Dharani Sugars and Chemicals Limited

Regd. Office : "PGP HOUSE", 57, Sterling Road, Nungambakkam, Chennai - 600 034.
Tel. : 28311313, 28254176, Fax : 28232074, 28232076
Email : commercial@pgpgroup.in, finance@pgpgroup.in, secretarial@pgpgroup.in
Website : www.dharanisugars.in
PGP GROUP CIN No.: L15421TN1987PLC014454 TIN No.: 33061502443 CST No.: 818529/19.11.87

DSCL/AGM/Clause31d/2015 October 7, 2015

To
The Deputy General Manager
The Stock Exchange, Mumbai (BSE)
Corporate Relation Dept.,
1st Floor, New Trading Ring
Rotunda Building, P.J.Towers, Dalal Street
Fort, Mumbai – 400 001.

To
The Vice President
National Stock Exchange of India Ltd
Exchange Plaza, 5th Floor
Plot No.C/1, G Block,Bandra, Kurla Complex
Bandra (E), Mumbai – 400 051

Dear Sir,

Sub: Clause 31(d)– Listing Agreement

We enclose herewith the following documents for your records as per Clause –31 (d) of the Listing Agreement.

1. Proceedings of the Annual General Meeting held on 28th September 2015.
2. Chairman's Speech.

Thanking you

Yours faithfully
for Dharani Sugars and Chemicals Limited

E P Sakthivel
Company Secretary

DHARANI SUGARS AND CHEMICALS LIMITED
No. 57, Sterling Road, Nungambakkam, Chennai - 34.

Encl.: as above.

Dharani Nagar, Vasudevanallur,
Tirunelveli District - 627 760
Ph : (04636) 241370/371/372
Fax : (04636) 241578
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Karaipoondi Village, Polur,
Tiruvannamalai District - 606 803.
Ph : (04181) 223161, 223162, 223170
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Email : dharani2@dharanisugars-pgp.com

Kalayanallur Village,
Pallangacherry Post, Kallakurichi Via,
Villupuram District - 606 206
Mobile : 94422 56138
Email : dharani3@dharanisugars-pgp.com

Minutes of the 28th Annual General Meeting of Members of the Dharani Sugars and Chemicals Ltd held on Monday, 28th September 2015 at 10.20 A.M at Narada Gana Sabha, New No.314 TTK Road, Alwarpet, Chennai – 600 018.

Shareholders Present

Dr. Palani G Periasamy, (Executive Chairman)
Shri M Ramalingam (Managing Director)
Shri A Sennimalai (Director)
Dr K C. Reddy (Director & Chairman of the Audit Committee)
Shri K Kandasamy
Shri M P Kaliannan
Shri C Konguvel
Shri R Murugavel
Shri M Chandrasekaran
Shri Paramasivam (Representing Ananthi Developers Limited)
Shri N Sivabalan(Representing Dharani Finance Limited)
Shri A R Sundaram (Representing Dharani Developers P Limited)
Shri P. Madan Kumar, (Representing Dharani Credit & Finance P Limited) and
Other Shareholders and Proxy holders

In Attendance

Shri.E.P. Sakthivel	Company Secretary

Invitees

Shri P S Gopalakrishnan	Director
Shri P Selvam	Director
Shri. P.Srinivasan	Partner, M/s. Srinivasan & Shankar-Statutory Auditors
Shri. N.Subramanian	President (Corporate Affairs)
Shri.M.Senguttuvel	General Manager, Unit II, Polur
Shri.S.Arumugam	General Manager, Unit III, Sankarapuram
Shri.M.Raju	Asst. General Manager (Cane), Unit II, Polur
Shri Murali	Executives (Shares) – Cameo Corporate Services
Ms. R.Radha	Ltd.(Registrar&Transfer Agents)
Shri M Damodaran	Practicing Company Secretary
Shri S Parameswaran	Internal Auditor

Members / Proxies

Members present in person	: 114
No. of Proxies	: Nil

As per Articles 58 of the Articles of the Association of the Company Dr Palani G Periasamy, Chairman of the Board of Directors occupied the chair and commenced the proceedings of the meeting. He welcomed the members and introduced the persons sitting on the dais to the shareholders.

After ascertaining that the requisite quorum for the meeting was present, Chairman called the meeting to order.

