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/Sep Results/ 2019

December 6, 2019

National Stock Exchange of India Limited
Exchange Plaze, 5th Floor, Plot NO.C/1, G-Block
Bandra Kurla Complex
Bandra East, Mumbai-400 051.

Dear Sir,

Sub: Clarification for Financial Results - DHARSUGAR

With reference to your email dated 5th December 2019 requesting us to submit the correct Cashflow Statement for the period ended 30th September 2019. In this connection, we are enclosing statement of financial results for the quarter and half year ended 30th September 2019 alongwith corrected Cash Flow Statement for your records.

Thanking you,

Yours faithfully,
For Dharani Sugars and Chemicals Limited

E P Sakthivel
Company Secretary

Encl.: as above

Dharani Nagar, Vasudevanallur,
Tirunelveli District - 627 760
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Karaipoondi Village, Polur,
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Ph : (04181) 223161, 223162, 223170
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Kalayanallur Village, Thiyagadurugam,
Pallangacherry Post, Kallakurichi Via,
Villupuram District - 606 206
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Email : dharani3@dharanisugars-pgp.com

Dharani Sugars and Chemicals Limited

Regd. Office: "PGP House", New No.59 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 six months ended September 30, 2019 under Ind AS

(Rs. in Lakhs)

S.No	Particulars	Quarter ended			Half year ended		Year ended
		September 30, 2019 (Unaudited)	June 30, 2019 (Unaudited)	September 30, 2018 (Unaudited)	September 30, 2019 (Unaudited)	September 30, 2018 (Unaudited)	March 31, 2019 (Audited)
	Income from Operations						
1	(a) Net Sales/ Revenue from operations	4,367.68	6,068.33	6,545.08	10,436.01	17,950.98	31,569.73
2	(b) Other Income (Net)	4.64	23.56	12.42	28.20	46.34	365.51
3	**Total Income (1+2)**	4,372.32	6,091.89	6,557.50	10,464.21	17,997.32	31,935.24
4	**Expenses**						
	(a) Cost of materials consumed	3,010.35	3,331.60	2,761.26	6,341.95	5,493.00	15,627.69
	(b) Changes in inventories of finished goods, work in progress and stock in trade	344.88	1,236.04	3,052.00	1,580.92	10,532.43	12,139.90
	(c) Employees benefits expense	556.77	567.87	600.03	1,124.64	1,201.06	2,377.92
	(d) Finance Cost	256.28	1,904.75	1,816.12	2,161.03	3,710.23	7,454.97
	(e) Depreciation and amortisation expense	561.35	561.36	564.98	1,122.71	1,128.03	2,259.42
	(f) Other expenses	1,603.99	747.39	914.30	2,351.38	1,954.72	5,165.05
	Total Expenses	6,333.62	8349.01	9708.69	14,682.63	24,019.47	45,024.95
5	Profit/ (Loss)before exceptional items and tax (3-4)	(1,961.30)	(2,257.12)	(3,151.19)	(4,218.42)	(6,022.15)	(13,089.71)
6	Exceptional items	-	-	-	-	-	-
7	**Profit/ (Loss) before tax (5+6)**	(1,961.30)	(2,257.12)	(3,151.19)	(4,218.42)	(6,022.15)	(13,089.71)
8	**Tax expense**						
	Current tax	-	-		-		(1.18)
	MAT credit reversal	-	-	(1,577.88)	-	(1,577.88)	(1,577.56)
	Deferred tax Asset/(Liability)	-	-		-		(264.47)
	Total tax expenses	-	-	(1,577.88)	-	(1,577.88)	(1,843.21)
9	Profit/ (Loss) for the period from continuing operations (7-8)	(1,961.30)	(2,257.12)	(4,729.07)	(4,218.42)	(7,600.03)	(14,932.92)
10	Profit/ (Loss) from discontinued operations	-	-	-	-	-	-
11	Tax expense of discontinued operations	-	-	-	-	-	-
12	Profit/ (Loss) from discontinued operations (after tax) (10-11)	-	-	-	-	-	-
13	**Profit/ (Loss) for the period (9+12)**	(1,961.30)	(2,257.12)	(4,729.07)	(4,218.42)	(7,600.03)	(14,932.92)
14	Other comprehensive income, net of income tax						
	(a) (i) items that will not be reclassified to profit or loss	13.63	13.63	34.83	27.26	23.22	54.53
	(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	13.63	13.63	34.83	27.26	23.22	54.53
15	**Total comprehensive income/(loss) for the period (13+14)**	(1,947.67)	(2,243.49)	(4,694.24)	(4,191.16)	(7,576.81)	(14,878.39)
16	Paid-up equity share capital	3320.00	3320.00	3320.00	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	(5.91)	(6.80)	(14.24)	(12.71)	(22.89)	(44.98)
	- Diluted	(5.91)	(6.80)	(14.24)	(12.71)	(22.89)	(44.98)

