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Dharani Sugars and Chemicals Limited

BOARD OF DIRECTORS

Dr Palani G Periasamy	- Executive Chairman
Mr M Ramalingam	- Managing Director
Dr K N Sivasubramanian	
Mr A Sennimalal	
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

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 627 760
Tirunelveli District, 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
Cell : 93632 28200
Email : dharani3@dharanisugars-pgp.com



NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the **TWENTYTHIRD 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 **Monday, the 6th September 2010 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 2010 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 K N Sivasubramanian, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri A Sennimalai, who retires by rotation and being eligible offers himself for re-appointment.
4. To declare a dividend on Equity Shares.
5. 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 Nos. 2 & 3 are annexed.

3. The Register of Members and Share Transfer Books of the Company will remain closed from **1st September 2010 to 6th September 2010** 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 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.

By Order of the Board
For Dharani Sugars and Chemicals Ltd

Place : Chennai 34 E.P SAKTHIVEL
Date : 25th May 2010 COMPANY SECRETARY



Dharani Sugars and Chemicals Limited

Details of the Directors seeking Appointment / Re-appointment at the 23rd Annual General Meeting. (Pursuant to Clause 49 of the Listing Agreement with Stock Exchanges)

Name	Dr. K.N. Sivasubramanian
Age	65
Qualification	M.B.B.S, F.A.A.P.A.B (PED), A.B (NEO) USA
Date of Appointment	30.06.1988
Experience	More than 32 years in Medicine
Other Directorships	Nil
Member of Committees	Nil
No of Shares held in this Company	263341
% of Shares	1.04%

Name	Shri A. Sennimalai
Age	68
Qualification	M.Sc., M.B.A.,
Date of Appointment	04.06.1987
Experience	44 years
Other Directorships	a. Appu Hotels Limited b. Dharani Credit & Finance (P) Limited
Member of Committees	1. Management Committee 2. Audit Committee 3. Remuneration Committee
No of Shares held in this Company	15903
% of Shares	0.06%

**DIRECTORS' REPORT**

Dear Members,

Your Directors present herein the **Twenty-Third Annual Report** on the operations of your Company and the Audited Statement of accounts for the year ended 31st March 2010.

Financial Results

(Rs. in Lakhs)

Particulars	Year Ended	Year Ended
	31.03.2010	31.03.2009
Gross Sales	59667.62	23283.08
Profit before Interest, Depreciation and Tax	12192.39	5427.67
Interest and Finance Charges	3326.96	2256.15
Depreciation	1398.00	698.62
Profit/(Loss) before Tax	7467.43	2472.90
Amortization of USAID Grant	11.25	11.25
Income Tax - MAT Credit	62.31	330.65
- Deferred Tax / (Asset)	2978.09	(1139.99)
- FBT	0	7.69
Profit/(Loss) After Tax	4562.90	1005.82
Dividend	380.85	253.90
Dividend Tax	63.25	43.15
Transfer to General Reserve	500.00	100.00
Carried forward from last year	842.40	233.63
Balance carried forward to Balance Sheet	4461.20	842.40

Product-wise performance**Sugar**

During the year under review, the Company has crushed 12.23 lakh tonnes of cane as against 15.28 lakh tonnes of cane in the previous year. The decrease in cane crushing is mainly due to insufficient rainfall in the cane commanding areas of our factories. On account of shortfall in Sugar Production, the

Government of India has allowed Mills to import Raw Sugar. Accordingly, the Company has imported 182282.66 tonnes of Raw Sugar. During the year the Company has processed 116215 Tonnes of Raw Sugar as against 3612 Tonnes of Raw Sugar in the previous year.

The total sugar production was 21.30 lakh Qtls as against 14.36 lakh Qtls in the previous year. The sugar recovery from the cane was 8.49% as against 9.18% in the previous year. The Company has sold 18.83 lakh qtls as against 10.46 lakh qtls in the previous year. No export has taken place as demand within the country was more and price realization more attractive.

Power

During this period, the total power generation was 1214.29 lakh units as against 842.20 lakh units in the previous year. The export to the TNEB grid was 765.37 lakh units as against 503.93 lakh units in the previous year. Accordingly, the total value of the power exported to the grid was Rs.3062.53 lakhs as against Rs. 1555.64 lakhs in the previous year.

Industrial Alcohol

The production of industrial Alcohol was 150.59 lakh liters as against 89.33 lakh liters in the previous year. The Company was able to sell the entire production of Alcohol and the sale was 142.29 lakh liters as against 89.74 lakh liters in the previous year. The Value of the total sales during the current year was Rs.4248.10 lakhs as against Rs.2594.83 lakhs in the previous year.

Financial Performance

During the year, the gross turnover was Rs.59667.62 Lakhs as against Rs 23283.08 lakhs in the previous year. The Gross operating profit increased to Rs. 12192.39 lakhs from Rs.5427.67 lakhs in the previous year. After adjusting interest and depreciation, the operations resulted in a profit of Rs. 7478.68 lakhs, as against the profit of Rs 2484.15 lakhs. Taking into account the amortization of USAID grant of Rs 11.25 lakhs, Deferred Tax liability of Rs 2978.09 lakhs, MAT Rs.1286.14 lakhs and provision for tax (Reversal) Rs 82.69 lakhs, the net profit after tax come to



Rs. 4562.90 lakhs as against the profit of Rs. 1005.82 lakhs in the previous year.

The substantial improvement in the profit was mainly on account of increase in the free sale sugar price and increased volume of sales by importing and converting raw sugar. The average realization for the year 2009-10 was Rs.2678 per qtl. as against Rs.1649 per qtl. in the previous year.

Expansion

Your Directors are pleased to inform that the Company has commissioned the new 3500 TCD Integrated Sugar Plant at Kalayanallur Village, Sankarapuram Taluk, Villupuram District along with 22 MW Co Generation power Plant in November 2009. Performance of these unit is satisfactory.

Dividend

Your Directors are pleased to recommend a dividend of Re. 1.50 per Equity share of Rs.10/- each for the financial year ended 31st March 2010, which will involve a pay out of Rs.380.85 lakhs, besides dividend distribution tax of Rs.63.25 lakhs.

Reserves

During the year, your Company has transferred a sum of Rs. 500 lakhs to General Reserves account.

Fixed Deposits

A sum of Rs. 10.91 lakhs was collected as deposits during the year 2009-2010. Your Company has complied with the provisions of Section 58 (A) and 58 (AA) of the Companies Act, 1956 and the rules prescribed thereunder. Your Company has no unpaid deposits, which were due or repayable as on 31st March 2010. 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 & 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. G. Suryanarayanan, as Cost Auditor to carry out the Cost Audit for the Financial Year 2009-10.

Secretarial 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 Secretarial Audit of the Company. The Secretarial Audit Report for the financial year ended 31st March 2010, addressed to the Board of Directors of the Company, is attached to the Annual Report. The Secretarial 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

Dr K N Sivasubramanian and Shri A Sennimalai are retiring by rotation at the ensuing Annual General Meeting and are 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 had been followed along with proper explanation relating to material departures.



- (ii) That the directors had 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 had 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 had 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.

Government of India has recently in December 2009 recommended a set of voluntary guidelines on Corporate Governance and Corporate Social responsibility for voluntary adoption by all Companies. Many of the guidelines are already covered by Clause 49 of the Listing Agreement as per SEBI directives and are being followed. Introduction of Secretarial Audit has been done. However, a few new voluntary guidelines like periodical change of independent Directors, issue of appointment orders for Directors, rotation of Auditors, report on the Corporate Social Responsibility, funds earmarked and utilized could not be implemented this year due to shortage of time. Your Company hopes to implement them to the extent feasible in the coming year and report to the shareholders.

Particulars of Employees

Under the provisions of Section 217(2A)(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, 2010 and were in receipt of remuneration aggregating not less than Rs.24,00,000

Name / (Age)	Designation of the Employee/ Nature of Duties	Remuneration (Rs.)	Qualification/ Experience (Years)	Date of commencement of Employment	Previous Employment
(1)	(2)	(3)	(4)	(5)	(6)
Dr. Palani G. Periasamy (72 Years)	Executive Chairman	221.68 lakhs	MA., M.A. Ph.D (USA) (23 Years)	04/06/1987	Professor of Economics, USA. Financial Consultant & Industrialist

(B) Employed for part of the year ended 31st March, 2010 and was in receipt of remuneration aggregating not less than Rs.2,00,000 per month. - NIL

1. The nature of employment is contractual. The appointment for a period of 5 years from 25.06.2009 to 24.06.2014 and the remuneration has been approved by the Govt. of India.
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

Place: Chennai - 34 Dr PALANI G PERIASAMY
Date: 25th May 2010 Executive Chairman

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. The Company is having 3 units with Sugar plants having a total capacity of 10000 TCD, 37 MW Co Generation power plant and 160 KLPD Distillery.