Chairman in his speech briefly outlined to the members about the Global Sugar scenario, Indian sugar scenario, economic scenario, financial performance of the Company during the year 2014-15and future outlook for the Sugar Industry.

DHARANI SUGARS AND CHEMICALS LIMITED

Thereafter, with the consent of the members present, the notice for the meeting as also the Auditors' report was taken as read.

At this stage Chairman informed the members present that there were 10 resolutions to be passed. He also explained in brief the objective and implication of resolutions.

Members' comments on the Financial Statements:

Chairman invited the members to seek any clarifications if they desire, on the financials of the company for the year ended 31st March 2015. Two members sought clarifications on some items of the accounts. Chairman suitably answered the question. Chairman also appreciated the interest taken by the members.
The following business was taken up thereafter viz. passing of resolutions.

Chairman informed the members that as per Government of India and SEBI's mandate facility of voting through electronic means had been provided to the shareholders from **25th September 2015 to 27th September 2015**. Shareholders were also informed of this arrangement through the Notice and Annual Reports as also by publishing in the newspaper. Chairman mentioned that the results of the electronic voting are expected to be received from the appointed Scrutinizers Viz. M/s. M. Damodaran & Associates and will be taken into account while declaring the results. He, therefore, suggested that in the meantime such of those Shareholders who have not availed this facility and who were present at the meeting may exercise their voting through ballot paper, which has been provided to them. The shareholders present then proceeded to cast their votes through the ballot in the ballot box kept near the dais.

After the voting was completed Vote of thanks was proposed by Mr M Ramalingam, Managing Director and thereafter Chairman declared the meeting as closed.

The scrutinizers report both on electronic voting and physical polling was received on 29th September 2015 and the results declared and uploaded in the Company's website as follows.

All the ten resolutions were passed with the following voting details

ORDINARY BUSINESS

Resolution -1

"RESOLVED THAT the Statement Profit and Loss, Balance Sheet, report of Directors and Auditors for the financial year ended 31st March, 2015 be and is hereby adopted

Particulars	No of Members Voted in E voting	No of votes cast (Shares) – E Voting	No of Members/ Proxies vote – Poll	No of votes (Shares) – Poll	Total No of votes cast through E-voting and Poll	% of valid votes cast
Voted in favour of the Resolution	46	16817882	1	50	16817932	100.00
Voted against the Resolution	-	-	-	-	-	-

Chairman declared the Ordinary Resolution as passed with requisite majority.

DHARANI SUGARS AND CHEMICALS LIMITED

Resolution -2

"RESOLVED THAT Mr A Sennimalai, Director who is retiring and is eligible for re- appointment be and is hereby appointed as a Director of the Company".

Particulars	No of Members Voted in E voting	No of votes cast (Shares) – E Voting	No of Members/ Proxies vote – Poll	No of votes (Shares) – Poll	Total No of votes cast through E-voting and Poll	% of valid votes cast
Voted in favour of the Resolution	46	16817882	1	50	16817932	100.00
Voted against the Resolution	-	-	-	-	-	-

Chairman declared the Ordinary Resolution as passed with requisite majority.

Resolution – 3

RESOLVED THAT pursuant to the provisions of section 139, 142 and Audit and Auditors Rules, 2014, (the rules), (including any statutory modifications(s) or re-enactment(s) thereof for the time being in force) Srinivasan & Shankar, Chartered Accountants, Chennai (Registration number 005093S with the Institute of Chartered Accountants of India), who have offered themselves for re appointment and have confirmed their eligibility to be appointed as Auditors, in terms of provisions of section 141 of the Act, and rule 4 of the rules, be and are hereby re-appointed as Statutory Auditors of the Company to hold office for a period of 2 years from the conclusion of this meeting until the conclusion of the 30th Annual General Meeting of the Company on such remuneration as may be agreed upon by the Audit committee/ Board of Directors in consultation with the Auditors.

Particulars	No of Members Voted in E voting	No of votes cast (Shares) – E Voting	No of Members/ Proxies vote – Poll	No of votes (Shares) – Poll	Total No of votes cast through E-voting and Poll	% of valid votes cast
Voted in favour of the Resolution	46	16817882	1	50	16817932	100.00
Voted against the Resolution	-	-	-	-	-	-

Chairman declared the Ordinary Resolution as passed with requisite majority.

