Dharani Sugars and Chemicals Limited

Regd. Office: "PGP HOUSE", (Old No.57) New No.59, Sterling Road, Nungambakkam, Chennai - 600 034.
Tel : 28234000, 28311313, 28254176, Fax : 28232074, 28232076
Email : accounts@dharanisugars-pgp.com, commercial @pgpgroup.in, secretarial@dharanisugars-pgp.com
GST No : 33AAACD1281F1Z7 | TIN NO:33061502443 | CST No : 818529/19.11.87
CIN No : L15421TN1987PLC014454, Website : www.dharanisugars.in

DSCL/Results Sep 2022/Reg-33 /2022

12.04.2023

BSE Ltd Corporate Relationship Department, First Floor, New Trading Ring, Rotunda Building, Floor No: 25 P J Towers, Dalal Street, Fort, Mumbai 400 001	National Stock Exchange of India Limited Exchange Plaza, 5th Floor Plot No.C/1 G Block Bandra – Kurla Complex Bandra East, Mumbai 400 051

Dear Sir/Madam

Sub: Unaudited Financial Results for the Quarter and Half year ended 30th September 2022.
Ref : BSE- Scrip Code – 507442 (BSE) – NSE- DHARSUGAR.

In accordance with Regulation 33 read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the following items were discussed and approved in the Meeting of the Board of Directors held on 12.04.2023.

1. Unaudited Financial Results for the Quarter and Half year ended 30th September 2022 and along with segment wise report and Cash flow statement.
2. Statement of Assets & Liabilities.
3. Auditors Report.

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

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

This is for your information and record.

Thanking You,

Yours faithfully,
for Dharani Sugars and Chemicals Limited

E P Sakthivel
Company Secretary

Encl.: as above

Dharani Sugars and Chemicals Limited

Regd. Office: "PGP House", New No.59 (Old No.57) Sterling Road, Nungambakkam, Chennai 600 034
Tel.No.91-44-28311313, Fax No.091-44-28232074, CIN - L15421TN1987PLC014454
Email: secretarial@dharanisugars-pgp.com, Website: www.dharanisugars.in

Statement of standalone Unaudited financial results for the Quarter and Half year ended September 30, 2022

Rs. in Lakhs

S.No	Particulars	Quarter ended			Half year ended		Year ended
		September 30, 2022 (Unaudited)	June 30, 2022 (Unaudited)	September 30, 2021 (Unaudited)	September 30, 2022 (Unaudited)	September 30, 2021 (Unaudited)	March 31, 2022 (Audited)
	Income from Operations						
1	(a) Net Sales/ Revenue from operations	-	-	1,022.57	-	3967.26	3,967.26
2	(b) Other Income (Net)	6.17	2.45	75.01	8.62	91.66	100.80
3	**Total Income (1+2)**	**6.17**	**2.45**	**1,097.58**	**8.62**	**4,058.92**	**4,068.06**
4	**Expenses**						
	(a) Cost of materials consumed	(0.79)	0.27	683.35	(0.52)	3197.55	3,199.01
	(b) Changes in inventories of finished goods, work in progress and stock in trade	-		172.17	-	113.03	113.02
	(c) Employees benefits expense	102.07	122.04	296.51	224.11	663.94	1,255.39
	(d) Finance Cost	0.17	0.28	110.05	0.45	219.36	1.24
	(e) Depreciation and amortisation expense	556.18	556.17	584.26	1,112.35	1168.52	2,337.03
	(f) Other expenses	125.73	129.32	614.13	255.05	867.64	1,182.03
	Total Expenses	**783.36**	**808.08**	**2,460.47**	**1,591.44**	**6,230.04**	**8,087.72**
5	Loss before exceptional items and tax (3-4)	(777.19)	(805.63)	(1,362.89)	(1,582.82)	(2,171.12)	(4,019.66)
6	Exceptional items	-	-		-	-	-
7	**Loss before tax (5+6)**	(777.19)	(805.63)	(1,362.89)	(1,582.82)	(2,171.12)	(4,019.66)
8	**Tax expense**						
	Current tax	-	-		-	-	-
	Deferred tax Asset/(Liability)	-	-		-	-	-
	Total tax expenses					-	-
9	Loss for the period from continuing operations (7-8)	(777.19)	(805.63)	(1,362.89)	(1,582.82)	(2,171.12)	(4,019.66)
10	Loss from discontinued operations	-	-		-	-	-
11	Tax expense of discontinued operations	-	-		-	-	-
12	**Loss from discontinued operations (after tax) (10-11)**	-	-		-	-	-
13	**Loss for the period (11+12)**	(777.19)	(805.63)	(1,362.89)	(1,582.82)	(2,171.12)	(4,019.66)
14	Other comprehensive income, net of income tax						
	(a) (i) items that will not be reclassified to profit or loss	14.44	14.44	14.44	28.88	28.88	57.76
	(ii) income tax relating to the above items						
	(b) (i) items that will be reclassified to profit or loss	-	-		-	-	-
	(ii) income tax relating to the above items						
	Total other comprehensive income, net of income tax	**14.44**	**14.44**	**14.44**	**28.88**	**28.88**	**57.76**
15	**Total comprehensive loss for the period (13+14)**	(762.75)	(791.19)	(1,348.45)	(1,553.94)	(2,142.24)	(3,961.90)
16	Paid-up equity share capital	3,320.00	3,320.00	3,320.00	3,320.00	3,320.00	3,320.00
	Face value per share (Rs)	10.00	10.00	10.00	10.00	10.00	10.00
17	Earning per share (Rs) (not annualised)						
	- Basic	(2.34)	(2.43)	(4.11)	(4.77)	(6.54)	(12.11)
	- Diluted	(2.34)	(2.43)	(4.11)	(4.77)	(6.54)	(12.11)

