantly influenced by Key Management Personnel	M/s. Ananthi Developers Limited (ADL)

- ii. The above information regarding related parties have been determined to the extent such parties have been identified on the basis of information available with the company.



iii. Related party transactions: (Previous year figures are given in brackets)

(Rs. in lakhs)

PARTICULARS	DFL	AHL	PGP E & WS	DDPL	ADL	KEY MANAGEMENT PERSONNEL	TOTAL	DFL	AHL	PGP E & WS	DDPL	A D L	KEY MANAGEMENT PERSONNEL	TOTAL
TRANSACTIONS DURING THE YEAR							BALANCES AT YEAR END							
1. Utilisation of Services														
- Remuneration	-	-	-	-	-	72.45 (237.27)	72.45 (237.27)	-	-	-	-	-	140.43 (145.15)	140.43 (145.15)
- Rent	-	-	-	-	-	60.00 (57.25)	60.00 (57.25)	-	-	-	-	-	28.94 (3.50)	28.94 (3.50)
- Travel	11.87 (4.74)	-	-	-	-	-	11.87 (4.74)	9.54 (0.06)	-	-	-	-	-	9.54 (0.06)
- Sitting Fees	-	-	-	-	-	0.60 (0.65)	0.60 (0.65)	-	-	-	-	-	Nil (Nil)	Nil (Nil)
-Professional Fees	-	-	-	-	83.47 (150.73)	-	83.47 (150.73)	-	-	-	-	-	141.47 (66.40)	141.47 (66.40)
- Inter Corporate Deposits / Loans	-	-	-	-	350.00 (Nil)	-	350.00 (Nil)	-	-	-	-	350.00 (Nil)	-	350.00 (Nil)
- Interest	-	1.02 (25.20)	-	54.64 (34.70)	11.52 (Nil)	-	67.18 (59.90)	-	Nil (19.96)	-	22.25 (26.84)	10.37 (Nil)	-	32.62 (46.80)
2. Rendering of Services														
- Rent	-	-	0.13 (0.13)	-	-	-	0.13 (0.13)	-	-	0.13 (Nil)	-	-	-	0.13 (Nil)

iv. No balances in respect of the related parties have been provided for/written back/ written of except as stated above.

18.3.12

Segment Reporting

The Company has disclosed Business Segment as the primary segment. Segments have been identified taking into account the nature of the products, the differing risks and returns, the organisation structure and internal reporting system.

The Company's operations predominantly relate to manufacture of Sugar. Other business segments reported are Distillery and Power. Sugar segment includes molasses and other by-products.

Segment Revenue, Segment Results, Segment Assets and Segment Liabilities include the respective amounts identifiable to each of the segment as also amounts allocated on a reasonable basis.

The expenses, which are not directly attributable to the business segment, are shown as unallocated corporate cost.

Assets and Liabilities that cannot be allocated between the segments are shown as part of unallocated corporate assets and liabilities respectively.

Inter Segment Transfer Pricing Policy (i) The molasses supplied to Distillery segment is based on average market price. (ii) Power used by other segments is based on 90% of the market price.



SEGMENT INFORMATION FOR THE YEAR ENDED MARCH 31, 2011
SCHEDULE 18

(Rs. in Lakhs)