Indian Sugar Scenario

India is the second largest producer of sugar in the world after Brazil. Indian Sugar Industry 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.45000 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.1700 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.

Indian sugar scenario has undergone a total sea change within a year. India is the world's biggest consumer of sugar and it is second biggest producer of sugar and normally a net exporter. However, it is being forced to import large volumes this year after stagnant domestic prices discouraged farmers from

growing cane, causing output nearly to half as farmers sowed more lucrative rice or wheat. On account of this, the sugar production for the sugar season 2009-10 is expected to be around 185 lakh tonnes as compared to the local estimated consumption of 225 lakh tonnes. Last season 2008-09 itself, the production has come down to 146 lakh tonnes from 263 lakh tonnes from the sugar season 2007-08. Despite the sharp drop in the production, the current year demand could be easily managed, as the country benefited from high carry over stocks from the previous season. Cane acreage has fallen sharply mainly in the key sugar producing areas given better returns for alternative crops. Summary of the Indian Sugar balance is

(Qty. in Lakh Tonnes)

S.No	Particulars	2007-08	2008-09	2009-10 Estimate	2010-11 Projection
1	Opening stock	109.00	100.00	44.00	44.00
2	Production	263.28	146.00	185.00	250.00
3	Imports	-	25.00	40.00	-
4	Total supply	372.28	271.00	269.00	294.00
5	Domestic consumption	222.00	225.00	225.00	230.00
6	Exports	49.56	2.00	-	10.00
7	Total demand	271.56	227.00	225.00	240.00
8	Closing stock as on 30 Sep	100.00	44.00	44.00	54.00
9	Stock as % of off take	36%	20%	20%	23%



World Sugar Scenario

In 2009-10, world production is expected to be 157.160 million tonnes, raw value up by 4.678 million tonnes. The World consumption is put at 166.585 million tonnes, raw value up by 2.432 million tonnes, generally in line with the long term average growth. However, the world consumption is expected to grow at a rate 1.48% which will be lower than the long term 10 year average of 2.66%. This is mainly on account of soaring World market prices and the impact of 2008-09 global recession. The sugar production during 2010-11 is likely to show a sharp increase, mainly due to increased cane acreage from India. India being the top sugar consumer in the world, the surplus or deficit in India has direct bearing on the World Sugar balance and the price.

Government Policies

Sugar is one of the highly controlled and regulated commodity in India. Levy obligation increased to 20% from the previous year level of 10%. Though the balance 80% 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. Discontinuation of transport subsidy on sugar exports.
2. Restoration of release control mechanism for exports.
3. Liberalization of raw sugar import under Advance Authorisation Scheme of EXIM Policy and Re-export norm relaxed on 'tonne-to-tonne' basis as compared to (Feb 09) 'grain to-grain' norm earlier.
4. Further liberalization of raw sugar import at zero % import duty with no re-export obligation. And levy exemption on both raw and white sugar imports.

5. Import of white sugar on zero % duty by Government agencies upto 10 lakh tonnes to augment domestic availability.
6. Stock holding and turnover limits notified for Sugar dealers.
7. Temporary ban on the futures market.

The price support system has resulted in low incentives to improve sugar cane yields and suboptimal price realization by sugar mills.

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 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 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 20% 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 one 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 have come down. The UNFC CFE has also made its norms stringent making it difficult for projects to earn the same level of Carbon Credit.

Ethanol

While ethanol had caught the fancy of the policy makers across the globe on account of record high crude prices last year. significant meltdown in the crude prices has now led to ethanol industry facing serious jeopardy. With slowdown in economy activity and reduced demand for cars, the ethanol industry is burdened with excess capacity. In US and Brazil, the companies are closing capacities. In India, while the government is taking steps to encourage the sector and the Honourable Minister for Non-Conventional Energy Sources has recommended 5% mandatory blending Ethanol with petrol in December 2009. However, the Ethanol programme is yet to be implemented by many states including Tamil Nadu.

Outlook for 2010-11

The production for 2010-11 season is expected to witness a substantial jump and is likely to be around 250 lakh tonnes as against the previous season's expected production of 180 lakh tones. This quantum jump in production would not have been possible, but for the attractive cane price paid during the season 2009-10. However, the cane cultivation in Tamil Nadu is affected by drought and is likely to be around 140 to 150 lakh tonnes as against the requirement



of about 250 lakh tonnes of cane. The cane availability at our command area is also likely to be lower on account of drought and is likely to affect our capacity utilization.

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

During this period there were no transactions by Executive/ Non-Executive Directors of the Company.

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, Dalai Street, Mumbai 400001.
2. National Stock Exchange of India Ltd, Exchange Plaza, Bandra Kurla Complex, Bandra (East) Mumbai-400051.

The Company had applied for Voluntary Delisting of its equity shares to Madras Stock Exchange on 19th September 2007, after getting the approval of the shareholders in the Annual General Meeting held on 17th September 2007. After following up with the Madras Stock Exchange, approval for the voluntary delisting was finally received from Madras Stock Exchange with effect from 7th January 2010 through their letter No. MSE/LD/PSK/731/011/10 dated 7th January 2010.

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 Directors) Rules, 1988.

a. Energy Conservation Measures:

1. We have installed auto cane feeding system for maintaining uniform cane crushing throughout the day. The cane carrier speed will vary depending upon the first mill chest pressure, leveler and mincer motor load current which will reduce the mill turbine load and steam consumption for mills. This will also help to reduce the fluctuation in the 3 MW turbo alternator.
2. Previously, we had two 132 KW/Hr pumps for Hot injection. By installing one MF 40/45 pump with one 132 MW/Hr motor, we have been saving power at 3168 Kwh/day in the Hot injection area.

b. Technology absorption, Adaptation and Innovation:

Efforts made in Technology absorption are given bellow in Form B.

Form B (Rule 2)

Form for disclosure of particulars with respect of Technology Absorption

- A. Research and Development(R & D) - Nil
- B. In order to modernize the technology, the Company has implemented Distributed Control System (DCS) for consistent and efficient operation of various equipments. This also reduces the power consumption.

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:

Earnings & Outgo	2009-2010	2008-2009
	(Rs. in lakhs)	
Foreign Exchange earned during the year	Nil	1486.30
Outgo during the year	47659.20	10.98



FORM 'A'

CONSUMPTION OF ENERGY

2009-10		2008-09	
Sugar	Distillery	Sugar	Distillery

A. POWER AND FUEL CONSUMPTION

1 ELECTRICITY

a. Purchased

Units	Kwh	1236942	124654	418478	150751
Total amount	Rs.	9176945	771577	4652200	1399364
Rate /Unit	Rs.	7.42	6.19	11.12	9.28

b. Own Generation

(i) Through Diesel Generator

Unit	Kwh	201565	19450	270611	67734
Unit / Litre of Diesel		2.94	3.20	5.09	3.22
Cost / Unit	Rs.	12.09	11.39	12.82	11.92

(ii) Through Steam

Turbine/Generator
(Generated out of our
own bagase
consumption)
Cost / Unit

Kwh	41081569	3482071	36659824	1957049
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2 COAL

Quantity	Mts.	57132	833
Total amount	Rs.	154523869	2173445
Average rate per MT	Rs.	2705	2610

3 FURNACE OIL

Quantity	Lts	33320	391985
Total amount	Rs.	751753	10474208
Average rate per Litre	Rs.	22.56	26.72

4 FIRE WOOD

Fire wood quantity	Mts.	38127	1528
Total cost	Rs.	91538696	2470063
Average rate per MT.	Rs.	2401	1617

B. CONSUMPTION PER UNIT OF PRODUCTION

Sugar Produced	Qtls	2130010	1436090
Industrial alcohol produced	Lts	15059065	8933333
Electricity consumed	Kwh	19.81	0.24
Coal Mts			25.84
Furnace Oil Lts			0.24
Fire wood Mts.			