SPECIAL BUSINESS

Resolution -4

"RESOLVED THAT pursuant to the procedure indicated in Part II Section II of Schedule V read with Section 196, 197 & 203, subject to such sanctions as may be necessary, approval and sanction of the company be and is hereby accorded to the payment of the remuneration as indicated against each to the following Managerial Personnel of the Company having inadequate profits during the year 2014-15.



Rs. In lakhs

Particulars	Dr Palani G Periasamy, Executive Chairman	Mr M Ramalingam, Managing Director
	Amount Rs.	
Salary (fixed)	24.00	21.60
Perquisites		
HRA		2.40
Special All		
LTA (One month Salary)		1.80
Medical (One Month Salary)		1.80
Gratuity		-
Commission		-
PF (Mgmt contribution)		-
Superannuation		-
Total	24.00	27.60

Particulars	No of Members Voted in E voting	No of votes cast (Shares) – E Voting	No of Members/ Proxies vote – Poll	No of votes (Shares) – Poll	Total No of votes cast through E-voting and Poll	% of valid votes cast
Voted in favour of the Resolution	46	16817882	1	50	16817932	100.00
Voted against the Resolution	-	-	-	-	-	-

Chairman declared the Special Resolution as passed with requisite majority.

Special Business

Resolution -5

RESOLVED THAT pursuant to Section 42, 62(1)(c) and other applicable provisions, if any of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014, SEBI Issue of Capital Disclosure Requirements Regulations 2009 and Substantial Acquisition of Shares and Takeovers Regulations 2011 (including any statutory modification thereto or reenactment thereof for the time being in force)(the "Act"), the Articles of Association of the Company and applicable subsisting rules/regulations/guidelines prescribed by Government of India / Security Exchange Board of India (SEBI) and any other regulatory authority subject to any approval, consent, permission and / or sanction of the appropriate authorities (hereinafter collectively referred to as "the appropriate authorities"), and the Listing agreements entered into by the Company with the Stock Exchanges where the Shares of the Company are listed and subject to such conditions as may be prescribed by any of them while granting any such approval, consent, permission, and / or sanction (hereinafter referred to as "the requisite approvals"), and which may be agreed to by the Board of Directors of the Company (hereinafter called 'the Board' which term shall be deemed to include any committee which the Board may have constituted or hereinafter constituted to exercise its powers including the powers conferred by this resolution), the Board be and is hereby authorised to create, offer, issue and allot, from time to time in one or more tranches, Equity Shares and/or warrants entitling to apply for Equity Shares or other securities convertible into or exchangeable with Equity Shares (hereinafter referred to as the "Securities") to be subscribed by the existing Promoter Group and / or their associates / nominees / groups / persons acting in concert and Domestic/ Foreign Institutions, whether or not such investors are Members of the Company, under a



preferential issue, in such a manner and on such terms and conditions as may be determined by the Board in its absolute discretion, provided that the aggregate number of equity shares to be issued including those to be allotted against such warrants shall not exceed 37,64,154 (Thirty Seven Lakhs Sixty four thousand one hundred and fifty four only) fully paid Equity Shares of the face value of Rs.10/-(Rupees Ten only) each at a price not lower than the higher of the following:

a) The average of the weekly high and low of the volume weighted average price of the related equity shares quoted on the recognised stock exchange during the twenty six weeks preceding the relevant date;

or

b) The average of the weekly high and low of the volume weighted average price of the related equity shares quoted on a recognised stock exchange during the two weeks preceding the relevant date.

RESOLVED FURTHER THAT the equity Shares allotted in terms of this resolution shall rank pari passu in all respects with the then existing Equity Shares of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorised on behalf of the Company to take all actions and do all such deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient to the issue or allotment of aforesaid Securities and listing thereof with the Stock Exchange(s) as appropriate and to resolve and settle all questions and difficulties that may arise in the proposed issue, offer and allotment of any of the said Securities, utilization of the issue proceeds and to do all acts, deeds and things in connection therewith and incidental thereto as the Board in its absolute discretion deem fit, without being required to seek any further consent or approval of the Members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred, to any Committee of Directors or the Chairman or any other Director(s) or officer(s) of the Company to give effect to the aforesaid resolution."