SRIVATSAN & ASSOCIATES ★ CHARTERED ACCOUNTANTS ★ FRN 004921S

For DHARANI SUGARS AND CHEMICALS LIMITED
(Under CIRP)
Resolution Professional

Notes to the Unaudited financial results for the quarter and Six months ended 30th September 2022:

1. The Hon'ble National Company Law Tribunal ("NCLT"), Chennai Bench, admitted the Corporate Insolvency Resolution Process ("CIRP") application filed by a financial creditor of the Company and appointed an Interim Resolution Professional ("IRP"), in terms of the Insolvency and Bankruptcy Code, 2016 ("the Code") to manage the affairs of the Company vide order dated July 29, 2021 received by the Company on July 31, 2021. On an appeal filed by a director of the company, the Hon'ble National Company Law Appellate Tribunal ("NCLAT") has directed the RP to carry out the CIRP Proceedings and the next hearing has been listed for June 5, 2023.

   In view of pendency of the CIRP, and in view of suspension of the powers of the board of directors, RP is taking on record the unaudited financial results. The RP has relied upon the assistance provided by the management in the review of the audited financial results and the representations, clarifications and explanations provided by the Managing Director, Chief Financial Officer, other directors, key management personnel of the Company in reviewing the unaudited financial results.

2. The Company's net worth is negative and the borrowings from banks and other financial institutions have been classified by the lenders as non-performing assets. All the banks and other financial institutions have also issued notice calling back the loans. Considering the above facts and since the promoters'Settlement proposal is also under negotiation, as in the previous periods, the Company stopped providing interest on the outstanding borrowings from banks and financial institutions and has not restated the foreign currency loans after the NPA date.

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

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

3. A corporate insolvency resolution process (CIRP) and the appointment of resolution professional were admitted in the case of one of the major investees (Investment in Appu Hotels Limited) of the Company by the Hon'ble NCLT, Chennai Bench vide its order dated May 5, 2020. The carrying amount of the investments as at September 30, 2022 is Rs. 1,455.53 Lakhs.

   The Hon'ble NCLT has passed an order approving the resolution plan submitted by one of the resolution applicants. Aggrieved by this Order, the investee has filed an application before the Hon'ble National Company Law Appellate Tribunal ("NCLAT") praying for quashing the order of the Hon'ble NCLT. The Hon'ble NCLAT has set aside the resolution plan approved and ordered to recommence the CIRP process, including the consideration of 12A application filed by the promoters of the investee company. On an appeal against the order of the Hon'ble NCLAT, the Hon'ble Supreme Court has heard the arguments of both the sides and reserved the case for judgement as on date.