	SUGAR		DISTILLERY		POWER		UNALLOCATED		TOTAL	
	31.03.11	31.03.10	31.03.11	31.03.10	31.03.11	31.03.10	31.03.11	31.03.10	31.03.11	31.03.10
External Sales	73557.14	50437.14	3509.23	4330.63	6992.19	3062.53	-	-	84658.56	57630.30
Other Income	25.10	32.75	0.36	79.80	-	2.52	204.89	233.03	230.35	348.10
Inter - segment Sales	4350.90	3108.19	-	-	2950.49	2508.29	-	-	7301.39	5616.48
Gross Revenue	77933.14	53578.08	3509.59	4410.43	9942.68	5573.34	204.89	233.03	91590.30	63794.88
Less: Inter segment revenue	4350.90	3108.19	-	-	2950.49	2508.29	-	-	7301.39	5616.48
Total Revenue	73582.24	50469.89	3509.59	4410.43	6992.19	3065.05	204.89	233.03	84288.91	58178.40
RESULT										
Segment Result	3439.56	7962.22	984.43	1338.28	1791.81	1260.86	(200.65)	233.03	6015.15	10794.39
Less: Unallocated Corporate Expenses	-	-	-	-	-	-	-	-	-	-
Operating Profit	-	-	-	-	-	-	-	-	6015.15	10794.39
Less: Interest expense	-	-	-	-	-	-	-	-	5817.10	3326.96
Add: Interest income	-	-	-	-	-	-	-	-	-	-
Profit/(Loss) from ordinary activities	-	-	-	-	-	-	-	-	198.05	7467.43
Net Profit/(Loss)	-	-	-	-	-	-	-	-	198.05	7467.43
OTHER INFORMATION										
Segment assets	39654.18	87123.96	7378.29	4318.08	13510.14	6636.33	-	-	60542.61	98078.37
Add: Unallocated Corporate Assets	-	-	-	-	-	-	2421.51	2450.16	2421.51	2450.16
Total assets	-	-	-	-	-	-	-	-	62964.12	100528.53
Segment liabilities	6330.52	37161.55	(370.83)	94.06	283.10	757.50	-	-	6242.79	38073.11
Add: Unallocated Corporate Liabilities	-	-	-	-	-	-	93.11	484.93	93.11	484.93
Total Liabilities	-	-	-	-	-	-	-	-	6335.90	38498.04
Capital expenditure	925.98	8787.55	3414.26	219.68	-	4176.00	9.22	23.59	4349.46	13206.82
Depreciation	1249.59	840.42	223.36	215.72	659.91	330.00	13.19	11.86	2146.05	1998.00
Non-cash expenses other than depreciation	-	-	-	-	-	-	-	-	-	-

**18.3.13 Earnings Per Share**

SI No.	Particulars	Year ended March 31, 2011	Year ended March 31, 2010
a.	Net Profit as per Profit & Loss account (Rupees in Lakhs)	358.81	4,562.90
b.	Number of Equity shares	29,389,846	25,389,846
c.	Weighted Average Number of Equity shares	27,318,613	25,389,846
d.	Basic Earnings Per Share (Rupees)	1.31	17.97

As at the reporting date, the Company has issued 40 lakhs equity shares on preferential basis on October 7, 2010.

18.3.14 Earnings in Foreign Currency (on accrual basis)*(Rs. in lakhs)*

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Sales income (FOB value)	28,848.57	Nil

18.3.15 Value of Imports (CIF basis- On Accrual Basis)*(Rs. in lakhs)*

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Raw materials	Nil	46,018.73
Capital goods	Nil	1,638.92
Components and Spare parts	Nil	Nil

18.3.16 Expenditure in Foreign Currency (on accrual basis)*(Rs. in lakhs)*

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Raw sugar	Nil	46,018.73
Capital goods	Nil	1,638.92
Traveling	Nil	0.21
Others	12.90	1.34

18.3.17 Dividend (Net) remitted in Foreign Exchange

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Number of non-resident shareholders	87	101
Number of equity shares held on which dividend was due	10,135,856	12,073,119
Amount remitted (Rs. in lakhs)	152.04	120.73
Currency of remittance	USD	USD
Year to which the dividend related	2009-10	2008-09

**18.3.18 Foreign currency exposures**

The Company had used derivative financial instruments in the form of forward exchange contracts to hedge its risks associated with foreign currency fluctuations during the year. Accounting policy for forward exchange contracts is given in note 18.2.J above. There are no open forward contracts at the end of current and previous years. The details of Foreign Exchange Exposures as at the end of the year are given below:

Particulars	Currency Type	As at March 31, 2011		As at March 31, 2010	
		Amount (Foreign currency in Lakhs)	Amount (Rs. In Lakhs)	Amount (Foreign currency in Lakhs)	Amount (Rs. In Lakhs)
Secured Loans	USD	5.41	241.61	12.48	588.65
Sundry Debtors	USD	26.47	1182.27	7.84	353.11
Sundry Creditors	USD	0.00	0.00	632.14	28560
Sundry Creditors	GBP	0.71	50.78	0.71	48.03

18.3.19 Previous year comparatives

Previous year's figures have been regrouped/rearranged and reclassified wherever necessary to conform to current year's classifications.