for and on behalf of the Board
DR PALANI G PERIASAMY
Executive Chairman

Place : Chennai-34
Date : 25th May 2010

**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 Nine members out of whom two have resigned during the year. 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 20.06.2009, 21.07.2009, 24.08.2009, 29.10.2009 and 29.01.2010. Details of attendance of each Director at the Board meetings, the last AGM held on 24th August 2009, 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	1	Chm	-	-	-
Mr. A. Sennimalai - Non Executive	4	Yes	1	1	Mem	Mem	Mem	-
Dr. C. K. Ramachandran - Non Executive (Resigned on 10.09.2009)	Nil	No	Nil	Nil	-	-	-	-
Dr. K. N. Sivasubramanian - Non Executive (Independent)	Nil	No	Nil	Nil	-	-	-	-
Mr. M. Ramalingam - Managing Director	4	Yes	Nil	Nil	Mem	-	-	Mem
Dr. K. C. Reddy - Non Executive (Independent) (Nominee of IREDA)	4	No	Nil	Nil	-	Chm	Chm	Chm
Mr. P. S. Gopalakrishnan - Non Executive (Independent)	5	Yes	3	Nil	Mem	Mem	-	-
Mr. T. Ramabhadran - Non Executive (Independent)	5	Yes	3	Nil	-	Mem	Mem	-
Mr. M. Guruvayurappan (Independent) (Resigned on 25.06.2009) (Nominee of ICICI)	Nil	No	Nil	Nil	-	-	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. Seven meetings were held on 06.05.2009, 10.09.2009, 09.10.2009, 21.01.2010, 09.02.2010, 04.03.2010 and 30.03.2010 during the year.

The Names of Directors of the Management Committee are given below

- | |
|----------------------------|
| 1. Dr Palani G. Periasamy |
| 2. Mr M. Ramalingam |
| 3. Mr A. Sennimalai |
| 4. Mr 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 alternate Chairman of the Audit Committee Mr. P. S. Gopalakrishnan was present at the Annual General Meeting held on 24th August 2009.

The following are the present members of the Audit Committee.

- | |
|--|
| 1. Dr K C Reddy, Chairman (Representing IREDA) |
| 2. Mr PS Gopalakrishnan (Independent) |
| 3. Mr A Sennimalai |
| 4. Mr 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 20.06.2009, 21.07.2009, 29.10.2009 and 29.01.2010.

Name of the Director	No. of Audit Committee Meetings attended
Dr. K C Reddy	4
Mr P S Gopalakrishnan	4
Mr A Sennimalai	3
Mr T Ramabhadran	1

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.

- | | |
|---------------------|------------|
| 1. Dr K C Reddy | : Chairman |
| 2. Mr T Ramabhadran | : Director |
| 3. Mr 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 2009 - 2010 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 Mr 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.



(Rupees in Lakhs)

Particulars	Year ended 31 st March' 10	Year ended 31 st March' 09
a. Executive Chairman.		
1. Salary	40.53	12.00
2. Allowances	6.13	3.97
3. P.F & Superannuation	0.76	3.24
4. Commission	174.26	Nil
b. Managing Director		
1. Salary	9.60	9.00
2. Allowances	3.40	3.30
3. P.F & Superannuation	2.59	2.43

b. Sitting Fees Paid to Non - Executive Directors.

(in Rupees)

Sl.No	Name of the Director	Board Meeting	Committee Meeting
1	Mr A Sennimalai	20000.00	45000.00
2	Dr K C Reddy	20000.00	30000.00
3	Mr P S Gopalakrishnan	20000.00	65000.00
4	Mr T Ramabhadran	20000.00	15000.00
5	Mr M Guruvayurappan	-	-
6	Mr C K Ramachandran	-	-
7	Dr K N Sivasubramanian	-	-

8. Shareholders' Grievance Committee

The Shareholders' Grievance Committee consists of Dr K C Reddy, Chairman who is a Non-Executive Director, and Mr. M Ramalingam, Managing Director with Mr. 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	29
No. of Complaints settled	29
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

7. General Body Meeting

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

AGM for the year	Location	Date	Time
2008-2009	Narada Gana Sabha, No.314, TTK Road, Alwarper, Chennai 600 018	24.08.2009	10.20 A.M
2007-2008	Narada Gana Sabha, No.314, TTK Road, Alwarper, Chennai 600 018	29.09.2008	10.20 A.M
2006-2007	Narada Gana Sabha, No.314, TTK Road, Alwarper, Chennai 600 018	17.09.2007	10.20 A.M

- Three Special Resolutions were passed in the Annual General Meeting held on 17th September 2007.
- Two Special Resolutions were passed in the Annual General Meeting held on 24th August 2009.

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



8. 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.

9. 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 2009-2010 are given against note ii in the Schedule 18.3.10 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.

10. 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.

11. Means of Communication

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 09	Economic Times	Makkal Kural
Sep 09	Economic Times	Makkal Kural
Dec 09	Economic Times	Makkal Kural
March 10	Financial Express	Makkal Kural

The results published also show as a footnote relevant additional information and/or disclosure to the investors, as required under Listing Agreement. The results are also filed on the Electronic Data Information Filing and Retrieval (EDIFAR) website maintained by National Informatics Centre (NIC), online, in the format prescribed by SEBI at the same time they are sent to the Stock Exchanges. The same is accessible to all those who are interested. The EDIFAR has since been discontinued as per directions of SEBI.

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

12. 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.

**13. General Shareholder Information**

i. Time, Date and Venue of Annual General Meeting	10.20 A.M on 6 th September 2010 Narada Gana Sabha, New No. 314, TTK Road, Alwarpet, Chennai - 600 018.
ii. Financial Year	April 2009 - March 2010
iii. Date of Book Closure	01.09.2010 to 08.09.2010 (both days inclusive)
iv. Dividend Payment Date	Within 30 days from the date of declaration.
v. Listing on Stock Exchanges	1. Bombay Stock Exchange, Mumbai 2. The National Stock Exchange of India Ltd (Voluntary delisting from Madras Stock Exchange has been approved with effect from 7 th January 2010)
vi. Announcement of Quarterly Results	Tentatively during the 2 nd Week of August 2010, November 2010, February 2011 and June 2011

14. Market Price Data

The high and low quotations of the Company's shares on the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) from April 2009 to March 2010 are furnished below. Bombay Stock Exchange script code 507442 & NSE DHARSUGAR EQ. No transaction has taken place in Madras Stock Exchange.

Month	NSE		BSE	
	HIGH (Rs.P.)	LOW (Rs.P.)	HIGH (Rs.P.)	LOW (Rs.P.)
Apr' 2009	30.20	19.50	29.95	19.20
May' 2009	32.25	24.70	31.95	24.75
June' 2009	34.15	24.25	34.55	24.75
July' 2009	52.21	48.85	51.95	27.60
Aug' 2009	73.70	50.70	72.55	47.60
Sep' 2009	87.40	67.55	87.30	68.50
Oct' 2009	95.15	68.00	97.70	68.05
Nov' 2009	124.00	76.90	124.90	77.50
Dec' 2009	129.60	94.80	129.00	95.00
Jan' 2010	125.25	88.00	125.90	86.00
Feb' 2010	110.45	60.00	109.70	61.00
Mar' 2010	69.10	46.50	69.00	47.00

15. Distribution of shareholding details as on 31.03.2010

Shareholding of Nominal value of Rs.	Shareholders		Share Amount	
	Number	% to Total	In Rs.	% to Total
Upto 5000	14100	92.03	18822280	7.41
5001 - 10000	640	4.18	5074840	2.00
10001 - 20000	237	1.55	3617280	1.42
20001 - 30000	63	0.41	1578220	0.62
30001 - 40000	37	0.24	1314610	0.52
40001 - 50000	32	0.21	1519570	0.60
50001 - 100000	53	0.34	4136070	1.63
100001 and above	159	1.04	217835590	85.80
Total	15321	100.00	253898460	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.

16. Registrars and Share Transfer Agents

M/s Cameo Corporate Services Limited
"Subramanian Building", 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.

17. No of Shares Held by Non - Executive Directors

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

18. Dematerialisation of Shares.

The Company's Equity Shares already stand 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 31.03.2010, 18437506 Shares constituting 72.62% have been dematerialised.