   The Promoter (of Appu Hotels Limited) has recently (on October 11, 2022) also given a proposal for settling the entire dues of the CoC members U/S 12A of the IBC code and the required funding has been arranged by way of deposits and Bank Guarantee. The proposal has been approved by the CoC with 100% voting in favour of the proposal and this fact has been submitted to the Hon'ble Supreme Court. The judgement is awaited.

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

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

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

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

   Further as per the e-voting results dated 22nd September 2022 CoC approved the appointment of Mr. Mahalingam Suresh Kumar, Insolvency Professional as Resolution Professional.The appointment was confirmed by Hon'ble NCLT, Chennai vide orders IA/1248(CHE)/2022 in IA/976/2019 dated 18th November 2022.

   On 8th February 2023 RP convened **the 11th CoC meeting** in which the members decided to file an appropriate application before the Hon'ble NCLT, Chennai Bench seeking extension of CIRP period by 30 days beyond the maximum timelines specified under Section 12 of the IBC, 2016.The case was heard by the NCLT on 3rd March 2023 and was posted for further hearing on 29th May 2023.

The 12th CoC meeting was held on 10th March 2023 in which the RP informed the CoC members also discussed about the Transaction Audit report issued by M/s. Senthil & Associates who have been appointed by RP to examine PUFE transactions and heard the management's responses to the findings in the report. RP informed the CoC members that he will take necessary steps with regard to the transaction audit report and decide on to proceed with filing of PUFE transaction petition before AA.

On 18th March 2023 RP convened **the 13th CoC meeting**. The NARCL has offered to take assignment of debts of Consortium lenders and decide on the resolution of the corporate debtor suitably. The consortium lenders have already ran a swiss challenge process and are in the process of finalizing the assignment to NARCL, by which the NARCL will step into the shoes of majority of the COC and decide on the plans suitably.

As the decision making on the plan is very crucial taking into consideration various factors, the lenders seek these 60 days additional timeline to decide on the options either by themselves or through NARCL suitably.RP also informed the COC members that the chairman of the Dharani Sugars have filed a Caveat Petition, that in case liquidation petition is filed by the RP it shall be brought to their attention.

6. **Claims received:**

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

On 17th January 2023, Revised List of Creditors as on 10th January 2023 has been filed with NCLT including the claims of One operational creditor viz., Jain Irrigation Systems Ltd, who has filed an Application before NCLT, Chennai seeking condonation of delay of 132 days in filing their claim with the IRP for a sum of Rs. 4,55 ,09,430/-.As on 10th January the amount claimed by creditors amount to Rs. 979,80,56,123/- and amount of claims admitted amount to Rs. 922,66,64,911/-

7. **Status of OTS /12A Proposal:**

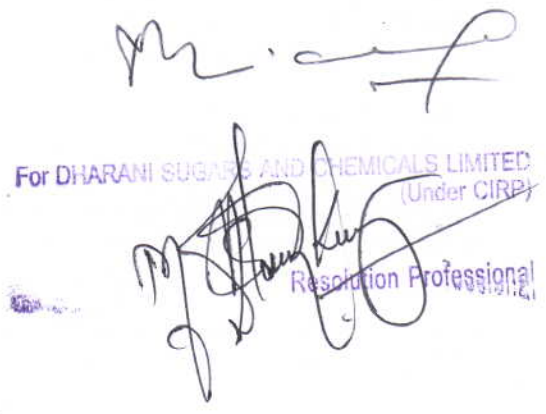
The promoter has submitted a settlement proposal U/S 12A of the IBC on 3rd February 2023 along with the required deposits and Bank Guarantee to bank of India being the applicant creditor. However the proposal was returned without taking for discussion. The Promoter is still confident of settling the dues U/S 12A of IBC and revive the operations of the Company.

CIRP timeline of 330 days ended on 19th February 2023 and the COC in its 11th meeting decided to seek 30 days extension from the AA for deciding on the Resolution plan voting. The said petition has been heard on 10th March 2023 and the matter is posted for further hearing on 29thMay 2023.