SIGNATURE TO SCHEDULES 1 TO 18

Refer Our Report of even date.

SRINIVASAN & SHANKAR

Chartered Accountants

Firm Registration. No. 005093S

for and on behalf of the Board

per P SRINIVASAN

Partner

Membership No. 025416

Place : Chennai - 600 034

Dated : 24th May 2011

E.P. SAKTHIVEL

Company Secretary

M. RAMALINGAM

Managing Director

DR. PALANI G. PERIASAMY

Executive Chairman



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011

	As at 31.03.2011	As at 31.03.2010
	(Rs. in Lakhs)	
A. Cash Flow From Operating Activities		
Net Profit / (Loss) before Tax	209.30	7,478.68
Adjustment for :		
- Depreciation	2,146.05	1,398.00
- (Profit)/Loss on sale of assets	(0.15)	(99.59)
- Reversal of diminution of Investments	-	-
- Amortization of USAID Grant	(11.25)	(11.25)
- Unrealised Foreign Exchange Loss/(Gain)	13.96	(45.29)
- Provision for Doubtful debts	351.31	-
- Interest Expense	5,817.10	3,326.96
- Interest Income	(81.48)	(81.98)
- Dividend Income	(0.69)	-
Operating profit before working capital changes	8,444.15	11,965.53
Adjustment for :		
(Increase)/Decrease in Sundry Debtors	(2,022.91)	(1,819.77)
(Increase)/Decrease in Loans & Advances	803.43	(866.79)
(Increase)/Decrease in Inventories	37,549.56	(33,457.07)
Increase/(Decrease) in Trade Payables	(31,945.79)	28,522.90
Increase/(Decrease) in Provisions	96.55	89.05
Cash generated from Operations	12,924.99	4,433.85
- Taxes (paid), net	(469.44)	(860.26)
Net Cash from (used in) Operating Activities	(A) 12,455.55	3,573.59
B. Cash Flow From Investment Activities		
- Purchase of Fixed Assets	(4,350.45)	(13,428.87)
- Proceeds Sale of Fixed Assets	0.44	175.16
- Interest Received	79.80	54.50
- Dividend Received	0.69	-
Net Cash (used in) Investing Activities	(B) (4,269.52)	(13,199.21)
C. Cash Flow From Financing Activities:		
- Proceeds from Share Application Money	-	1,600.11
- Repayment of Share Application Money	(17.71)	-
- Proceeds from Secured Loans	8,541.28	12,555.20
- Proceeds from Unsecured Loans	200.00	3,530.32
- Repayment of Secured Loans	(11,345.38)	(2,457.37)
- Repayment of Unsecured Loans	(2,465.73)	(990.00)
- Interest paid	(5,738.18)	(3,542.27)
- Dividend & Dividend Tax paid	(444.10)	(297.05)
Net Cash (used in) Financing Activities	(C) (11,269.82)	10,398.95
Net Increase in Cash and Cash Equivalents	(A+B+C) (3,083.79)	773.33
Cash and cash equivalents at the beginning of the year	3,951.20	3,177.86
Cash and cash equivalents at the end of the year	867.41	3,951.19
Components of cash and cash equivalents as at the end of year		
Cash on hand	6.23	13.90
Cheques on hand	-	423.83
Balances with scheduled banks:		
On current accounts	486.44	154.03
On deposit accounts	318.99	3,333.53
Balances with non-scheduled banks:		
On current accounts	34.73	18.43
Unpaid Dividend Account	21.02	7.47
Cash and Cash Equivalents - Closing Balance	867.41	3,951.19

for and on behalf of the Board

Place : Chennai
Dated : 24th May 2011**E.P. SAKTHIVEL**
Company Secretary**M. RAMALINGAM**
Managing Director**DR. PALANI G. PERIASAMY**
Executive Chairman**AUDITOR'S CERTIFICATE**

We have verified the above cash flow statement of **DHARANI SUGARS AND CHEMICALS LIMITED**, derived from the Audited Financial Statement and the books and records maintained by the Company for the years ended 31.03.2011 and 31.03.2010 and found the same to be in agreement therewith.