Notes:

1. The above results for the quarter and six months ended September 30, 2019 as reviewed and recommended by the audit committee of the Board, has been approved by the Board of Directors at its meeting held on November 12, 2019.

2. The statement has been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under section 133 of the Companies Act, 2013 and other recognised accounting practices and policies to the extent applicable.

3. The format for audited quarterly results as prescribed in SEBI's Circular CIR/CFD/CMD/15/2015 dated November 30, 2015 has been modified to comply with the requirements of SEBI's circular dated July 5 2016, Ind AS and Schedule III (Part II) to the Companies Act, 2013, which are applicable to companies that are required to comply with Ind AS.

4. The Company's net worth is negative and the borrowings from banks and financial institutions have been classified by the lenders as non-performing assets. All the banks and financial institutions have also issued notice calling back the loans. The poor performance of the Company is mainly due to low availability of sugarcane for crushing as planting areas are being continuously reduced due to continuous draught and the general slowdown in sugar industry due to factors like failure of monsoon, varietal degeneration, reduced recovery, decline in area under cultivation and the resultant reduction in capacity utilisation of sugar mills. This being a general industry issue, a formal representation was made by the South Indian Sugar Mills Association (SISMA), in which the Company is a member, to the Hon'ble Prime Minister and the Chief Minister of Tamil Nadu for announcing revival packages for the sugar industry. SISMA expects that its demands will be considered by the Central and State Governments favourably.

   In the meeting with the Hon'ble Union Finance Minister, SISMA has submitted a request for restructuring of loans to sugar mills considering the status of Sugar industry in Tamilnadu. Pursuant to the directions of the Hon'ble Union Finance Minister, the Ministry of Finance had organised a joint meeting of the senior officers of Reserve Bank of India (RBI), Ministry of Finance, Food Ministry, Tamilnadu State Government, Farmers' Associations and SISMA. The meeting was held on September 24, 2019 and deliberated on the supportive measures including restructuring of accounts required for the revival of sugar units in Tamilnadu. SISMA has also sent a letter to the State Level Bankers Committee (SLBC) and requested to keep in abeyance the recovery proceedings initiated against sugar units in Tamilnadu, including proceeding before the SARFAESI, Hon'ble National Company Law Tribunal (NCLT) and Debt Recovery Tribunal (DRT), considering the discussions arising out of the above meeting. The Hon'ble Chief Minister of Tamilnadu has also communicated with the Hon'ble Union Finance Minister requesting to direct the bankers to restructure of loans given to the sugar industry and not to take any harsh measures under SARFAESI, Insolvency and Bankruptcy Code and DRT vide D.O letter dated October 24, 2019 and press release No.725 dated October 26, 2019, until the sugar sector is revived.

5. Despite the above matters relating to industry issues requiring policy decisions at various levels and submissions being under consideration by the Central and State Governments to revive the sugar units in Tamilnadu, Bank of India has filed an insolvency petition with Hon'ble NCLT for corporate insolvency resolution process on August 14, 2019. The Company has replied stating that the entire sugar industry in Tamilnadu is passing through a distressing period and that the Bank has failed to adhere to the Prudential Framework for Resolution of Stressed Assets and that the bank has ignored the consortium arrangement and independently proceeded for recovery of its portion of debt. Bank of India has also sent, in parallel, an intimation letter for scheme of One Time Settlement of (BOI OTS 2019) dated October 31, 2019 received by the Company on November 8, 2019. The Company not yet replied to the said intimation to Bank of India. The next hearing of the Hon'ble NCLT is posted on December 18, 2019.