Particulars	No of Members Voted in E voting	No of votes cast (Shares) – E Voting	No of Members/ Proxies vote – Poll	No of votes (Shares) – Poll	Total No of votes cast through E-voting and Poll	% of valid votes cast
Voted in favour of the Resolution	46	16817882	1	50	16817932	100.00
Voted against the Resolution	-	-	-	-	-	-

Chairman declared the Special Resolution as passed with requisite majority.



Special Business

Resolution -6

RESOLVED THAT in supersession of earlier resolution passed in Annual General Meeting of the Company held on 23rd September, 2013 for increase in borrowing powers of the Board, and pursuant to provisions of the section 180(1)(c) and all other applicable provisions of the Companies Act, 2013 and Rules thereunder, and as per other applicable laws (including any amendment thereto or reenactment thereof) the consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company (which term be deemed to include any Committee of the Board) to borrow such sums of money (apart from temporary loans obtained or to be obtained from the Bankers of the Company in the ordinary course of the business i.e. loans repayable on demand, such as short-term, cash credit arrangements, the discounting of bills, and the issue of other short term loan of seasonal character, but does not include loans raised for the purpose of financial expenditure of a capital nature) as they may deem fit and necessary from time to time, for the purpose of the business of the Company and on such terms and conditions as to interest, repayment, security or otherwise as they may, in their absolute discretion, think fit and proper, notwithstanding that the monies to be borrowed together with monies already borrowed by the Company, remaining outstanding at any time will exceed the aggregate of the paid-up capital of the Company and its free reserves, provided that the total amount so borrowed by the Board of Directors and remaining outstanding at any time, shall not at any time exceed the limit of Rs.1000 Crores (Rupees One Thousand Crores)

RESOLVED FURTHER THAT pursuant to provisions of the section 180(1)(a) and all other applicable provisions of the Companies Act, 2013 and Rules thereunder and as per other applicable laws (including any amendment thereto or reenactment thereof), the consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company to create mortgage, hypothecation and /or create charge on all or any of the movable or immovable properties or such other assets of the Company, wherever situated, both present and future, and on the whole or part of the one or more undertakings of the Company of any nature and kind whatsoever in favour of banks, financial institutions or any other lender whether Indian or International (hereinafter referred as "Lenders") to secure the amount borrowed, to be borrowed by the Company from such "Lenders" from time to time for the due repayment of the principal monies together with the interest thereon at the respective agreed rate(s) or any other charges in respect of such borrowings and such security to rank in such manner as may be agreed to between the concerned lender(s) and Board of Directors of the Company.

RESOLVED FURTHER THAT the Board of Directors or any person authorised by the Board of Directors, be and is hereby authorised to negotiate and settle the terms and conditions with the concerned Bank(s) / Financial Institution(s) / Lender(s), finalize the applicable instruments / agreements, deeds or any other document for borrowing the monies for the purpose of business of the Company and creating the mortgage, hypothecation or charge on the assets of the Company in relation to borrowings of monies and to do all such other acts, deeds and things necessary and incidental to give effect to this resolution.

Particulars	No of Members Voted in E voting	No of votes cast (Shares) – E Voting	No of Members/ Proxies vote – Poll	No of votes (Shares) – Poll	Total No of votes cast through E-voting and Poll	% of valid votes cast
Voted in favour of the Resolution	46	16817882	-	-	16817882	99.99
Voted against the Resolution	-	-	1	50	50	0.01

Chairman declared the Special Resolution as passed with requisite majority.

DHARANI SUGARS AND CHEMICALS LIMITED
No.57, Sterling Road, Nungambakkam, Chennai-34.

Resolution -7

RESOLVED that pursuant to the provisions of Sections 149,152 & 160 and all other applicable provisions, if any of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) Mrs Visalakshi Periasamy (DIN 00064517), who was appointed as an Additional Director by the Board with effect from 12th November 2014 and whose term of office comes to a close at this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member of the Company along with the deposit of requisite amount proposing the candidature of Mrs Visalakshi Periasamy for the office of Director, be and is hereby appointed as a Director of the Company, whose office shall be liable to determination by retirement of directors by rotation.

