



THE ANDHRA SUGARS LIMITED

64th ANNUAL REPORT

2010 - 2011

BOARD OF DIRECTORS :

Dr. Mullapudi Harischandra Prasad
Chairman & Managing Director

Dr. B. B. Ramaiah
Managing Director (Tech.)

Sri Justice G. Ramanujam (Retd.)

Sri A. Ranga Rao

Sri P. Narendranath Chowdary, B.Sc.
Joint Managing Director

Sri M. Narendranath, B.Sc.(Ag.)
Joint Managing Director

Sri M. Thimmaraja, B.Tech., M.B.A.(Florida)
Joint Managing Director

Sri P. Achuta Ramayya, B.Com., M.B.A.(New York)
Executive Director

Dr. A.V. Rama Rao

Dr. P. Kotaiah

Sri V. S. Raju

Dr. Alapaty Appa Rao

Dr. Anumolu Ramakrishna

Sri P.A.Chowdary, I.R.S. (Retd.)

Sri P.S.R.V.K. Ranga Rao, B.Com.,
Executive Director

VICE PRESIDENT (Finance) :

Sri T. Krishnaiah, B.A., F.I.C.W.A., F.C.S.

COMPANY SECRETARY :

Sri M. Palachandra, M.Com., A.C.S.

BANKERS :

Andhra Bank
State Bank of Hyderabad
State Bank of India
Bank of Baroda
Indian Bank

STATUTORY AUDITORS :

M/s. Brahmayya & Co.,
Chartered Accountants
Vijayawada.

COST AUDITORS :

M/s. Narasimha Murthy & Co.,
Cost Accountants
Hyderabad.

REGISTERED OFFICE :

Venkatarayapuram
Tanuku - 534 215
West Godavari District
Andhra Pradesh.

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THE ANDHRA SUGARS LIMITED

Registered Office: Venkatarayapuram, TANUKU - 534 215
West Godavari District, Andhra Pradesh.

NOTICE TO SHAREHOLDERS

Notice is hereby given that the SIXTY FOURTH Annual General Meeting of THE ANDHRA SUGARS LIMITED will be held at the Registered Office of the Company, Venkatarayapuram, Tanuku - 534215 on Saturday the 24th day of September, 2011 at 3.00 P.M. to transact the following business:

1. To receive, consider and adopt the audited Profit & Loss Account for the year ended 31st March, 2011 and the Balance Sheet as at that date together with the Reports of Board of Directors and Auditors thereon.
2. To declare Dividend for the year 2010-11.
3. To appoint a Director in place of Sri A. Ranga Rao who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Dr. Anumolu Ramakrishna who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Sri P.S.R.V.K. Ranga Rao who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint a Director in place of Sri Justice G. Ramanujam (Retd.) who retires by rotation and being eligible offers himself for re-appointment.
7. To appoint Auditors for the year 2011-12 and fix their remuneration. The present Auditors of the Company, M/s Brahmayya & Co., Chartered Accountants, Vijayawada retire at this Annual General Meeting and are eligible for re-appointment.

(BY ORDER OF THE BOARD)

Venkatarayapuram
TANUKU – 534 215
28-07-2011

For THE ANDHRA SUGARS LIMITED
Dr. MULLAPUDI HARISCHANDRA PRASAD
Chairman & Managing Director

The Andhra Sugars Limited

NOTES:

- 1. A Member entitled to attend and vote may appoint a proxy to attend and vote instead of himself on poll and that a proxy need not be a Member.**
2. The Register of Members and the Share Transfer Books of the Company will remain closed from Saturday the 17th September, 2011 to Saturday the 24th September, 2011 (both days inclusive).
3. The dividend recommended by Directors, if approved at the Meeting will be paid to the Shareholders whose names are on the Register of Members as on 24th September, 2011. **In respect of the shares held in Demat Mode, the above dividend will be paid on the basis of beneficial ownership as at the end of business hours of 16th September, 2011 as per the details furnished by the Depositories for this purpose.**
4. Shareholders in physical mode are requested to notify their change of address, if any, to the Company.
5. Shareholders in physical mode are requested to furnish their Bank Account No. in order to enable the Company to print their Bank Account on the Dividend Warrants.
6. As per the provisions of Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, the un-claimed Dividend in respect of Dividend for the year 2002-2003 has been transferred to Investor Education and Protection Fund as envisaged in Section 205C of the Companies Act, 1956. **Shareholders who have not encashed the Dividends may make a request to the Company for the payment of unencashed Dividend amount in respect of Dividend declared from the years 2003 - 04 onwards in order to enable the Company to proceed with their request in case the dividend warrants remain unencashed.**
7. **Information about the Directors seeking re-appointment at the 64th Annual General Meeting as required under Corporate Governance:**