	No of Shares	% of Shares
National Securities Depository Ltd	16684526	65.71
Central Depository Services (I) Ltd	1752980	6.91
Total	18437506	72.62

19. PAN Requirement

SEBI vide circular dt. 27th April '07 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 '09 has made it mandatory to furnish a copy of PAN card of the transferee to the Company / RTA for registration of transfer / transmission shares of listed companies in physical form and off market / private transactions. Investors are advised to take note of same.



20. Plant Location

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

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

21. 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, Secretarial Department of the company can be approached.

22. Dividend for the year 2009-10.

The Board of Directors have been pleased to recommend a dividend of Rs. 1.50 per equity share i.e., 15% on equity shares for the year ended 31st March 2010.

a. Dividend Entitlement

Dividend, if declared at the Annual General Meeting, will be paid within the statutory period to the members whose names appear on the Register of Members on 6th September 2010 or to their mandatees. In respect of shares held in Electronic Form, dividend will be paid to the beneficial owners of shares recorded with the depositories as of 6th September 2010 as per details to be furnished by NSDL/ CDSL for the purpose.



b. Validity

Dividend warrants are payable at par at the designated branches of the Bank printed on reverse of the Dividend warrant for an initial period of 3 months only. Payment instrument thereafter would be payable only at limited centres. The members are, therefore, advised to encash dividend warrants within the initial validity period.

c. 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.

d. 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 should be lodged with the Company on or before 06-09-2010.

23. 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 2009-10 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 Kallannan
President (CF)

Sd/-
M Ramalingam
Managing Director

24. 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

25. Secretarial Audit Report

In accordance with the guidelines on Corporate Governance issued by the Government of India in December 2009, the Company has appointed Mr M Damodaran, Practising Company Secretary, to conduct a Secretarial Audit of the Company for the financial year ended 31st March 2010. He has submitted his report confirming the Company's compliance with all the applicable provisions of various corporate laws. The Secretarial Audit Report is annexed.

26. 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

27. Addresses for Communication

M/s Dharani Sugars and Chemicals Limited
"PGP House" No.57, Sterling Road
Nungambakkam, Chennai 600 034.
Telephone: 044 - 2820 7480, 2820 7482, 2831 1313, 2825 4176/2825 2789
Fax No: 044 2823 2076, Email: secretarial@dharanisugars-pgp.com; secretarial@pgpgroup.in



Secretarial Audit Report

To,

**The Board of Directors,
Dharani Sugars and Chemicals Limited
"PGP House", No. 57, Sterling Road,
Nungambakkam, Chennai - 600 034**

I have examined the registers, records and documents of **Dharani Sugars and Chemicals Limited** ("the Company") for the financial year ended on March 31, 2010 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.

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 22nd Annual General Meeting held on 24th August 2009.
- 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 Auditors;
- 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
- s. generally, all other applicable provisions of the Act and the Rules made under that Act.

2. I 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 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
Dated : 25th May 2010



Dharani Sugars and Chemicals Limited

**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 2010 and the related 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, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, 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 and records;
- (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 2010, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2010 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.

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2010;
- (ii) in the case of the Profit & Loss Account, of the Profit of the Company for the year ended on that date and;
- (iii) 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

Place : Chennai
Dated : 25th May 2010 Membership No.025416



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 not taken any loans from parties covered in the register maintained under Section 301 of the Companies Act, 1956. However, the outstanding amount in respect of the loans taken in the earlier years is Rs. 150 lakhs as at the end of the year.
 - b) In our opinion the rate of interest and other terms and conditions on which the loans has been taken from companies, firms or other parties listed in the registers maintained under Section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company. The repayment of Principal and Interest are regular.
4. In our opinion and according to the information and 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 with regard to 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 books of account 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
Tamil Nadu Sales Tax Act and Central Sales Act, 1961	Purchase Tax on Cane Purchase.	227.68 (Rs. 227.68 lacs paid under protest)	Supreme Court
Tamil Nadu Sales Tax Act and Central Sales Act, 1961	Purchase Tax on Cane Purchase.	745.68	Madurai High court
Service Tax Act, 1994	Service Tax on Manpower and Recruitment Supply Agency Service	464.72	Central Excise and Service Tax Appellate Tribunal
Service Tax Act, 1994	Service Tax on Goods Transport Agency	12.92	Commissioner Appeals, Madurai



10. The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and 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, other than temporary deployment pending application.
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 not made any preferential allotment of shares to parties and companies 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 money through a public issue 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**

Place : Chennai Partner
Dated : 25th May 2010 Membership No. 025416



Dharani Sugars and Chemicals Limited

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 year ended 31st March 2010, as stipulated in clause 49 of 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 Company for ensuring the compliance of Corporate Governance. It is neither an audit nor an expression of opinion on 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

per P SRINIVASAN
Partner
Membership No. 025416

Place : Chennai
Dated : 25th May 2010

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**BALANCE SHEET AS AT 31ST MARCH 2010**

Particulars	Schedule No.	As at 31.03.2010	As at 31.03.2009
A. SOURCES OF FUNDS			
(Rs. in Lakhs)			
Shareholder's Funds			
Share Capital	1	2,538.98	2,538.98
Share Application Money		1,800.11	-
Reserves & Surplus	2	6,612.36	2,504.80
		10,751.45	5,043.78
Deferred Tax Liability		2,437.80	-
Loan Funds			
Secured Loans	3	42,639.13	29,630.18
Unsecured Loans	4	5,780.72	6,240.40
		48,419.85	35,870.58
Total		61,609.10	40,914.36
B. APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	45,001.75	20,810.33
Less : Accumulated Depreciation		9,424.18	8,172.65
Net Block		35,577.57	12,637.68
Capital - Work in Progress		3,022.20	14,006.79
		38,599.77	26,644.47
Investments	6	520.42	520.42
Deferred tax asset		-	540.30
Current Assets, Loans & Advances			
Inventories	7	50,283.68	16,806.59
Sundry Debtors	8	2,588.70	822.52
Cash and Bank Balances	9	3,951.19	3,177.86
Loans and Advances	10	4,617.50	2,451.31
		61,431.05	23,258.28
Less : Current Liabilities & Provisions	11	36,942.14	10,049.11
Net Current Assets		22,488.91	13,209.17
Total		61,609.10	40,914.36
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

E.P. SAKTHIVEL
Company Secretary

M. RAMALINGAM
Managing Director

DR. PALANI G. PERIASAMY
Executive Chairman

Membership No. 025416
Place : Chennai - 600 034
Dated : 25th May 2010



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

Particulars	Schedule No.	For the year Ended 31.03.2010	For the year Ended 31.03.2009
(Rs. in Lakhs)			
A. INCOME	12	59,667.62	23,283.08
Sales		1,837.32	1,022.12
Less: Excise Duty		57,830.30	22,260.96
Net Sales		1,420.21	41.68
Other Income	13	14,671.40	7,226.40
Increase/(Decrease) in inventory	14	73,921.91	29,529.04
Total			
B. EXPENSES	15	53,257.78	19,798.57
Raw Materials consumed		340.29	555.15
Excise duty movement in inventory	16	8,131.45	3,747.65
Manufacturing and Other Expenses		61,729.52	24,101.37
Total		12,192.39	5,427.67
C. Profit before Interest & Depreciation	17	3,326.96	2,256.15
Interest and Finance Charges	5	1,398.00	698.62
Depreciation		7,467.43	2,472.90
D. Profit after Interest & Depreciation		11.25	11.25
E. Amortisation of USAID Grant		7,478.68	2,484.15
F. Profit/ (Loss) before Tax			
G. Provision for Tax		(1,286.14)	(286.41)
a) Current tax		82.69	(44.24)
b) Provision for tax pertaining to previous year (reversal)		1,265.76	
c) Minimum alternative tax entitlement credit (current year and relating to earlier year Rs. 203.71 Lakhs)		(2,978.09)	(1,139.99)
d) Deferred Tax Asset / (Liability)			(7.69)
e) Fringe Benefit Tax		4,562.90	1005.82
H. Profit/ (Loss) after Tax		842.40	233.63
I. Surplus Carried forward from previous year		5,405.30	1,239.45
J. Amount available for appropriation			
K. Appropriations/Transfers		380.85	253.90
a) Proposed Dividend		63.25	43.15
b) Dividend Distribution Tax		500.00	100.00
c) Transfer to General Reserve		4,461.20	842.40
d) Balance carried forward to Balance Sheet		5,405.30	1,239.45
		17.97	3.96
Earnings per Share (Refer Note 18.3.13)			