In light of the lenders intent of resolving the Corporate Debtor as a going concern basis, NARCL has offered to take assignment of debts of Consortium lenders and decide on the resolution of the corporate debtor suitably. The consortium lenders have already ran a swiss challenge process and are in the process of finalizing the assignment to NARCL, by which the NARCL will step into the shoes of majority of the COC and decide on the plans suitably. As the decision making on the plan is very crucial taking into consideration various factors, the lenders are seeking 60 days additional timeline to decide on the options either by themselves or through NARCL suitably.

Further the CoC has accorded its approval for seeking extension of CIRP for an additional period of 60 days beyond the maximum timelines specified under Section 12 of the IBC, 2016 [after considering the pending 30 days extension request]". It is posted for hearing on 29th May 2023.

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



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

Rs.in Lakhs

Particulars	Quarter ended			Half year ended		Year ended
	September 30, 2022 (Unaudited)	June 30, 2022 (Unaudited)	September 30, 2021 (Unaudited)	September 30, 2022 (Unaudited)	September 30, 2021 (Unaudited)	March 31, 2022 (Audited)
Segment Revenue						
(a) Sugar	-	-	1,022.57	-	3967.26	3,967.26
(b) Distillery	-	-		-		-
(c) Power	-	-		-		-
(d) Unallocated	6.17	2.45	75.01	8.62	91.66	100.80
Total	**6.17**	**2.45**	**1,097.58**	**8.62**	**4,058.92**	**4,068.06**
Less: Inter Segment Revenue	-	-		-	-	-
Revenue from operations (Net)	**6.17**	**2.45**	**1,097.58**	**8.62**	**4,058.92**	**4,068.06**
Segment Results						
Profit (+) / Loss (-) before tax and finance cost						
(a) Sugar	(250.80)	(511.44)	(944.10)	(762.24)	(1,306.34)	(2,708.00)
(b) Distillery	(445.29)	(201.11)	(259.30)	(646.40)	(502.16)	(956.64)
(c) Power	(87.10)	(95.25)	(124.45)	(182.35)	(234.92)	(454.58)
(d) Unallocated	6.17	2.45	75.01	8.62	91.66	100.80
Total	**(777.02)**	**(805.35)**	**(1,252.84)**	**(1,582.37)**	**(1,951.76)**	**(4,018.42)**
Add/ (Less) : Finance Cost	0.17	0.28	110.05	0.45	219.36	1.24
Loss from continuing operations	(777.19)	(805.63)	(1,362.89)	(1,582.82)	(2,171.12)	(4,019.66)
Loss from discontinuing operations	-	-		-	-	-
Loss Before Tax	**(777.19)**	**(805.63)**	**(1,362.89)**	**(1,582.82)**	**(2,171.12)**	**(4,019.66)**
Segment Assets						
(a) Sugar	31,834.13	31,368.16	34,719.99	31,834.13	34719.99	31,501.85
(b) Distillery	11,773.74	12,343.71	12,925.21	11,773.74	12925.21	12,535.57
(c) Power	9,139.59	9,358.42	9,577.23	9,139.59	9577.23	9,431.35
(d) Other unallocable corporate assets	114.36	116.69	119.06	114.36	119.06	117.47
Total assets	**52,861.82**	**53,186.98**	**57,341.49**	**52,861.82**	**57341.49**	**53,586.24**
Segment Liabilities						
(a) Sugar	56,508.16	56,072.25	57,616.03	56,508.16	57616.03	55,682.12
(b) Distillery	4,817.69	4,816.93	4,818.33	4,817.69	4818.33	4,816.17
(c) Power	9,721.90	9,720.91	9,719.46	9,721.90	9719.46	9,719.94
(d) Other unallocable corporate liabilities	-	-		-		-
Total liabilities	**71,047.75**	**70,610.09**	**72,153.82**	**71,047.75**	**72153.82**	**70,218.23**
Capital Employed (Segment assets-Segment liabilities)						
(a) Sugar	(24,674.03)	(24,704.09)	(22,896.04)	(24,674.03)	(22,896.04)	(24,180.27)
Add : Loans	23,520.87	23,519.30	23,548.29	23,520.87	23,548.29	23,519.30
Capital Employed Sugar segment	**(1,153.16)**	**(1,184.79)**	**652.25**	**(1,153.16)**	**652.25**	**(660.97)**
(b) Distillery	6,956.05	7,526.78	8,106.88	6,956.05	8,106.88	7,719.40
Add : Loans	3,243.43	3,243.43	3,243.80	3,243.43	3243.8	3,243.43
Capital Employed Distillery segment	**10,199.48**	**10,770.21**	**11,350.68**	**10,199.48**	**11,350.68**	**10,962.83**
(c) Power	(582.31)	(362.49)	(142.23)	(582.31)	(142.23)	(288.59)
Add : Loans	7,375.56	7,375.55	7,375.55	7,375.56	7375.55	7,375.55
Capital Employed power segment	**6,793.25**	**7,013.06**	**7233.32**	**6,793.25**	**7233.32**	**7,086.96**
Total capital employed in segments	**15,839.57**	**16,598.48**	**19,236.25**	**15,839.57**	**19,236.25**	**17,388.82**
Other unallocable corporate assets less Corporate liabilities	114.36	116.69	119.06	114.36	116.91	117.47
Total Capital Employed	**15,953.93**	**16,715.17**	**19,355.31**	**15,953.93**	**19,353.16**	**17,506.29**