Sri A. Ranga Rao joined as a Director on the Board on 18-11-1991. Sri A. Ranga Rao is a Law Graduate and an industrialist with considerable experience. He is Chairman & Managing Director of Akin Laboratories Pvt. Limited. He is the Chairman of the Audit Committee constituted by the Board of your Company. Sri A. Ranga Rao holds 200 Equity Shares in the Company.

Dr. Anumolu Ramakrishna joined as a Director on the Board of the Company on 21-02-2005. Dr. Anumolu Ramakrishna holds Bachelor Degree in Civil Engineering and M.Sc. in Structural Engineering. He started his career in 1962 with Engineering Construction Corporation Limited which was subsequently amalgamated with Larsen & Tubro (L&T) Limited. He was inducted on the Board of L&T in 1992 and was elevated to the position of Deputy Managing Director in 2000. He was associated with many prestigious and huge construction projects in India and abroad which were completed in record time. He has been conferred Degree of Doctorate of Science by Andhra University and Degree of Doctorate of Philosophy by Jawaharlal Nehru Technological University. He holds Directorships in companies viz., KCP Ltd., Madras Cements Ltd., Ramco Industries Ltd., GVK Power & Infrastructure Ltd., SPEL Semiconductor Ltd., Teesta Urja Ltd., The Andhra Petrochemicals Ltd., GVK Gowthami Power Ltd., GVK Hotels & Resorts Ltd., Brigade Enterprises Ltd., GVK Jeypore Expressway Pvt. Ltd., International Infrastructure Consultants Pvt. Ltd., and Mumbai International Airport Pvt. Ltd. He is on the Audit Committee of other companies viz., Ramco Industries Ltd., KCP Limited, Taj GVK Hotels and Resorts Limited, SPEL Semiconductor Limited, GVK Power & Infrastructure Limited, GVK Gautami Power Limited, Teesta Urja Limited, Madras Cements Limited and The Andhra Petrochemicals Limited. He does not hold any Equity Shares in the Company.

Sri P.S.R.V.K. Ranga Rao is a Graduate in Commerce. He has been the Executive Director of the Company since 01-05-1999. As Executive Director, he assists the Chairman & Managing Director in looking after day to day affairs of Chemical Complex at Saggonda. He holds Directorships in Sugar Field Constructions Pvt. Ltd. and Rangaraya Constructions Pvt. Ltd.

Sri Justice G. Ramanujam joined as a Director on the Board on 30-01-2002. Sri Justice G. Ramanujam is retired Chief Justice, Madras High Court. He has considerable experience in industrial and legal field. He is a Director on the Board of The Andhra Petrochemicals Ltd. and Lakshmi Machine Works Ltd. He is the Chairman of the Audit Committee constituted by the Board of The Andhra Petrochemicals Ltd. Sri Justice G. Ramanujam does not hold any Equity Shares in the Company.

SPECIFIC ATTENTION OF SHAREHOLDERS

Sub : Furnishing of Bank Account details for printing on Dividend Warrants.

Shareholders :

Physical Mode : *Bank Account details be furnished to the Company at the earliest in the format enclosed Page No. 95*

Electronic / Demat Mode : *Bank Account details be furnished to the Depository Participant (DP) with whom demat account has been opened and not to the Company. **The Company cannot act on any request received directly from the Members holding shares in Demat Mode for Bank Account Mandates.***

Sub: Furnishing of E-mail ID

Members are requested to provide their e-mail IDs so as to enable the Company to send documents like notice calling general meetings, audited financial statements, Directors' report, Auditors' report etc., by way of e-mail.