Earnings per Share (Refer Note 18.3.13)

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

per **P SRINIVASAN**
Partner

Membership No.025416
Place : Chennai - 600 034
Dated : 25th May 2010

E.P. SAKTHIVEL
Company Secretary

M. RAMALINGAM
Managing Director

for and on behalf of the Board

DR. PALANI G. PERIASAMY
Executive Chairman



Schedules forming part of the Balance Sheet as at 31st March 2010

	As at 31.03.2010	As at 31.03.2009
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	6,000.00	6,000.00
Issued, Subscribed and Paid up		
25389846 Equity Shares of Rs. 10/- each fully paid up (Previous year - 25389846 Equity Shares of Rs. 10/-each fully paid up)	2,538.98	2,538.98
Total	2,538.98	2,538.98
SCHEDULE 2		
RESERVES & SURPLUS		
Securities Premium Account		
(i) Opening Balance	1,475.10	1,475.10
	<u>1,475.10</u>	<u>1,475.10</u>
General Reserve		
(i) Opening Balance	100.00	-
(ii) Transferred from Profit & (Loss) Account	500.00	100.00
	<u>600.00</u>	<u>100.00</u>
Balance in Profit and (Loss) account	4,461.20	842.40
Capital Reserves		
(i) Opening Balance	0.85	0.85
	<u>0.85</u>	<u>0.85</u>
Capital Grant (USAID) *		
(i) Opening Balance	88.45	97.70
(ii) Transferred to Profit & (Loss) Account	(11.24)	(11.25)
	<u>75.21</u>	<u>86.45</u>
Total	6,612.36	2,504.80

* Refer Note No.18.2 i of Notes to Accounts

Schedules forming part of the Balance Sheet as at 31st March 2010 (contd.,)

	As at 31.03.2010	As at 31.03.2009
	(Rs. In Lakhs)	
SCHEDULE 3		
SECURED LOANS		
FROM BANKS		
a) Cash Credit for working capital	14,745.00	6,373.98
b) Term Loans	26,513.99	22,257.46
FROM FINANCIAL INSTITUTIONS		
Indian Renewable Energy Development Agency Ltd	-	28.60
FROM OTHERS		
Sugar Development Fund, Government of India	1,380.14	970.14
Total	<u>42,639.13</u>	<u>29,630.18</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.
- During the year IREDA Term loan was fully repaid.
- During the year the company has received Rs. 410 Lakhs from SDF for cane development.

SCHEDULE 4

UNSECURED LOANS		
1. Fixed Deposits	92.62	111.33
2. From Banks	5,538.10	4,989.07
3. Inter Corporate Deposits	150.00	940.00
4. Loan from Directors	-	200.00
Total	<u>5,780.72</u>	<u>6,240.40</u>



SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2010 (Contd.,)

SCHEDULE 5
FIXED ASSETS & DEPRECIATION

(Rupees in lakhs)

Sl. No.	Description of Assets	GROSS BLOCK			DEPRECIATION			NET BLOCK			
		As at 31.03.2009	Additions	Sales / deletion adjustments	As at 31.03.2010	Up to 31.03.2009	For the Year	Sales / deletion adjustments	Up to 31.03.2010	As at 31.03.2010	As at 31.03.2009
1.	Land & Site Development	899.25	-	-	899.25	-	-	-	-	899.25	899.25
2.	Buildings	4,778.59	5,054.87	9.85	9,823.61	1,357.82	170.08	2.10	1,523.80	8,297.81	3,420.77
3.	Plant & Machinery	14,897.66	19,310.73	212.17	33,996.22	6,681.02	1,206.96	144.37	7,743.60	26,252.62	8,216.64
4.	Furniture & Fixtures	88.07	10.16	-	98.23	53.63	8.78	-	62.41	35.82	34.44
5.	Office Equipments	36.96	20.58	-	57.52	17.43	5.00	-	22.43	35.09	19.53
6.	Vehicles	109.80	17.12	-	126.92	62.75	7.19	-	69.94	56.96	47.05
	TOTAL	20,810.33	24,413.44	222.02	45,001.75	8,172.65	1,398.00	148.47	9,424.18	35,577.57	12,637.68
	Capital work in progress (Includes capital advances)									3,090.87	14,006.79
	Total Net Block									38,668.44	26,644.47
	Previous Year	17,803.83	3,020.87	14.37	20,810.33	7,485.79	698.62	11.74	8,172.87	12,637.66	10,318.04

Schedules forming part of the Balance Sheet as at 31st March 2010 (contd.)

	As at 31.03.2010	As at 31.03.2009
	(Rs. in Lakhs)	
SCHEDULE 6		
INVESTMENTS		
Trade (quoted) : At cost		
139000 Shares of Rs.10/- each (Fully paid up) in Dharani Finance Ltd. (Market Value Rs.8.49 lakhs) (Previous Year - Rs.8.27 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.	<u>5.63</u>	<u>5.63</u>
Total	<u>520.42</u>	<u>520.42</u>
SCHEDULE 7		
INVENTORIES (As per Inventory taken, valued and certified by the Management)		
Stores & Spares	806.74	557.45
Raw Materials	23,157.29	4,620.91
Work in Progress	382.54	133.84
Finished Goods	25,917.09	11,494.39
Total	<u>50,263.66</u>	<u>16,806.59</u>
SCHEDULE 8		
SUNDRY DEBTORS (Unsecured, considered good)		
Debts outstanding for a period exceeding six months	353.11	397.91
Other Debts	<u>2,245.59</u>	<u>424.61</u>
Total	<u>2,598.70</u>	<u>822.52</u>
SCHEDULE 9		
CASH AND BANK BALANCES		
i) Cash on Hand	13.90	9.83
ii) Cheques on Hand	423.83	-
iii) Bank balances		
a) In Current account with Scheduled Banks	154.03	2,484.37
b) In Current account with Other Banks	18.43	27.95
c) In Deposit with Scheduled Banks	3,333.53	655.71
d) In Unpaid Dividend account	7.47	-
Total	<u>3,951.19</u>	<u>3,177.86</u>

Schedules forming part of the Balance Sheet as at 31st March 2010 (contd.)

	As at 31.03.2010	As at 31.03.2009
(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	769.09	874.83
Balances with Customs, Central Excise and Sales-tax authorities	2,110.70	1,109.39
Security and other Deposits	102.23	103.53
Advance Income Tax and Tax Deducted at Source	30.92	24.76
MAT Credit Entitlement	<u>1,604.56</u>	<u>338.80</u>
	4,617.50	2,451.31
Considered doubtful	16.21	16.21
Less: Provision for doubtful recoveries	<u>16.21</u>	<u>16.21</u>
Total	<u>4,617.50</u>	<u>2,451.31</u>

SCHEDULE 11**CURRENT LIABILITIES & PROVISIONS****A. Current Liabilities**

Sundry Creditors		
Dues to Micro, Small and Medium Enterprises (*)	63.70	40.05
Dues to Creditors other than Micro, Small and Medium Enterprises	34,689.95	7,704.22
Other liabilities (#)	681.57	357.54
Excise Duty and Cess on closing stock	1,229.23	888.94
Advance from customers	900.47	40.08
Security Deposit	28.47	39.66
Interest accrued but not due on loans	176.39	391.70
Total (A)	<u>37,769.78</u>	<u>9,462.19</u>

* Refer Note 18.3.10, iv

B. Provisions

Provision for Taxation (Net of Advance Tax)	484.93	135.59
Proposed Equity Dividend	380.85	253.90
Dividend Distribution Tax	63.25	43.15
Provision for Gratuity	195.59	130.96
Provision for Leave encashment	<u>47.74</u>	<u>23.32</u>
Total (B)	<u>1,172.36</u>	<u>586.92</u>
Total (A+B)	<u>38,942.14</u>	<u>10,049.11</u>

There are no amounts payable to Investors' Protection and Education Fund

**Dharani Sugars and Chemicals Limited****Schedules forming part of the Profit and Loss Account for the year ended 31st March 2010**