Particulars	No of Members Voted in E voting	No of votes cast (Shares) – E Voting	No of Members/ Proxies vote – Poll	No of votes (Shares) – Poll	Total No of votes cast through E-voting and Poll	% of valid votes cast
Voted in favour of the Resolution	46	16817882	1	50	16817932	100.00
Voted against the Resolution	-	-	-	-	-	-

Chairman declared the Ordinary Resolution as passed with requisite majority.

Resolution -8

RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. P Selvam IAS (Retd) (DIN 01351493), a Director of the Company whose period of office as Additional Director comes to a close at the Annual General Meeting, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years from 28.09.2015 to 27.09.2020.

Particulars	No of Members Voted in E voting	No of votes cast (Shares) – E Voting	No of Members/ Proxies vote – Poll	No of votes (Shares) – Poll	Total No of votes cast through E-voting and Poll	% of valid votes cast
Voted in favour of the Resolution	46	16817882	1	50	16817932	100.00
Voted against the Resolution	-	-	-	-	-	-

Chairman declared that the Ordinary Resolution passed with requisite majority.

Resolution -9

RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Dr S Muthu (DIN 03331664), a Director of the Company whose period of office as Additional Director comes to a close at the Annual General Meeting, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years from 28.09.2015 to 27.09.2020.



Particulars	No of Members Voted in E voting	No of votes cast (Shares) – E Voting	No of Members/ Proxies vote – Poll	No of votes (Shares) – Poll	Total No of votes cast through E-voting and Poll	% of valid votes cast
Voted in favour of the Resolution	46	16817882	1	50	16817932	100.00
Voted against the Resolution	-	-	-	-	-	-

Chairman declared the Ordinary Resolution as passed with requisite majority.

Resolution -10

RESOLVED that the Company do hereby confirm and ratify in terms of Section 148 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, the payment of a sum not exceeding Rs 1,50,000/- only as remuneration to Mr V Srinivasan, Cost Accountant (FRN No.102019) (Membership No.1248), for purpose of such audit, as approved by the Board of Directors on the recommendations of the Audit Committee for conducting the audit of cost records of the Company, including its Sugar, Electricity, Organic and Inorganic Chemicals and Fertilizer segments as applicable for the financial year 2015-16 plus reimbursement of travel and out of pocket expenses incurred for the purpose of such audit.

Particulars	No of Members Voted in E voting	No of votes cast (Shares) – E Voting	No of Members/ Proxies vote – Poll	No of votes (Shares) – Poll	Total No of votes cast through E-voting and Poll	% of valid votes cast
Voted in favour of the Resolution	46	16817882	1	50	16817932	100.00
Voted against the Resolution	-	-	-	-	-	-

Chairman declared the Ordinary Resolution as passed with requisite majority.

All the resolutions are therefore declared as passed with the requisite majority.

//sd//
Dr Palani G Periasamy
Executive Chairman

Date: 29.09.2015
Place: Chennai -18

//Certified True Copy//

For Dharani Sugars and Chemicals Limited

DHARANI SUGARS AND CHEMICALS LIMITED
No. 57, Sterling Road, Nungambakkam, Chennai - 34.

E P Sakthivel
Company Secretary

PGP GROUP

DHARANI SUGARS AND CHEMICALS LIMITED

CHAIRMAN'S SPEECH

28-09-2015

28TH ANNUAL GENERAL MEETING

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



PGP GROUP

DHARANI SUGARS AND CHEMICALS LIMITED

CHAIRMAN'S SPEECH

Dear Shareholders,

It is with great pleasure, I welcome you all to this 28th Annual General Meeting of your Company. The Annual statement of Accounts sent to you earlier has been with you for some time and I seek your permission to take it as read.

I shall commence the proceedings of the Annual General meeting with a brief summary of the present status of the world economy and its impact on the Indian economy.

Global Economy

In the July 2015 update of the World Economic Outlook, the International Monetary Fund has revised its global GDP growth forecast for 2015 by 0.2% to 3.3% which is lower than the 3.4% growth in 2014. The Federal Reserve in USA bowed to markets wishes and left the rates unchanged but the uncertainty regarding what will happen once FED begins raising rates continues unanswered though India seems to have been least affected.