Shareholders in Physical Mode: E-mail ID be furnished to the Company in the format enclosed Separate Sheet

Electronic / Demat Mode: E-mail ID be furnished to the DP with whom demat account has been opened and not to the Company. The Company cannot act on e-mail IDs received directly from the Members holding shares in Demat Mode for registration of e-mail IDs.

DIRECTORS' REPORT

To
The Shareholders

Your Directors have pleasure in presenting this SIXTY FOURTH ANNUAL REPORT along with the audited Statement of Accounts for the year ended 31st March, 2011.

FINANCIAL RESULTS :

(Rupees in lakhs)

| | This Year | Previous Year |
|--|-----------------|---------------|
| Sales | 50254.97 | 58203.08 |
| Other Income | 5157.36 | 2943.39 |
| | 55412.33 | 61146.47 |
| Profit for the year | 8963.42 | 13481.84 |
| Depreciation | 3804.75 | 3490.74 |
| Profit after depreciation | 5158.67 | 9991.10 |
| Add: Income Tax refund received | — | 2.67 |
| Excess provision of Income-tax credited back | — | 18.97 |
| | 5158.67 | 10012.74 |
| Provision for Current Tax | 1250.00 | 2700.00 |
| Provision for Deferred Tax | 283.77 | 633.09 |
| Provision for Wealth Tax | 4.00 | 4.00 |
| Profit after Tax | 3620.90 | 6675.65 |
| Add: Balance brought forward from last year | 10124.37 | 5658.61 |
| Profit available for appropriation | 13745.27 | 12334.26 |

APPROPRIATIONS:

| | | |
|---|-----------------|----------|
| Transfer to General Reserve | 5000.00 | 670.00 |
| Proposed Dividend on Equity Shares at Rs.5.50 per share (Last Year Dividend on Equity Shares at Rs. 5/- per share) | 1490.89 | 1355.35 |
| Tax on distributable profits | 210.18 | 184.54 |
| Balance carried forward to next year | 7044.20 | 10124.37 |
| | 13745.27 | 12334.26 |

PERFORMANCE:

For the year ended 31st March, 2011 sales is Rs. 502.55 Crores against Rs. 582.03 Crores last year. Profit after depreciation is Rs. 51.59 Crores against a Profit of Rs. 99.91 Crores last year. Profit after tax is Rs. 36.21 Crores against Rs. 66.76 Crores achieved last year. Decline in Profit is mainly due to depressed sale price of Sugar and Caustic Soda.

DIVIDENDS:

For 2009-10 a Dividend of Rs. 5/- per Equity Share was paid. Your Directors recommend a Dividend of Rs.5.50 per Equity Share (Rs.10/- paid-up Equity Share) for the year 2010-11. The outflow towards Dividend payment including tax on distributable profits is Rs.17.01 Crores. This Dividend, if approved by the Shareholders, will be paid to all the eligible Shareholders.

CAPITAL & RESERVES:

Authorised and Paid-up Capital:

As on 31.3.2011, the Authorised Capital of the Company is Rs.30 Crores and the Paid-up Capital is Rs. 27.11 Crores.

Reserves:

With the transfer of Rs.50 Crores during the year under report, the total Reserves as on 31.3.2011 stood at Rs. 369.42 Crores against Rs. 350.22 Crores as on 31.3.2010.

REVIEW OF OPERATIONS:

SUGAR UNITS:

The three Sugar Units in aggregate crushed 7,54,635 MTs of cane during the 2010-11 season against 3,35,585 MTs crushed last year. The crushing operations and cane price paid to cane suppliers for the 2010-11 season are:

| | SUGAR UNIT – I TANUKU | | SUGAR UNIT – II TADUVAI | | SUGAR UNIT - III BHIMADOLE | |
|--|--------------------------|----------------------|----------------------------|----------------------|-------------------------------|----------------------|
| | Fin. Year 2010-11 | Fin. Year 2009-10 | Fin. Year 2010-11 | Fin. Year 2009-10 | Fin. Year 2010-11 | Fin. Year 2009-10 |
| (A) Crushing details: | | | | | | |
| Total cane crushed (MT) | 2,26,653 | 1,26,565 | 3,30,730 | 1,34,153 | 1,97,252 | 74,867 |
| Total No. of days crushed | 95 | 47 | 108 | 42 | 88 | 43 |
| Total Sugar produced (MT) | 22,235 | 11,634 | 35,448 | 14,464 | 19,046 | 7,930 |
| Average Recovery | 9.45% | 8.83% | 10.72% | 10.52% | 9.58% | 9.61% |
| (B) Cane price: | | | | | | |
| Fair & Remunerative price (per MT) Rs. | 1391.20 | 1394.30 | 1537.20 | 1490.20 | 1405.80 | 1421.17 |
| Cane price paid (per MT)* Rs. | 1900.00 | 1980.00 | 1900.00 | 1980.00 | 1900.00 | 1980.00 |

* inclusive of Incentive Cane Price of Rs.80/- per MT

The Andhra Sugars Limited

- Increase in cane crush compared to previous year in view of more number of days crushed.
- Increase in Sugar production compared to previous year.
- Recovery achieved at Sugar Unit - I and II was higher compared to last year and at Sugar Unit - III, the recovery was marginally lower compared to last year.
- In view of the need to have the cane farmers continue to plant cane, your Company opted to pay a cane price higher than the "Fair Remunerative Price" fixed by the Government.
- Sugar sales realisation was lower compared to last year due to depressed selling price.

POWER GENERATION :

During the year under report the Co-generation Unit at Taduvai generated 1,67,65,420 Units of Power against 72,91,780 Units generated last year.

PERFORMANCE OF CHEMICAL DIVISION:

Performance of the Chemical Division was affected due to steep rise in Power prices. Turnover of Caustic Soda Division at Saggonda increased to Rs. 263.69 Crores from Rs. 233.05 Crores. However decline in selling prices and steep increase in Power tariff affected the profitability of the Division. Caustic Soda Unit at Saggonda achieved a profit of Rs. 45.46 Crores (after depreciation) against Rs. 78.16 Crores (after depreciation) achieved last year. Performance of Sulphuric Acid and Superphosphate Divisions were good compared to that of last year.

WIND POWER UNITS:

The Power generated at Ramagiri Wind Mills during the year was 19,24,800 Units against 24,35,100 Units generated last year.

The Power generated at Tamil Nadu Wind Mills during the year was 2,52,48,980 Units against 1,97,96,480 Units generated last year.

PROJECTS:

Due to the advantage of economy of scale and diversification, your Company continues to focus its strategy on expansion and diversification programmes.

During the year under report, 100 TPD Caustic Soda Plant was converted into energy efficient upgraded Technology. With this conversion, the entire 400 TPD Plant at Saggonda operates using energy efficient Technology.

Consent for Establishment of Poly Aluminium Chloride Plant has been received from the A.P. Pollution Control Board and the Plant commenced production on June 3, 2011. Chlorine, which is the main raw material for this Plant, will be internally sourced to produce this product. Poly Aluminium Chloride is extensively used in water treatment.

During the year under report, the Potassium Carbonate Plant at Tanuku commenced commercial production. Consent for Operation has been received. Potassium Hydroxide Lye, the main raw material for this Plant is being sourced internally from our Plant at Kovvur. This product has been approved by major customers. It finds applications in bulk drugs / pharma industry.

Your Company has received environmental clearance for its planned expansion of the Caustic Potash Plant, Hydrochloric Acid Plant, Sodium Hypo Plant, Mono Chloro Acetic Acid Plant and Single Superphosphate Plant. Necessary application has been made to A.P. State Pollution Control Board for obtaining Consent for Establishment of these products.

Your Company purchased land at the Jawaharlal Nehru Pharmacy, Visakhapatnam for the production of pharmaceuticals. After completion of registration formalities possession of land has been taken over. Feasibility studies are under progress to identify and take a decision for production of a suitable Pharma product at this site.