	Year ended 31.03.2010	(Rs. in Lakhs)	Year ended 31.03.2009
SCHEDULE 12			
SALES			
Sugar			
Domestic	52,262.36	16,625.98	
Export	-	1,486.30	
	<u>52,262.36</u>		18,112.28
Industrial Alcohol	4,248.10		2,594.83
Power	3,062.53		1,555.64
Molasses	-		641.55
Bagasse	-		256.86
Bio compost	35.13		66.54
Carbondioxide	59.50		55.38
Total	<u>59,667.62</u>		<u>23,283.08</u>
SCHEDULE 13			
OTHER INCOME			
Interest Receipt (Tax Deducted at source Rs.8.42 Lakhs Previous year - Rs.4.16 Lakhs)	81.98		18.87
Dividend Income	-		0.70
Profit on Sale / discarding of asset	99.59		-
Exchange Fluctuation Gain	1,080.12		-
Others (Tax Deducted at source Rs.1.07 Lakhs, Previous year - Rs.Nil)	158.52		22.11
Total	<u>1,420.21</u>		<u>41.68</u>
SCHEDULE 14			
INCREASE/(DECREASE) IN INVENTORY			
Opening Stock			
Work in progress	133.84		102.44
Finished goods	11,494.39		4,299.39
	<u>11,628.23</u>		<u>4,401.83</u>
Closing Stock			
Work in progress	382.54		133.84
Finished goods	25,917.09		11,494.39
	<u>24,299.63</u>		<u>11,628.23</u>
Total	<u>14,671.40</u>		<u>7,226.40</u>
SCHEDULE 15			
RAW MATERIAL CONSUMED			
Sugar cane consumed	22,409.49		18,666.29
Raw sugar consumed	29,582.33		652.15
Molasses consumed	1,265.96		480.13
Total	<u>53,257.78</u>		<u>19,798.57</u>

**Dharani Sugars and Chemicals Limited****Schedules forming part of the Profit and Loss Account for the year ended 31st March 2010(contd.)**

	Year ended 31.03.2010	Year ended 31.03.2009
(Rs. in Lakhs)		
SCHEDULE 16		
MANUFACTURING AND OTHER EXPENSES		
Fuel for Co-generation	2,734.35	-
Power and Fuel	139.14	308.48
Stores and Spares Consumed	969.78	1,180.79
Salaries, Wages and Bonus	987.98	764.03
Contribution to Provident Fund	64.57	55.95
Gratuity and Superannuation	73.71	47.66
Welfare Expenses	91.62	50.02
	1,217.88	917.66
Rent	64.20	55.23
Rates & Taxes	53.39	34.04
Insurance	45.28	35.86
Director's Sitting Fees	2.35	0.94
Executive Chairman & Managing Director Remuneration	237.27	33.94
Travelling & Conveyance	29.29	33.54
Postage, Telegram & Telephones	18.34	13.73
Printing & Stationery	20.71	16.06
Auditors' Remuneration	5.68	4.81
Repairs and Maintenance		
- Plant and Machinery	290.71	229.85
- Building	168.36	121.46
- Vehicle	47.58	62.01
- Others	23.50	10.40
Loss on sale/discard of fixed assets	-	2.49
Packing and forwarding	2,032.36	678.77
Miscellaneous expenses	31.28	7.59
Total	8,131.45	3,747.65
SCHEDULE 17		
INTEREST AND FINANCE CHARGES		
Interest on Term Loans	1,582.85	691.56
Interest on Working capital	1,351.17	964.44
Other Interest and Finance Charges	392.94	600.15
Total	3,326.96	2,256.15



SCHEDULE 18

Notes attached to and forming part of the Accounts for the year ended 31st March, 2010

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 recognized 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 rate 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")

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

**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.4,333.39 lakhs (Previous year - Rs. 8,625.02 lakhs).

18.3.2 Contingent Liabilities

i. Claims against the Company not acknowledged as debt Rs.487.90 lakhs (Previous year - Rs. 353.61 lakhs).

ii. Purchase Tax demand contested Rs.745.68 lakhs (Previous year - Rs.745.68 lakhs).

iii. Export bills contested Rs.353.11 lakhs (Previous year - Rs. 396.70 lakhs).

iv. The Company has imported 381167.66 MT of raw sugar and out of which 207083 MT Imported under Advance License. As per the terms and conditions of License 197223.24 tones of White sugar will have to be exported within the prescribed period of the respective License.

The Company has so far exported 89,789 MT of white sugar (Including Nil 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 carry forward of 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. 1285.76 Lakhs is provided during the year.

ii. Deferred taxation

The Company had created deferred tax liability (net) of Rs. 2,978.09 lakhs till March 31, 2010 in accordance with the requirements of the Accounting Standard 22 "Accounting for Taxes on Income".

Break up of Deferred Tax Asset / (Liability) as on 31.03.2010 is as follows:

(Rs. in lakhs)

Particulars	As at 31 st March 10	As at 31 st March 09
Timing Difference in Depreciable Asset	(2597.49)	(1794.84)
Eligible carry forward of loss / unabsorbed depreciation	-	1922.43
Expenses allowable against taxable income in future years	159.69	412.71
Net Deferred Tax Asset	(2437.80)	540.30

**18.3.4 Employee Benefits as per AS-15 (Revised)****18.3.4.1 Components of Employer Expense***(Rs. in lakhs)*

S.No.	Particulars	As at 31 st March 10	As at 31 st March 09
a)	Current Service Cost	30.58	23.69
b)	Interest Cost	10.11	8.10
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	30.00	30.58
h)	Total expenses / (gain) recognized in the Profit & Loss Account	73.69	62.37

18.3.4.1.1 Net Assets / (Liability) recognized in the balance sheet as at 31st March, 2010*(Rs. in lakhs)*

S.No.	Particulars	As at 31 st March 10	As at 31 st March 09
a)	Present value of obligation as at 31 st March, 2010	243.33	154.28
b)	Fair Value of plan assets as at 31 st March, 2010	Nil	Nil
c)	(Asset) / Liability recognized in the Balance sheet	243.33	154.28

18.3.4.1.2 Change In Defined Benefit Obligations (DBO) during the year ended 31st March, 2010*(Rs. in lakhs)*

S.No.	Particulars	As at 31 st March 10	As at 31 st March 09
a)	Present value of Obligation as at the beginning of the period	154.28	110.58
b)	Current service cost	43.99	23.69
c)	Interest cost	11.44	8.10
d)	Curtailment Cost / (Credit)	Nil	Nil
e)	Settlement Cost / (Credit)	Nil	Nil
f)	Plan Amendments	Nil	Nil
g)	Accretions	Nil	Nil
h)	Actuarial (Gain) / Loss	56.18	30.58
i)	Benefits paid	(22.56)	(18.67)
j)	Present value of Obligation as at 31 st March, 2009	243.33	154.28

**18.3.4.1.3 Change in the Fair Value of Plan Assets***(Rs. in lakhs)*

S.No.	Particulars	As at 31 st March 10	As at 31 st March 09
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	22.56	18.67
f)	Benefits Paid	(22.56)	(18.67)
g)	Fair Value of Plan Assets as at 31 st March, 2010	Nil	Nil

18.3.4.1.4 Actuarial Assumptions*Rate in %*

S.No.	Particulars	As at 31 st March 10	As at 31 st March 09
a)	Discount Rate (per annum)	8%	8%
b)	Expected Rate of Return on Assets (per annum)	Nil	Nil

18.3.5 Operating Lease

S.No.	Particulars	As at 31 st March 10	As at 31 st March 09
a)	Not Later than One year	60.12	49.15
b)	Later than One year but not later than five years	10.10	109.93
c)	Later than five years	Nil	Nil
	Total	70.22	159.08

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.1981.22 lakhs (Previous year - Rs.1453.18 lakhs)

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

(given in Schedule 9)

(Rs. in lakhs)

Name of the Bank	As at 31 st March 10	As at 31 st March 09
Tiruvannamalai District Co-Operative Bank, Polur	17.06	27.73
Virudhunagar District Central Co-Operative Bank - Dharani Nagar	Nil	0.02
Villupuram District Central Co-Operative Bank - Thiyagadurgam	1.37	0.20
Total	18.43	27.95

Note: 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 on expansion of capacity as well as the New Unit III at Sankarapuram. The amount of borrowing cost which is capitalised/to be capitalised is as follows: Borrowing cost relating to Sankarapuram project capitalized during the year Rs.1978.75 Lakhs (Previous Year - Rs.NIL). Borrowing cost relating to Sankarapuram Project (III Unit) & Polur Unit included in Capital Work-in-Progress is Rs. 60.16 lakhs. (Previous Year - Rs. 736.67 lakhs)