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

CNGSN & ASSOCIATES LLP ★ CHENNAI ★ CHARTERED ACCOUNTANTS

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

7 **Statement of assets and liabilities**

(Rs.in Lakhs)

Particulars	As at September 30, 2019 (Unaudited)	As at March 31, 2019 (Audited)
Assets		
(1) Non-current assets		
a. Property, plant and equipment	57,164.14	58,284.38
c. Intangible assets	-	-
d. Financial assets		
Investments	1,502.34	1,666.29
Other financial assets	43.46	211.73
f. Other non-current assets	267.75	281.95
Total Non-current assets	**58,977.69**	**60,444.35**
(2) Current assets		
a. Inventories	801.03	2,464.16
b. Financial assets		
Trade receivables	4,203.03	4,211.71
Cash and cash equivalents	261.58	164.37
Bank balances other than above	16.85	21.83
Other financial assets	13.85	11.58
c. Other current assets	804.23	2,072.03
Total Current assets	**6,100.57**	**8,945.68**
Total Assets	**65,078.26**	**69,390.03**
EQUITY AND LIABILITIES		
Equity		
a. Equity share capital	3,320.00	3,320.00
b. Other Equity	(13,414.11)	(9,222.95)
Total equity	**(10,094.11)**	**(5,902.95)**
Liabilities		
(1) Non-Current Liabilities		
a. Financial liabilities		
Borrowings	77.26	15,507.11
Other financial liabilities	24.94	26.68
Deferred tax liabilities (net)	1,678.14	1,678.14
b. Provisions	450.13	459.56
Total Non-Current Liabilities	**2,230.47**	**17,671.49**
(2) Current liabilities		
a. Financial liabilities		
Borrowings	51,461.18	20,867.93
Trade payables	9,346.45	10,377.53
b. Other financial liabilities	2,065.56	2,247.45
c. Other current liabilities	9,930.04	23,987.14
d. Short Term Provisions	138.67	141.44
Total Current liabilities	**72,941.90**	**57,621.49**
Total Liabilities	**75,172.37**	**75,292.98**
Total Equity and Liabilities	**65,078.26**	**69,390.03**

CNGSN & ASSOCIATES LLP * CHENNAI * CHARTERED ACCOUNTANTS

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

Statement of Cash Flows

(Rs.in Lakhs)

1 Particulars	Six months ended September 30,2019 (Unaudited)	Year ended March 31, 2019 (Audited)
Cash Flow From Operating Activities		
Profit before income tax	(4,218.42)	(13,089.71)
Adjustments for		
Depreciation and amortisation expense	1,122.71	2,259.42
(Gain)/ loss on disposal of property, plant and equipment	-	(274.96)
Unamortised Finance Income	(21.54)	(23.28)
Unamortised interest expense and rent	(168.27)	(75.51)
Increase in fair value of investments	-	(0.95)
Provisions for doubtful debts	863.87	139.21
Interest income	(3.67)	(31.60)
Finance costs	2,161.03	7,454.97
Diminution in the value of investments	163.95	1,192.12
	(100.34)	**(2,450.29)**
Change in operating assets and liabilities		
(Increase)/ decrease in other financial assets	258.16	219.62
(Increase)/ decrease in inventories	1,663.13	12,226.04
(Increase)/ decrease in trade receivables	(186.48)	209.23
(Increase)/ decrease in other assets	752.70	(1,251.65)
Increase/ (decrease) in provisions and other liabilities	(662.35)	1,989.78
Increase/ (decrease) in trade payables	(1,031.08)	(2,020.23)
Cash generated from operations	693.74	8,922.50
Less: Income taxes paid/ (refunds)	0.20	(9.27)
Net cash from operating activities (A)	**693.54**	**8,931.77**
Cash Flows From Investing Activities		
Payments for property, plant and equipment	(2.48)	(129.66)
Proceeds from sale of property, plant and equipment	-	290.00
Realisation of (investment in) fixed deposits other than cash and cash equivalents	4.98	1,193.93
Interest received	3.83	31.50
Net cash used in investing activities (B)	**6.33**	**1,385.77**
Cash Flows From Financing Activities		
Proceeds from/ (repayment of) long term and short term borrowings (net)	(179.40)	(8,171.38)
Interest paid	(423.26)	(2,243.48)
Net cash from/ (used in) financing activities (C)	**(602.66)**	**(10,414.86)**
Net increase/ (decrease) in cash and cash equivalents(A+B+C)	97.21	(97.32)
Cash and cash equivalents at the beginning of the financial year	164.37	261.69
Cash and cash equivalents at end of the year	**261.58**	**164.37**