Wind Energy is classified as clean energy. Your Company has established two more Wind Mills at Kundadam village in Tamil Nadu in addition to the Wind Mills at Ramgiri in Ananthapur District of Andhra Pradesh and at the villages of Annaikulam and Kurichampatti and Surandai in Tirunelveli District of Tamil Nadu. The Tirunelveli Wind Mills Project has been registered as a CDM Project with the United Nations Framework for Climatic Change Control (UNFCCC). Necessary steps have been initiated to get CDM benefit. An application has been made for obtaining endorsement of Ministry of Environment and Forests for the two new Wind Mills installed at Kundadam village. Thereafter steps will be initiated to avail the CDM benefits for these units also.

Your Company's Chemical Plants at Kovvur and Saggonda are Power intensive. Keeping this in view your Company proposes to set up a Gas based Power Plant at Saggonda to meet the Power requirements for captive use. Necessary application has been made to the concerned authorities for clearances of preliminary approvals in order to get allotment of Natural Gas.

Consent for Operation has been received from the State Pollution Control Board for operating 6000 TCD and 9 MW captive Power Plant at Sugar Unit III, Bhimadole. This Plant will be expanded to operate at 6000 TCD in phases.

These Projects are expected to strengthen your Company's product range, accelerate growth and improve revenue generation.

CURRENT YEAR OUTLOOK :

For the first quarter of 2011-12 the profit (after tax) was Rs. 1859.41 lakhs compared to profit of (after tax) Rs. 510.40 lakhs achieved during the corresponding period in the previous year. Increase in profit has been mainly due to higher Sales realisation from Sulphuric Acid & Caustic Soda and its by-products. Barring unforeseen circumstances Company's performance in the current year is expected to be good.

DEMATERIALIZATION OF EQUITY SHARES:

As of 31st March, 2011 Equity Shares representing 40.31% of the Share Capital have been dematerialised.

DIRECTORS' RESPONSIBILITY STATEMENT:

Your Directors confirm:

- i. that in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed, in the opinion of the Board of Directors;
- ii. that the Directors have selected such Accounting Policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year ended 31st March, 2011 and of the profit of the Company for that year;
- iii. that the Directors have taken proper and sufficient care for the maintenance of adequate Accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. that the Directors have prepared the Annual Accounts on a going concern basis.

CORPORATE GOVERNANCE:

As per the amended provisions of the Listing Agreement, a Report on Corporate Governance along with Management Discussion and Analysis forming part of the Directors' Report is annexed.

COMPLIANCE CERTIFICATE OF THE AUDITORS:

The Statutory Auditors have certified that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Agreement with the Stock Exchanges and the same is annexed to the Report of Directors.

The Andhra Sugars Limited

DIRECTORS:

In terms of Article 123 of the Articles of Association of the Company, Directors Sri A. Ranga Rao, Dr. Anumolu Ramakrishna, Sri P.S.R.V.K. Ranga Rao and Sri Justice G. Ramanujam (Retd.) retire by rotation at the 64th Annual General Meeting and being eligible, offer themselves for re-appointment.

AUDIT COMMITTEE:

Audit Committee comprises of 3 non Whole-time Independent Directors, Sri A. Ranga Rao, Dr. P. Kotaiah and Sri V.S. Raju. Sri A. Ranga Rao is the Chairman of the Committee.

INDUSTRIAL RELATIONS:

The relations with the employees continue to be cordial and harmonious during the year under report.

SAFETY, HEALTH AND ENVIRONMENT:

Safety, Occupational Health and Environment Protection continue to be accorded high priority.

PARTICULARS OF EMPLOYEES:

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended by Companies (Particulars of Employees) Amendment Rules, 2011 regarding employees is given in **Annexure "A"** forming part of this Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO:

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 is given in **Annexure "B"** forming part of this Report.

FIXED DEPOSITS:

Fixed Deposits aggregating to Rs. 48.10 lakhs held by 72 depositors had fallen due for payment but remain unclaimed as on 31.3.2011. Unclaimed deposits aggregating to Rs. 32.80 lakhs held by 30 depositors have since been renewed/repaid. Still, deposits aggregating to Rs. 15.30 lakhs held by 42 depositors remain unclaimed as on date.