18.3.8.1 Capitalisation of Pre-operative Cost:

The Company capitalizes to a project all the costs directly attributable to completing the project. All the expenditure incurred on a project, till it is commissioned, is kept as Capital Work in Progress (CWIP) and after commissioning the same is transferred to Gross Block. The expenditure incurred on start-up and commissioning of the project, including the expenditure incurred on test runs and experimental production is capitalized as an indirect element of the construction cost. The detail of Pre-operative expenses capitalized in the books is given hereunder:

Description	Rs. in lakhs
Cane Cost	161.73
Power and Fuel	197.07
Stores Consumption	15.49
Salaries and Wages	310.33
Rent, Rate and Taxes	17.32
Insurance	24.68
Consultancy Charges	124.22
Other Expenses (Directly attributable)	109.10
Total	959.94

18.3.9 Information pursuant to the provisions of Part II Schedule VI of the Companies Act, 1956.

**i. Licensed and Installed Capacities:
For manufacture of Sugar: (UOM - TCD)**

Factories	Year ended 31 st March 10		Year ended 31 st March 09	
	Licensed	Installed	Licensed	Installed
A. Cane				
Dharani I at Dharani Nagar, Tamil Nadu	N.A	2,500	N.A	2,500
Dharani II at Polur, Tamil Nadu	N.A	4,000	N.A	4,000
Dharani, III at Sankarapuram, Tamil Nadu	N.A	3,500	N.A	Nil
Total tones of cane crushed per day	N.A	10,000	N.A	6,500



B. Industrial Alcohol & Co-gen.

Factories		Year ended 31 st March 10		Year ended 31 st March 09	
		Licenced	Installed	Licenced	Installed
Distillery Plant at Dharani Nagar, Tamil Nadu	KLPD	60	60	60	60
Distillery Plant at Sankarapuram, Tamil Nadu	KLPD	75	Nil	75	Nil
Co-generation Power Plant at Polur, Tamil Nadu	MW	N.A	Nil	N.A	15
Co-generation Power Plant at Sankarapuram, Tamil Nadu	MW	N.A	22	N.A	Nil

Note : N.A. means 'Not Applicable'

ii. Expenditure on employees in respect of remuneration of not less than Rs.24,00,000 per annum or Rs.2,00,000 per month is given below

Particulars	Year ended 31 st March 10	Year ended 31 st March 09
a. Executive Chairman		
I. Salary	40.53	12.00
II. Allowances	6.13	3.97
III. P.F & Superannuation	0.76	3.24
IV. Commission	174.26	Nil

ii. Quantitative details:

Periods/ Products/ Details/ UOM	2009-10				2008-09			
	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	6,72,888	18,084	181,785	Nil	2,83,097	8,061	2,24,844	Nil
Production	21,30,010	63,715	1,50,59065	12,14,28,285	14,36,090	71,731	89,33,333	8,42,19,600
Redistillation / Normal loss	Nil	Nil	574	Nil	Nil	Nil	939	Nil
Sales less returns	18,83,099	Nil	1,42,29,140	7,65,36,600	10,46,299	18,877	89,74,253	5,03,93,300
Transfer to Distillery / Own Consumption	Nil	49,759	1,200	4,48,91,685	Nil	42,831	1,200	3,38,26,300
Closing Stock	9,18,799	32,040	10,08,936	Nil	6,72,888	18,084	181,785	Nil
Sales inclusive of Excise Duty (Rs. in Lakhs)	52,262.36	Nil	4,248.10	3,062.53	18,112.28	641.55	2,594.83	1,555.64



Dharani Sugars and Chemicals Limited

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

Particulars	2009-10		2008-09	
	Consumed	% of Total consumed	Consumed	% of Total consumed
1. Raw Materials (Qty in M.T)				
a. Sugarcane	12,22,547		15,28,155	
b. Raw Sugar	1,16,215		3,612	
c. Molasses	81,001		36,000	
2. Value (Rs. in Lakhs)				
a. Sugarcane	22,408.48	42%	18,666.29	94%
b. Raw Sugar (Imported)	29,582.33	55%	652.15	3%
c. Molasses	1,265.98	3%	480.13	2%
	53,257.78	100%	19,798.57	100%
3. Spares and Components (Value in Lakhs)				
a. Imported	Nil		0.76	
b. Indigenous	969.78	100%	1,180.03	100%
4. CIF value of Import Details (Value in Lakhs)				
a. Raw Sugar	46,018.73		5,034.04	
b. Spares	Nil		0.76	

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 10	Year ended 31 st March 09
a. Executive Chairman		
i. Salary	40.53	12.00
ii. Allowances	6.13	3.97
iii. P.F & Superannuation	0.76	3.24
iv. Commission	174.26	Nil
b. Managing Director		
i. Salary	9.60	9.00
ii. Allowances	3.40	3.30
iii. P.F & Superannuation	2.59	2.43

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

Particulars	For the period as approved by the Central Government (Rs. in lakhs)
Turnover(Gross)	50,016.44
Net Profit or (loss) before tax	5,657.69
Add:	
Depreciation provided in accounts	1,192.24
Directors' remuneration	228.78
Directors' Sitting fees	1.70
Total	7,080.41
Less:	
Profits from the sale of the immovable property or fixed assets of a capital nature	79.44
Depreciation under Section 350 of the Act	1,192.24
Total	1,271.68
Profit	5,808.73
3% of the net profits as calculated above	174.26

**Dharani Sugars and Chemicals Limited**

The above working for commission is made in line with the approval received from Central Government effective from 25th June 09
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 10	Year ended 31 st March 09
i. Audit Fees	3.25	2.25
ii. Tax audit	0.82	0.75
iii. Certification work	1.08	1.37
iv. Out - of - pocket expenses and Service Tax	0.53	0.44

iii. Realisable value of Current Assets, 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 10	Year ended 31 st March 09
Principal	63.70	40.05
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) PGP Educational and Welfare Society (PGPE&WS) M/s. Dharani Developers Private Limited (DDPL)
Key Management Personnel	Dr. Palani G. Periasamy, Executive Chairman Mr. A. Sennimalai, Director, Mr. M. Ramalingam, Managing Director.
Enterprises Significantly influenced by Key Management Personnel	M/s. Ananthi Developers Limited (ADL)



Dharani Sugars and Chemicals Limited

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	A D L	KEY MANAGEMENT PERSONNEL	TOTAL	DFL	AHL	PGP E& WS	DDPL	A D L	KEY MANAGEMENT PERSONNEL	TOTAL
1. Utilisation of Services														
- Remuneration	-	-	-	-	-	237.27 (33.94)	237.27 (33.94)	-	-	-	-	-	145.15 (1.96)	145.15 (1.96)
- Rent	-	-	-	-	-	57.25 (49.15)	57.25 (49.15)	-	-	-	-	-	3.50 (Nil)	3.50 (Nil)
- Travel	4.74 (5.55)	-	-	-	-	-	4.74 (5.55)	0.06 (0.60)	-	-	-	-	-	0.06 (0.60)
- Sitting Fees	-	-	-	-	-	0.65 (0.33)	0.65 (0.33)	-	-	-	-	-	0.10 (Nil)	0.10 (Nil)
- Professional Fees	-	-	-	-	150.73 (214.74)	-	150.73 (214.74)	-	-	-	-	-	66.40 (1.06)	66.40 (1.06)
- Inter Corporate Deposits / Loans	-	100.00	-	690.00 (110.00)	-	200.00 (200.00)	990.00 (310.00)	-	150.00 (250.00)	-	Nil (690.00)	-	Nil (200.00)	150.00 (1,140.00)
- Interest	-	25.20 (30.00)	-	34.70 (96.00)	-	-	59.90 (126.00)	-	19.96 (Nil)	-	26.84 (Nil)	-	-	46.80 (Nil)
2. Rendering of Services														
- Rent	-	-	0.13 (0.13)	-	-	-	0.13 (0.13)	-	-	-	-	-	-	-