On the global front, the economic recovery on the whole has not come out of the woods barring a few exceptions. Among the developed countries, only US has shown signs of promise, while the ongoing recession in Europe in the past few years has added Greece as a new member after Portugal and Italy to the financial contagion. Japan has resorted to quantitative easing for stemming the subdued growth and China is witnessing decreased economic activity of late. The prevailing situation has posed challenges before emerging and developing economies owing to subdued external demand from these markets.

Indian Economy

The year 2014-15 ended on a broadly a positive note for the Indian Economy though the macro economic challenges are yet to completely subside. With Govt. spending normalising and subsidy bills falling, India's GDP grew 7.3% as compared to 6.9%. It is expected that the country's growth may improve further in the coming year largely on the back of a pickup in public and private investments and a concomitant growth in consumption.

Indian economy has strong fundamentals and is primarily driven by domestic demand, infusion of new direction and energy through programmes like 'Make in India', 'Digital India' and expediting of critical infrastructure projects through 'Pragati' and many such measures augur well for the growth of the Indian economy. The Govt's reform agenda, which had hit a road block, have to be revisited with good governance, implementing GST and expediting structured reforms, harnessing the power of technology, India story can remain a good one. Ever since India was ranked 142 out of 189 countries in the 'Doing Business-2015" report published by the World Bank, there has been a flurry of activities on the part of the Govt.

Govt's hope of reviving investment has not progressed in the year 2014-15. Growth in non-food credit in the 1st quarter has been sluggish and the rate of growth of credit to infrastructure has halved. In addition, there has been a sharp fall in outward investment by Indian companies last year, coming at the head of an erratic downtrend over the previous few years. Lack of demand across the world is the main cause. In such a scenario, Indian industry is plagued by low capacity utilisation which has found reflection in disappointing profits, India's economic performance goes up or down in line with what is happening in the rest of the world. It is clear that the Indian economy is so effectively integrated with the global economy that the ability of individual governments to influence it in a desired direction may well be quite limited.

Nevertheless, the Govt. of India is making a serious attempt at making sense of the current pattern of falling investments that is constraining growth so that the right steps are taken to arrest the disturbing trend of a falling capital spend by public and private undertakings.

However, IMF and other global economic community are looking at India as a positive story which has the potential of supporting the turnaround of the global economy. IMF has stated that India is a bright spot among one of the few in the global economy.

As emerging economies such as China, Brazil and Russia struggle, India, the second largest country in the world is well positioned to become the 3rd largest economy in the world in the next decade, according to the IMF.

World Sugar Scenario

The world sugar producers undaunted by surplus inventory and declining prices have continued to add to the global sugar supply pushing the market into a surplus of 3.39 million tonnes against the earlier estimated small deficit for the year 2014-15. The noticeable shift came from the addition of 3.9 million tonnes from India and Thailand. The market has been ripe with expectations of a return to deficit after five consecutive years of surplus. But these numbers show that getting rid of a stubborn surplus will be harder than anticipated and a 6th year of oversupply is likely. This excess production coupled with depreciation in the Brazil currency has resulted in substantial fall in the sugar price by more than 50%.

The output for the sugar year 2015-16 also may see little change while the consumption will grow. It may only result in a small output deficit of 3.5 million tonnes. India, the number one consumer of sugar in the world is again proving that it can play a pivotal role in influencing the global market. Despite accumulated cane arrears, the sugar output in India continues to increase due to very lucrative cane price as compared to the other competitive crops.

Indian Sugar Scenario

The Indian Sugar Industry, the second largest industry after Textiles is in serious crisis which it has not faced during the last three decades. The sugar price has fallen far below the **cost of production due to continuous excess production** during the last five years in a row. The abolition of monthly release mechanism has resulted in uncontrolled supply in the market leading to continuous fall in sugar price to a level which is far below the cost of production. This has resulted in most of sugar units in the country incurring huge losses and accumulating cane arrears. The real beneficiary from the fall in sugar price at the cost of farmers and the sugar mills are the industrial consumers who consume about 65% of the total sugar production.

The sugar production for the season 2014-15 is expected to exceed 28 million tonnes showing a growth of 16.65% over the previous year production of 24 million tonnes. The consumption is estimated to be at 24.8 million tonnes. Despite export subsidy of Rs.4000 per tonne for raw sugar export, the total exports are estimated only around one million tonne. The closing stock by end of the season 2014-15 is expected to be at 10 million tonnes.