CONSOLIDATED ACCOUNTS:

In accordance with the Accounting standards, consolidated financial statements of the Company and its Subsidiaries form part of the Report and Accounts. These consolidated statements have been prepared on the basis of audited results received from the Subsidiary Companies as approved by their respective Boards.

In view of the general exemption granted by Ministry of Corporate Affairs, the Accounts of the Subsidiary Companies have not been attached to the Company's Accounts. However, Shareholders desirous of obtaining the Annual Accounts of the Subsidiaries may obtain the same upon request. The Annual Report and the Accounts of the Subsidiary Companies will be kept for inspection at the Company's Registered Office as well as at the offices of your Subsidiary Companies.

SUBSIDIARY COMPANIES:

JOCIL LIMITED:

For the Financial Year ended 31.3.2011, your subsidiary Company, JOCIL Ltd., recorded a profit of Rs. 2845.33 lakhs (before taxation) against Rs. 3207.01 lakhs (before taxation) last year. The Board of this Subsidiary has recommended a Dividend of Rs. 8/- per Equity Share (Rs. 10/- each paid-up) against a Dividend of Rs. 10/- per share paid last year.

THE ANDHRA FARM CHEMICALS CORPORATION LIMITED:

During the year under report 87 MTs of Hydrazine Hydrate was produced against 68 MTs last year. The Company achieved a sales of Rs. 212.36 lakhs against Rs. 191.44 lakhs and incurred a loss of Rs. 47.63 lakhs against the loss of Rs. 14.80 lakhs last year.

HINDUSTAN ALLIED CHEMICALS LIMITED:

The Directors are on the lookout for a suitable project to be taken up by the Company.

AUDITORS:

M/s Brahmayya & Co., Chartered Accountants, Vijayawada, the present Auditors, retire at the 64th Annual General Meeting and are eligible for re-appointment.

COST AUDITORS:

M/s Narasimha Murthy & Co., Cost Accountants, Hyderabad are appointed as Cost Auditors of the Company for the products, which are subject to Cost Audit, for the year 2010-11. Cost Auditors Report in respect of Financial Year 2009-10 has been filed with the Ministry of Corporate Affairs on 27.09.2010 i.e., within the stipulated date of 30th September, 2010.

ACKNOWLEDGEMENT:

Your Directors wish to place on record their appreciation of the co-operation extended by the State and Central Government authorities, Financial Institutions and Banks. They also express their appreciation to the employees at all levels for the successful working of the Company.

Venkatarayapuram
TANUKU – 534 215
28-07-2011

For and on behalf of the Board
Dr. MULLAPUDI HARISCHANDRA PRASAD
Chairman & Managing Director

ANNEXURE "A" TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31-03-2011

Statement showing particulars of employees of the Company as required
under Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees)
Rules, 1975 as amended and forming part of Report of the Board of Directors for the period from 01-04-2010 to 31-03-2011.

| Sl. No. | Name | Designation | Qualification | Experience (Years) | Date of commencement of employment in the Company | Gross Remuneration Rs. | Age (Years) | Particulars of Last Employment (Name of the Concern, Designation and Period) |
|---------|-----------------------------------|------------------------------|---|--------------------|---|---------------------------|-------------|---|
| 1) | Dr. Mullapudi Harischandra Prasad | Chairman & Managing Director | | 64 | 01-08-1968 | 15886173 | 90 | Partner, Ex-Managing Agency Firm The Andhra Sugars Ltd., 21 Years |
| 2) | Dr. B. B. Ramaiah | Managing Director (Tech.) | B.Sc., (Hons), Sugar Technology M.Sc., (Chemical Technology) M.Sc., (Wisconsin), A.M.P. (Harvard) | 57 | 01-04-1998 | 13792102 | 85 | Managing Director (Tech.) The Andhra Sugars Ltd., 28 Years |
| 3) | Sri P. Narendranath Chowdary | Joint Managing Director | B.Sc. | 44 | 12-01-1976 | 5511133 | 63 | Director, The Andhra Sugars Ltd., 8 Years |
| 4) | Sri M. Narendranath | Joint Managing Director | B.Sc., (Ag.) | 37 | 01-01-1998 | 5553227 | 62 | Managing Director, Sree Satyanarayana Spinning Mills Ltd., Tanuku. 24 Years |
| 5) | Sri M. Thimmaraja | Joint Managing Director | B.Tech., M.B.A. (Florida) | 36 | 01-08-1978 | 8196182 | 60 | Director, The Andhra Sugars Ltd., 2 ½ Years |
| 6) | Sri P. Achuta Ramayya | Executive Director | B.Com., M.B.A. (New York) | 28 | 01-08-1983 | 5458839 | 56 | First Appointment |
| 7) | Sri P.S.R.V.K. Ranga Rao | Executive Director | B.Com. | 12 | 01-05-1999 | 2980887 | 41 | Director, The Andhra Sugars Ltd., 1 ½ Years |