SRIVATSAN & ASSOCIATES ★ CHARTERED ACCOUNTANTS ★ FRN:004921S

For DHARANI SUGARS AND CHEMICALS LIMITED (Under CIRP)

Resolution Professional

Statement of Assets and Liabilities

(Rs. in Lakhs)

Particulars	As at September 30, 2022 (Unaudited)	As at March 31, 2022 (Audited)
Assets		
Non-current assets		
Property, plant and equipment	50,335.73	51,448.08
Financial assets		
Investments	1,465.47	1,465.04
Other financial assets	43.33	43.31
Other non-current assets	361.64	54.05
Total non-current assets	**52,206.17**	**53,010.48**
Current assets		
Inventories	42.64	42.69
Financial assets		
Trade receivables	451.29	451.14
Cash and cash equivalents	80.22	14.73
Other financial assets	-	-
Other current assets	61.47	47.29
Current Tax Assets (Net)	20.03	19.91
Total current assets	**655.65**	**575.76**
Total Assets	**52,861.82**	**53,586.24**
EQUITY AND LIABILITIES		
Equity		
Equity share capital	3,320.00	3,320.00
Other equity	(21,505.93)	(19,951.99)
Total equity	**(18,185.93)**	**(16,631.99)**
Liabilities		
Non-current liabilities		
Financial liabilities		
Borrowings	607.49	605.99
Other financial liabilities	9.54	11.62
Deferred tax liabilities (net)	1,338.46	1,338.46
Provisions	564.02	564.02
Total non-current liabilities	**2,519.51**	**2,520.09**
Current liabilities		
Financial liabilities		
Borrowings	52,991.22	52,727.96
Trade payables	8,710.01	8,656.53
Other financial liabilities	319.28	19.28
Other current liabilities	6,348.17	6,156.46
Short Term Provisions	159.56	137.91
Total current liabilities	**68,528.24**	**67,698.14**
Total liabilities	**71,047.75**	**70,218.23**
Total Equity and Liabilities	**52,861.82**	**53,586.24**

SRIVATSAN & ASSOCIATES ★ CHARTERED ACCOUNTANTS ★ FRN 014921S

For DHARANI SUGARS AND CHEMICALS LIMITED
(Under CIRP)

Resolution Professional

Dharani Sugars and Chemicals Limited

Statement of cash flows for the half year ended September 30, 2022

(All amounts are in INR Lakhs, except share data and unless otherwise stated)