Further, the production for the next season 2015-16 is also expected to be around 26 million tonnes pushing the next year inventory by another one million tonne. Despite deficit in the monsoon and accumulated cane arrears, the millers in UP, the second largest producer of sugar cane will increase production by 5 lakh tonnes to 7.6 million tonnes. The output of Karnataka will rise by 3 lakh tonnes to 5.4 million tonnes. However, the Maharashtra, the biggest sugar producing state will see a fall in production by 2.3% to 10.14 tonnes. While the people are focussing on the poor monsoon, India can be on course for another record output.

In Tamilnadu the problem is further compounded with the imposition of 5% VAT on sugar since November 2014. This has resulted in flooding of the Tamilnadu sugar market with the sugar from neighbouring states like Karnataka and Maharashtra which were already enjoying cost advantage due to better recovery. The Alcohol industry in Tamilnadu is also facing a similar situation of higher VAT of 14.5% as against nil rate in the neighbouring states. I hope the Tamilnadu Govt. will set right the anomaly immediately and restore the level playing field for the sugar units in Tamilnadu.

Outlook for the coming year

The Govt. of India has taken various steps to improve the health of the Sugar Industry on a long term basis as summarised below:

- Drawn programme to scale up the Ethanol Blending Targets to 10% commencing next season 2015-16 against the current target of 5%.
- Announced an export subsidy of Rs.4000/- per M.T. for exports upto 1.4 Million tons of Raw Sugar.
- Sanctioned a soft loan of Rs.6000 crores to clear a portion of the cane arrears.
- Sugar Exports for all the sugar Units in the country have been made mandatory and the mill-wise export obligation for 4 million tonnes have already been announced for the sugar season 2015-16.

DHARANI SUGARS AND CHEMICALS LIMITED

- Relaxed the norms for sugar exports by removing the registration requirements with DGFT.
- Import duty on sugar has been increased to 40% from 25% effective 1st April 2015.
- Import of sugar under duty free authorisation scheme has been withdrawn. Also, the time limit for fulfilling the export obligations under Advance Authorisation Scheme has been reduced to 6 months from 18 months.

Though the exports are not viable at the present international price, the Govt. is trying all options including barter trading to reduce the sugar inventory. These steps already resulted in marginal improvement in the price. The deficit in monsoon is also likely to contribute for further improvement in the sugar price.

PERFORMANCE OF YOUR COMPANY

The total income for the year 2014-15 was Rs.381.25 crores as against Rs.525.97 crores in the previous year. The reduction in the income as compared to the previous year was mainly on account of reduced free sugar sales. The Gross Operating Profit has come down to Rs.7.15 crores from Rs.51.20 crores in the previous year. The reduction in the Gross Operating Profit was mainly on account of increase in the cane cost, reduction in the average sugar selling price and reduction in the inventory valuation. Consequently, the operation has resulted in a cash loss of Rs.59.35 crores as against the profit of Rs.14.27 crores in the previous year. The loss after depreciation & interest was Rs.80.55 crores as against the loss of Rs.42.96 crores in the previous year. The net loss after taking credit for deferred tax asset amount of Rs.6.39 crores works out Rs.74.16 crores as against the loss of Rs.33.79 crores in the previous year.

PERFORMANCE FOR THE FIRST QUARTER ENDED 30TH JUNE 2015

The total income for the quarter was Rs.72.84 crores as against the total income of Rs.104.35 crores in the corresponding period of the previous year. The gross operating loss was Rs.19.07 crores against the profit of Rs.15.33 crores in the corresponding period of the previous year. During the Quarter, the cash loss was Rs.38.58 crores as against the cash loss of Rs.2.32 crores in the corresponding period of the previous year. The loss after depreciation and interest has increased to Rs.43.70 crores as compared to Rs.9.15 crores in the corresponding period of the previous year. The net loss after deferred tax works out to Rs.16.24 crores as against the loss of Rs.10.42 crores in the corresponding period of the previous year.

With the various policy decisions and supportive measures announced by the Government of India as mentioned above, we hope, the performance of your company may improve in the coming years.

Acknowledgements

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

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

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

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

Once again I thank you all.

Chennai - 600 018
Date: 28-09-2015

Dr.Palani G. Periasamy
Executive Chairman

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