CNGSN & ASSOCIATES LLP CHENNAI CHARTERED ACCOUNTANTS

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

The Company has organised the business into three segments viz. Sugar, Distillery and Power. This reporting complies with the Ind AS segment reporting principles.

1

(Rs.in Lakhs)

Particulars	Quarter ended			Half year ended		Year ended
	September 30, 2019(Unaudited)	June 30, 2019(Unaudited)	September 30, 2018(Unaudited)	September 30, 2019(Unaudited)	September 30, 2018(Unaudited)	March 31, 2019(Audited)
Segment Revenue						
(a) Sugar	3,634.28	3,707.05	4,877.66	7,341.33	14,896.74	28,029.15
(b) Distillery	1,567.11	2,739.21	1,826.39	4,306.32	3,351.97	4,923.36
(c) Power	93.07	13.78	410.51	106.85	410.51	1,768.91
(d) Unallocated	4.64	23.56	12.42	28.20	46.34	365.51
Total	**5,299.10**	**6,483.60**	**7,126.98**	**11,782.70**	**18,705.56**	**35,086.93**
Less: Inter Segment Revenue	926.79	391.71	569.48	1,318.50	708.24	3,151.69
Revenue from operations (Net)	**4,372.31**	**6,091.89**	**6,557.50**	**10,464.20**	**17,997.32**	**31,935.24**
Segment Results						
Profit (+) / Loss (-) before tax and finance cost						
(a) Sugar	(1,816.71)	(739.07)	(1,532.12)	(2,555.78)	(2,650.64)	(6,191.10)
(b) Distillery	379.23	548.00	187.66	927.23	466.01	792.66
(c) Power	(272.18)	(184.86)	(3.03)	(457.04)	(173.63)	(601.81)
(d) Unallocated	4.64	23.56	12.42	28.20	46.34	365.51
Total	**(1,705.02)**	**(352.37)**	**(1,335.07)**	**(2,057.39)**	**(2,311.92)**	**(5,634.74)**
Add/ Less: Finance Cost	256.28	1,904.75	1,816.12	2,161.03	3,710.23	7,454.97
Profit/ (Loss) from continuing operations	(1,961.30)	(2,257.12)	(3,151.19)	(4,218.42)	(6,022.15)	(13,089.71)
Profit/ (Loss) from discontinuing operations				-		-
Profit/ (Loss) Before Tax	**(1,961.30)**	**(2,257.12)**	**(3,151.19)**	**(4,218.42)**	**(6,022.15)**	**(13,089.71)**
Segment Assets						
(a) Sugar	37,961.26	40,888.04	45,421.65	37,961.26	45,421.65	42,585.15
(b) Distillery	13,957.46	14,150.23	13,828.26	13,957.46	13,828.26	13,887.54
(c) Power	13,035.25	13,027.49	13,015.92	13,035.25	13,015.92	12,797.77
(d) Other unallocable corporate assets	124.29	124.29	(1,292.06)	124.29	(1,292.06)	119.57
Total assets	**65,078.26**	**68,190.05**	**70,973.77**	**65,078.26**	**70,973.77**	**69,390.03**
Segment Liabilities						
(a) Sugar	57,305.77	57,106.34	52,342.80	57,305.77	52,342.80	56,511.62
(b) Distillery	5,056.81	5,100.44	4,956.04	5,056.81	4,956.04	5,063.78
(c) Power	12,809.79	11,111.41	12,276.30	12,809.79	12,276.30	12,039.44
(d) Other unallocable corporate liabilities	-	-	-	-	-	1,678.14
Total liabilities	**75,172.37**	**73,318.19**	**69,575.14**	**75,172.37**	**69,575.14**	**75,292.98**
Capital Employed (Segment assets-Segment liabilities)						
(a) Sugar	(19,344.51)	(16,218.29)	(6,921.15)	(19,344.51)	(6,921.15)	(13,926.47)
Add: Loans	23,181.67	23,167.87	14,941.77	23,181.67	14,941.77	10,495.23
Net capital employed in Sugar Segment	3,837.16	6,949.58	8,020.62	3,837.16	8,020.62	(3,431.24)
(b) Distillery	8,900.65	9,049.79	8,872.22	8,900.65	8,872.22	8,823.76
Add: Loans	3,261.32	3,261.32	1,555.18	3,261.32	1,555.18	1,558.36
Net capital employed in Distillery Segment	12,161.97	12,311.11	10,427.40	12,161.97	10,427.40	10,382.12
(c) Power	225.46	1,916.08	739.62	225.46	739.62	758.33
Add: Loans	7,375.56	7,375.56	4,520.67	7,375.56	4,520.67	3,453.52
Net capital employed in Power Segment	7,601.02	9,291.64	5,260.29	7,601.02	5,260.29	4,211.85
Total capital employed in segments	**23,600.15**	**28,552.33**	**23,708.31**	**23,600.15**	**23,708.31**	**11,162.73**
Other unallocable corporate assets less Corporate liabilities	124.29	124.29	(1,292.06)	124.29	(1,292.06)	(1,558.57)
Total Capital Employed	**23,724.44**	**28,676.62**	**22,416.25**	**23,724.44**	**22,416.25**	**9,604.16**