Particulars	For the half year ended September 30, 2022	For the year ended March 31, 2022
Cash Flow From Operating Activities		
Profit before income tax	(1,582.82)	(4,019.66)
Adjustments for		
Depreciation and amortisation expense	1,112.35	2,337.03
(Gain)/ loss on disposal of property, plant and equipment	-	0.43
Unamortised finance income	(2.08)	(3.92)
Unamortised interest expense and rent	-	0.02
Allowance for expected credit loss	-	37.21
Interest income	(5.80)	(4.23)
Finance costs	0.45	1.24
Changes in fair value of investments	(0.43)	(1.89)
	(478.33)	(1,653.77)
Change in operating assets and liabilities		
(Increase)/ decrease in other financial assets	(0.02)	2.68
(Increase)/ decrease in inventories	0.05	147.10
(Increase)/ decrease in trade receivables	(0.15)	22.69
(Increase)/ decrease in other assets	(321.89)	68.23
Increase/ (decrease) in provisions and other liabilities	542.24	1,120.49
Increase/ (decrease) in trade payables	53.48	4.75
Cash generated from operations	(204.62)	(287.83)
Less: Income taxes paid/ (refunds)	-	2.38
Net cash from operating activities (A)	**(204.62)**	**(290.21)**
Cash Flows From Investing Activities		
Interest received	5.80	4.23
Net cash used in investing activities (B)	**5.80**	**4.23**
Cash Flows From Financing Activities		
Proceeds from/ (repayment of) short term borrowings (net)	263.26	(267.67)
Proceeds from/ (repayment of) long term borrowings (net)	1.50	(10.47)
Interest paid	(0.45)	(1.24)
Net cash from/ (used in) financing activities (C)	**264.31**	**(279.38)**
Net increase/ (decrease) in cash and cash equivalents(A+B+C)	**65.49**	**(565.36)**
Cash and cash equivalents at the beginning of the financial year	14.73	580.09
Cash and cash equivalents at end of the year	**80.22**	**14.73**

Notes:

1. The above cash flow statement has been prepared under indirect method prescribed in Ind AS 7 "Cash Flow Statements".
2. Components of cash and cash equivalents

Balances with banks		
- in current accounts	79.08	14.27
Cash on hand	1.14	0.46
Total	**80.22**	**14.73**

As per our report of even date attached

For SRIVATSAN & ASSOCIATES
Chartered Accountants
Firm Registration No. 014921S

SRIVATSAN & ASSOCIATES ★ CHARTERED ACCOUNTANTS ★ FRN:014921S

N.SRIVATSAN
Partner
Membership No. 230195

Place: Chennai
Date : 12th April 2023

For and on behalf of the board

Dr.PALANI.G. PERIASAMY
Executive Chairman
DIN 00081002

For DHARANI SUGARS AND CHEMICALS LIMITED (Under CIRP)
Resolution Professional

MAHALINGAM SURESH KUMAR
Resolution Professional
IPR No.: IBBI/ IPA-001/IP-P00110/ 2017-2018/ 10217

Srivatsan & Associates
Chartered Accountants

No.27 (Old No.13), Muthukrishnan Street
Mylapore, Chennai - 600 004
Mobile: 98418 36988/99404 90743
Email: sri@srivatsanassociates.com
neeraj@srivatsanassociates.com
Web: www.srivatsanassociates.com

Limited Review Report

On the Unaudited Financial Results for the quarter ended and six months ended September 2022 of M/s. Dharani Sugars and Chemicals Limited pursuant to the Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

The Interim Resolution Professional
Dharani Sugars and Chemicals Limited
Chennai

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

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

2. We have reviewed the unaudited financial results of the Company for the quarter and six months ended September 30, 2022 which are included in the accompanying 'Statement of Unaudited Financial Results for the quarter and six months ended September 30, 2022' together with the notes thereon (the "Statement"). The Statement has been prepared by the Company's management pursuant to Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations, 2015"), as amended, which has been initialled by us for identification purposes. The Statement is the responsibility of the Company's management and has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard (IND AS) 34, "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India.

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

3. We have conducted our review in accordance with the Standard on Review Engagements (SRE) 2410,"Review of Interim Financial information Performed by the independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement.

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4. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit We have not performed an audit and accordingly, we do not express an audit opinion

5. We draw attention to the following matters:

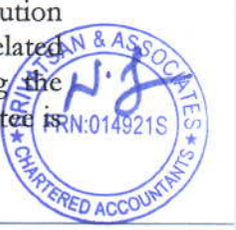
   a) Note 2 to the Statement regarding the fact that the all the banks and financial institutions have classified the borrowings of the Company as non-performing assets. All the banks and financial institutions have also issued notice calling back the loans. Considering the above, as in the previous periods, the Company has not (a) provided interest on the outstanding borrowings from banks and financial institutions and (b) not restated the foreign currency loans. In the opinion of the management, in view of the One Time Settlement ("OTS")of the loans sought by the Company, there will be no further interest liability on the Company from the NPA date.