For **SRINIVASAN & SHANKAR**
Chartered Accountants
Firm Registration. No. 005093S

Per **P SRINIVASAN**
Partner
Membership No. 025416

Place : Chennai - 600 034
Dated : 24th May 2011



SCHEDULE VI

PART IV

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE (Inserted by Notification No.GSR-388 (E) dated 15.05.1995).

I. Registration Details

Registration No. : **14 454 of 1987** State Code : 18
Balance Sheet Date : 31.03.2011

II. Capital raised during the year (Amount in Rs. Thousand)

Public Issue : NIL Right Issue : 40000
Bonus Issue : NIL Private Placement : NIL

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)

Total Liabilities : 5662821 Total Assets : 5662821

Sources of Funds

Paid up Capital : 293898 Reserves & Surplus : 814232
Secured Loans : 4084749 Unsecured Loans : 251343

Application of Funds

Net Fixed Assets : 4080387 Investments : 52042
Net Current Assets : 1530392 Misc. Expenditure : Nil
Accumulated Loss : Nil Deferred Tax Liability: 218599

IV. Performance of Company

Turnover : 6883150 Total Expenditure : 6862220
Profit / (Loss) before Tax : 20930 Profit/(Loss) after Tax: 35881
EPS in Rs. : 1.31 Dividend rate (%) : Nil

V. Generic Names of Three Principal products/Services of Company (as per Monetary terms)

Item Code : 17.01
Product Description : Cane Sugar
Item Code No (ITC Code) : 29.05
Product Description : Industrial Alcohol
Product Description : Power



DHARANI SUGARS AND CHEMICALS LIMITED

Regd.Office : "PGP House" No.57 Sterling Road, Nungambakkam, Chennai 600 034.

ADMISSION SLIP

To be handed over at entrance of Meeting Hall

Folio No _____
D.P. ID _____
Client ID _____

Shares :

I hereby record my presence at the
Twentyfourth Annual General Meeting

Venue: Narada Gana Sabha
No.314 TTK Road
Alwarpet
Chennai 600 018.

Date: 23 rd September 2011

Time: 10.20 A.M.

<u>Proxy's name in Block Letters</u>	<u>Member/Proxy's Signature</u>
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DHARANI SUGARS AND CHEMICALS LIMITED

Regd.Office : "PGP House" No.57 Sterling Road, Nungambakkam, Chennai 600 034.

PROXY FORM

I/We ----- Folio / DP ID. No/
Client ID No : ----- of ----- being a
Member / Members of **Dharani Sugars and Chemicals Limited** hereby appoint -----
----- of ----- or failing him -----
----- of ----- as my/our proxy to attend and vote for me/us on
my/our behalf at the **Twenty fourth Annual General Meeting of the Company to be held at 10.20
a.m. on Friday, the 23rd September 2011** and at any adjournment thereof.

Signed this _____ 2011

FOR OFFICE USE ONLY

No. of Shares :
Folio No. :
D.P. ID No. :
Client ID No. :

Affix
Revenue
Stamp
Signature

- Note: 1.The Proxy need NOT be a Member
2.The Proxy Form duly signed across revenue stamp **should reach the Company's Registered Office atleast 48 hours before the scheduled time of Meeting.**
3. Proxy cannot speak at the Meeting or vote on a show of hands.



**SHAREHOLDERS ARE INFORMED THAT
NO GIFTS / SUGAR WILL BE DISTRIBUTED DURING
OUR ANNUAL GENERAL MEETING**



DHARANI SUGARS AND CHEMICALS LIMITED

Regd.Office : "PGP House" No.57 Sterling Road, Nungambakkam, Chennai 600 034.

EMAIL ADDRESS REGISTRATION FORM (EARF)

Name & Address of the Member _____

Folio No. : _____

DP ID : _____

Client ID : _____

Email ID : _____

I hereby confirm that I am a member of the Company and the above details furnished by me for registration of my email address to receive the copy of annual report comprising of Notice, Director's Report, Auditor's Report, Balance Sheet, Profit & Loss account etc., through electronic mode from the Company are correct. I further confirm that I will intimate the Company/RTA from time to time if there is any change in my above Email ID.

Signature of the Shareholder

**Place
Date**

Name of the Shareholder