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

Place: Chennai
Date : November 12, 2019

Dr Palani G Periasamy
Executive Chairman
DIN : 00081002

Initialed for identification purposes only

CNGSN & ASSOCIATES LLP
CHENNAI
CHARTERED ACCOUNTANTS

CNGSN & ASSOCIATES LLP
CHARTERED ACCOUNTANTS

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E.K. SRIVATSAN
B.Com., FCA

Limited Review Report on the Unaudited Financial Results for the Quarter and six months ended September 30, 2019 M/s Dharani Sugars and Chemicals Limited Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

The Board of Directors
Dharani Sugars and Chemicals Limited
Chennai

1. We have reviewed the unaudited financial results of Dharani Sugars and Chemicals Limited (the "Company") for the quarter and six months ended September 30, 2019 which are included in the accompanying 'Statement of Unaudited Financial Results for the quarter and six months ended September 30, 2019' together with the notes thereon (the "Statement"). The Statement has been prepared by the Company's management pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations, 2015"), as amended from time to time, read with SEBI Circular No. CIR/ CFD/ CMD1/ 80/ 2019 dated July 19, 2019 which has been initialled by us for identification purposes. The Statement is the responsibility of the Company's Management and has been approved by its Board of Directors.

   Our responsibility is to issue a report on the Statement based on our review.

2. We 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.

3. 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.

4. **Basis of qualification**

   Considering the fact that all the banks/ financial institutions have declared the loans are non-performing asset (NPA) and issued recall notices and are not debiting interest in the existing outstanding loans, the Company has also not provided the interest on the outstanding borrowings from banks and financial institutions. In the opinion of the management, in view of the one-time settlement/ restructuring of the loans sought by the Company, there will be no further interest liability will be on the Company. We are unable to comment on the appropriateness of the above accounting treatment. The possible impact, if any, arising out of the above matters is not presently ascertainable.

CNGSN & ASSOCIATES LLP CHENNAI CHARTERED ACCOUNTANTS

5. Based on our review conducted as above, nothing has come to our attention, other than those matters specified in the basis of qualification paragraph, 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 which has been initialled by us for identification purposes including the manner in which it is to be disclosed, or that it contains any material misstatement.