   We were also informed that on an appeal filed by a director of the company, the Hon'ble National Company Law Appellate Tribunal ("NCLAT") has directed the CIRP applicant and IRP to file return submission/ status report respectively and the next hearing has been listed for June 5, 2023.

   Several uncertainties exist due to non-confirmation from the banks/ financial institutions for the outstanding borrowings as on September 30, 2022, present developments in CIRP and the expected timing of withdrawal of CIRP by the financial creditors/final approval of OTS proposal by the consortium banks. Due to the aforesaid uncertainties, we are unable to comment on (a) the appropriateness of the aforesaid reversal of interest, (b) the impact of the in certain inoperative bank accounts ,and (c) adjustments, that may be required, in the carrying amount of the financial and non-financial assets/ liabilities of the Company.

   b) Note 3 to the Statement which explains that during June,2020 quarter a CIRP was admitted and a resolution professional was appointed in the case of one of the major investees(Appu Hotels Limited) of the Company by the Hon'ble NCLT, Chennai Bench vide its order dated May 5, 2020. The carrying amount of the investments as at September 30, 2022 is Rs.1,455.53 Lakhs.

   The Hon'ble NCLT on July 15, 2021 has passed an order approving the resolution plan submitted by one of the resolution applicants. In accordance with the approved resolution plan, no payment will be made towards any amount due to the promoters and their related group companies by the successful resolution applicant. In our opinion, considering the present developments, the entire investments held by the Company in the aforesaid investee is considered to be not recoverable as per the approved resolution plan.



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However, we were informed by the management that a major part of the assets of the investee comprises of land and commercial buildings (including a well-known brand name in the hotel industry), whose liquidation value is much higher than the total dues to its financial and operating creditors (including that of the Company) and the resolution plan approved is not in line with the actual value of the assets. The management also confirmed that the resolution professional has not followed the due process of CIRP and accordingly, the resolution plan approved is not proper as per law. It was also informed to us that the investee has filed an application before the Hon'ble National Company Law Appellate Tribunal (NCLAT) praying for quashing the order of the Hon'ble NCLT and the resolution plan was stayed by the Hon'ble NCLAT and the judgement is reserved.

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

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

c) As more fully described about the Material Uncertainty Relating to Going Concern in paragraph 6 below, there is a significant doubt on the Company's ability to continue as a going concern. We are unable to comment on the appropriateness of preparing the Statement on a going concern assumption and the impact, if any, arising out of the above matter is not presently determinable.

d) Our opinion is modified in respect of matters referred in clauses 5 (a) to 5 (d) above The matters referred in clause 5 (a) to 5 (d) have been qualified in limited review reports of earlier quarters as well as the independent audit opinion issued by previous auditors for the earlier years.

6) **Material uncertainty relating to Going Concern**

The Company has very minimal operations during the quarter ended September 30, 2022. The Company has incurred huge losses during the period under consideration and also during the earlier periods/ years, due to which the Company's net worth is negative. The Company's ability to continue as a going concern depends on the possible decisions that may be taken on OTS/ CIRP and further inflow of funds for the working capital requirements of the Company. All the above matters materially depend on future events. The above factors cast a significant doubt on the Company's ability to continue as a going concern. Pending resolution of the above uncertainties, the Company has prepared the aforesaid Statement on a going concern basis.

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7) Based on our review conducted as above, except for matters stated in Paragraph 5 above, nothing has come to our attention that causes us to believe that the Statement has not been prepared in all material respects in accordance with Ind AS and other recognised accounting practices and policies and has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, 2015 as amended from time to time, read with SEBI Circular No. CIR/ CFD/ CMD1/ 80/ 2019 dated July 19 2019 as amended from time to time, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For SRIVATSAN & ASSOCIATES
Chartered Accountants

N. Srivatsan

Partner
M.No. 230195

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