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, 2010
SCHEDULE 18

	SUGAR		DISTILLERY		POWER		UNALLOCATED		TOTAL	
	31.03.10	31.03.09	31.03.10	31.03.09	31.03.10	31.03.09	31.03.10	31.03.09	31.03.10	31.03.09
External Sales	50437.13	18006.60	4330.63	2698.72	3062.33	1555.64	-	-	57630.29	22260.96
Other Income	1104.86	-	79.80	-	2.52	-	233.03	41.68	1420.21	41.68
Intra - segment Sales	3108.19	3037.42	-	-	2508.29	1489.35	-	-	5616.48	4526.77
Gross Revenue	54650.19	21044.02	4410.43	2698.72	5573.34	3044.99	233.03	41.68	64866.99	26829.41
Less: Inter segment revenue	3108.19	3037.42	-	-	2808.29	1489.35	-	-	5616.48	4526.77
Total Revenue	51541.99	18006.60	4410.43	2698.72	3065.05	1555.64	233.03	41.68	59250.50	22302.64
RESULT	-	-	-	-	-	-	-	-	-	-
Segment Result	7862.30	3263.46	1338.26	1024.32	1260.86	389.59	233.03	41.68	10794.47	4729.05
Less: Unallocated Corporate Expenses	-	-	-	-	-	-	-	-	-	-
Operating Profit	-	-	-	-	-	-	-	-	10794.47	4729.05
Less: Interest expense	-	-	-	-	-	-	-	-	3328.97	2258.15
Add: Interest Income	-	-	-	-	-	-	-	-	-	-
Profit/(Loss) from ordinary activities	-	-	-	-	-	-	-	-	7467.50	2472.90
Net Profit/(Loss)	-	-	-	-	-	-	-	-	7467.50	2472.90
OTHER INFORMATION	-	-	-	-	-	-	-	-	-	-
Segment assets	87121.96	44038.63	4318.08	3972.09	6636.33	1223.27	-	-	99078.37	46233.99
Add: Unallocated Corporate Assets	-	-	-	-	-	-	316.96	305.23	316.96	305.23
Total assets	-	-	-	-	-	-	-	-	99395.32	49539.22
Segment liabilities	37845.52	9710.32	94.06	32.33	757.90	9.40	-	-	38697.06	9752.05
Add: Unallocated Corporate Liabilities	-	-	-	-	-	-	-	-	-	-
Total Liabilities	-	-	-	-	-	-	-	-	38697.06	9752.05
Capital expenditure	8787.55	13227.20	219.68	2558.92	4176.00	-	23.59	4.16	13206.83	15790.28
Depreciation	840.42	505.74	215.72	68.40	330.09	94.35	11.86	10.13	1398.00	698.62
Non-cash expenses other than depreciation	-	-	-	-	-	-	-	-	-	-



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18.3.13 Earnings Per Share

Particulars		As at 31.03.2010	As at 31.03.2009
a.	Net Profit as per Profit & Loss account (Rupees in Lakhs)	4,562.90	1,005.82
b.	Number of Equity shares	25,389,846	25,389,846
c.	Earnings Per Share (Rupees)	17.97	3.96

As at the reporting date, the Company has not issued any potential equity shares, and accordingly the basic earnings per share and diluted earnings per share are the same. However, the company has received Rs.1,600.11 lakhs during the year as share application money for preferential allotment of equity shares. "In-Principle" approval from Stock Exchanges is awaited.

18.3.14 Earnings in Foreign Currency (on accrual basis)

(Rs. in lakhs)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Sales income (FOB value)	Nil	1,486.30

18.3.15 Value of Imports (CIF basis- On Accrual Basis)

(Rs. in lakhs)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Raw materials	46,018.73	5034.04
Capital goods	1,638.92	Nil
Components and Spare parts	Nil	0.76

18.3.16 Expenditure in Foreign Currency (on accrual basis)

(Rs. in lakhs)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Raw sugar	46,018.73	Nil
Capital goods	1,638.92	Nil
Traveling	0.21	8.80
Others	1.34	2.18

18.3.17 Dividend (Net) remitted in Foreign Exchange

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

996.62	
1399.00	
10.13	
11.86	
94.35	
330.00	
86.40	
215.72	
505.74	
140.42	
Depreciation	
Non-cash expenses other than depreciation	

**18.3.18 Un-hedged Foreign currency exposures**

The Company had not 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. The details of Foreign Exchange Exposures as at the end of the year are given below:

(Rs. in lakhs)

Particulars	Currency Type	As at March 31, 2010		As at March 31, 2009	
		Amount (Foreign currency in Lakhs)	Amount	Amount (Foreign currency in Lakhs)	Amount
Secured Loans	USD	12.48	563.84	20.89	1059.87
Sundry Debtors	USD	7.84	353.11	7.84	396.70
Sundry Creditors	USD	632.14	28,560.10	93.30	4,978.99
Sundry Creditors	GBP	0.71	48.03	Nil	Nil

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 : 25th May 2010

E.P. SAKTHIVEL
Company Secretary

M. RAMALINGAM
Managing Director

DR. PALANI G. PERIASAMY
Executive Chairman



Dharani Sugars and Chemicals Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010

	As at 31.03.2010	As at 31.03.2009
	(Rs. in Lakhs)	
A. Cash Flow From Operating Activities		
Net Profit / (Loss) before Tax	(7,476.88)	2,484.15
Adjustment for :		
- Depreciation	1,398.00	698.62
- (Profit)/Loss on sale of assets	(99.59)	2.49
- Reversal of diminution of Investments	-	(5.17)
- Amortization of USAID Grant	(11.25)	(11.25)
- Unrealised Foreign Exchange Loss/(Gain)	(45.29)	138.50
- Sundry Balances written off	-	2.00
- Interest Expense	3,326.96	1,822.04
- Interest Income	(81.98)	(18.87)
- Dividend Income	-	(0.70)
Operating profit before working capital changes	11,965.53	5,111.81
Adjustment for :		
(Increase)/Decrease in Sundry Debtors	(1,819.77)	255.42
(Increase)/Decrease in Loans & Advances	(866.79)	(648.55)
(Increase)/Decrease in Inventories	(33,457.07)	(11,945.94)
Increase/(Decrease) in Trade Payables	28,522.90	7,447.37
Increase/(Decrease) in Provisions	89.05	43.70
Cash Generated from Operations	4,433.85	263.81
- Taxes (Paid) Net	(860.26)	199.87)
Net Cash from (used In) Operating Activities	(A) 3,573.59	6,768.76
B. Cash Flow From Investment Activities		
- Purchase of Fixed Assets	(13,428.87)	(15,804.66)
- Proceeds Sale of Fixed Assets	175.17	0.13
- Interest Received	54.50	7.32
- Dividend Received	-	0.70
Net Cash (used In) Investing Activities	(B) (13,199.20)	63.94
C. Cash Flow From Financing Activities		
- Proceeds from Share Application Money	1,600.11	-
- Proceeds from Secured Loans	12,555.20	19,588.38
- Proceeds from Unsecured Loans	530.32	5,248.73
- Repayment of Secured Loans	(2,457.37)	(3,349.05)
- Repayment from Unsecured Loans	(990.00)	(1,565.44)
- Interest paid	(3,542.27)	(1,474.10)
- Dividend paid	(297.05)	-
Net Cash (used In) Financing Activities	(C) 10,398.94	18,446.52
Net Increase in Cash and Cash Equivalents	(A+B+C) 773.33	2,713.95
Cash and cash equivalents at the beginning of the year	3,177.86	463.91
Cash and cash equivalents at the end of the year	3,951.19	3,177.86
Components of cash and cash equivalents as at the end of year		
Cash on hand	13.90	9.83
Cheques on hand	423.83	-
Balances with scheduled banks:		
On current accounts	161.50	2,484.37
On deposit accounts	3,333.53	655.71
Balances with non-scheduled banks:		
On current accounts	18.43	27.95
Cash and Cash Equivalents - Closing Balance	3,951.19	3,177.86

for and on behalf of the Board
 Place : Chennai
 Dated : 25th May 2010

E.P. SAKTHIVEL
 Company Secretary

N. 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 Company for the years ended 31.03.2010 and 31.03.2009 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 : 25th May 2010



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 : 31.03.2010

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

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

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

Total Liabilities : 6160910 Total Assets : 6160910

Sources of Funds

Paid up Capital : 253898 Reserves & Surplus : 661236
Share Application Money : 160011
Secured Loans : 4263913 Unsecured Loans : 578072

Application of Funds

Net Fixed Assets : 3859977 Investments : 52042
Net Current Assets : 2248891 Misc. Expenditure : Nil
Accumulated Loss : Nil Deferred Tax Liability: 243780

IV. Performance of Company

Turnover : 7392191 Total Expenditure : 6644323
Profit / (Loss) before Tax : 747868 Profit / (Loss) after Tax: 456290
EPS in Rs. : 17.97 Dividend rate (%) : 15%

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