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

Without qualifying our opinion, we draw attention to the following:

a) The Company's net worth is negative and the borrowings from banks and financial institutions have been classified by the lenders as non-performing assets. All the banks and financial institutions have also issued notice calling back the loans. We understand from the management that the poor performance of the Company is mainly due to low availability of sugarcane for crushing as planting areas are being continuously reduced due to continuous draught and the general slowdown in sugar industry due to factors like failure of monsoon, varietal degeneration, reduced recovery, decline in area under cultivation and the resultant reduction in capacity utilisation of sugar mills. This being a general industry issue, a formal representation was made by the South Indian Sugar Mills Association (SISMA), in which the Company is a member, to the Hon'ble Prime Minister and the Chief Minister of Tamil Nadu for announcing revival packages for the sugar industry. SISMA expects that its demands will be considered by the Central and State Governments favourably.

b) We were informed that

i. in the meeting with the Hon'ble Union Finance Minister, SISMA has submitted a request for restructuring of loans to sugar mills considering the status of Sugar industry in Tamilnadu. Pursuant to the directions of the Hon'ble Union Finance Minister, the Ministry of Finance had organised a joint meeting of the senior officers of Reserve Bank of India (RBI), Ministry of Finance, Food Ministry, Tamilnadu State Government, Farmers' Associations and SISMA. The meeting was held on September 24, 2019 and deliberated on the supportive measures including restructuring of accounts required for the revival of sugar units in Tamilnadu.

ii. SISMA has also sent a letter to the State Level Bankers Committee (SLBC) and requested to keep in abeyance the recovery proceedings initiated against sugar units in Tamilnadu, including proceeding before the SARFAESI, Hon'ble National Company Law Tribunal (NCLT) and Debt Recovery Tribunal (DRT), considering the discussions arising out of the above meeting.

iii. the Hon'ble Chief Minister of Tamilnadu has also communicated with the Hon'ble Union Finance Minister requesting to direct the bankers to restructure of loans given to the sugar industry and not to take any harsh measures under SARFAESI, Insolvency and Bankruptcy Code and DRT vide D.O letter dated October 24, 2019 and press release No.725 dated October 26, 2019, until the sugar sector is revived.

c) On a petition filed by the Company and others, the Hon'ble Supreme Court of India on April 2, 2019 declared the RBI circular dated February 12, 2018, as "ultra-vires, Section 35AA of the Banking Regulation Act". Further, the Company has submitted a resolution plan to the consortium of banks for restructuring the loans. The resolution plan was rejected by the

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consortium of banks in the Joint Lender's Meeting held on May 22, 2019. We were informed that the Company is also in the process of identifying alternative plans to initiate the OTS with the banks. Pending submission of the OTS/ other alternative resolution plans, a decision is yet to be taken by the lenders regarding restructuring of the Company's borrowings.

d) We were informed that despite the above matters relating to the industry issues requiring policy decisions at various levels and submissions being under consideration by the Central and State Governments to revive the sugar units in Tamilnadu, Bank of India has filed an insolvency petition with Hon'ble NCLT for corporate insolvency resolution process on August 14, 2019. We were informed that the Company has replied stating that the entire sugar Industry in Tamilnadu is passing through a distressing period and that the Bank has failed to adhere to the Prudential Framework for Resolution of Stressed Assets and that the bank has ignored the consortium arrangement and independently proceeded for recovery of its portion of debt. We were also informed that Bank of India has also sent, in parallel, an intimation letter for scheme of One Time Settlement of (BOI OTS 2019) dated October 10, 2019 received by the Company on November 8, 2019. The Company not yet replied for said intimation to Bank of India. The next hearing of the Hon'ble NCLT is posted on December 18, 2019.

e) Though the banks have recalled the loans and stopped charging interest from the date of declaring the account as NPA, the Company on a prudent basis continue to provide for interest on the outstanding loans at the originally contracted interest rate. The appropriateness of this accounting treatment, will also dependent on the outcome of the restructuring requested by the Company with its bankers.

The above factors cast a significant uncertainty on the Company's ability to continue as a going concern. Pending the resolution of the above uncertainties, the Company has prepared the aforesaid statement on a going concern basis.

For CNGSN & ASSOCIATES LLP
Chartered Accountants
Firm Registration No.004915S/ S200036

(CHINNSAMY GANESAN)
Partner
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Place: Chennai
Date: November 12, 2019