- 1) Gross remuneration includes Salary, Commission on profits, House rent allowance, Company's contribution to Provident Fund, Superannuation Fund, Gratuity Fund, Reimbursement of Medical Expenses, Personal Accident Insurance, Membership Fees to Clubs as may be applicable.
- 2) The appointments are governed by the provisions of Section 269 read with Schedule XIII of the Companies Act, 1956.

Annexure 'B' to Directors' Report for the year ended 31.03.2011

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

A. Conservation of Energy:

TANUKU UNITS:

Following Energy conservation measures are proposed to be undertaken.

- a) Installation of vapour line juice heater for Primary juice 1st stage heating.
- b) Installation of Liquid – Liquid heater for heating Primary juice 2nd stage with 2nd & 3rd condensate water.
- c) Press juice heating with 3rd vapour instead of 2nd vapour.
- d) Clear juice heating using 1st vapour instead of Exhaust.
- e) Pan washing with 1st vapour instead of Exhaust.
- f) Reverse Osmosis water heating with 2nd vapour.

The above measures are expected to result in steam saving of 4% on cane and bagasse saving of around 2% on cane.

SUGAR UNIT – III, BHIMADOLE:

The following measures are being implemented for reduction of steam consumption:

- a) Installation of Liquid – Liquid heater for heating Press juice with condensate instead of 3rd vapour.
- b) Imbibition water heating using flash vapours from Clarifier flash tank.
- c) Sulphited 2nd stage heating with 1st vapour and correction heating with Exhaust injection.
- d) Scalding juice 1st stage heating with 3rd vapour.
- e) Clear juice two stage heating using 1st vapour and Exhaust.
- f) Exhaust and 1st vapour condensate flash system.
- g) Exhaust condensate to Super heated wash water system.
- h) Sugar melting with clear juice instead of hot water.
- i) Pan washing with 1st vapour instead of Exhaust.

The above measures are expected to result in reduction of steam requirement to around 3% on cane and bagasse saving of around 1.5% on cane.

CHEMICAL COMPLEX, KOVVUR:

Variable Frequency Drives are proposed to be installed for pumps and compressors for reducing the auxiliary Power consumption.

CHEMICAL COMPLEX, SAGGONDA:

7 Nos. of Variable Speed Drives have been provided to reduce the Power consumption at various Brine pumps.

Auto On and Off provided at 5 Nos. of Cooling Tower Fans with respect to the cooling water temperature.

2 Nos. of Clarified Brine Pumps have been provided to supply the clarified brine to Anthracite filters.

Replaced the old Membranes with high performance low voltage Membranes in the Caustic Soda Plant.

The Andhra Sugars Limited

Replaced low efficient and higher Power consumption and higher maintenance Electrolysers with high efficient low Power consumption and maintenance free latest version Electrolysers.

Recoated some of the elements in No. 2 Cell Hall and also proposes to Recoat remaining elements of No. 2 Cell Hall to reduce the Power consumption and increase efficiency.

Proposes to provide Variable Frequency Drives for some more pumps in Brine Plant and Brine De-chlorination Plant.

The above measures are expected to reduce the energy consumption and consequently the cost of production.

B. TECHNOLOGY ABSORPTION:

Form B annexed.

| C. FOREIGN EXCHANGE EARNINGS AND OUTGO: | Current Year | Previous Year |
|---|--------------|---------------|
| a) Used (Rs. in lakhs) | | |
| i) Revenue Account | 118.62 | 35.23 |
| ii) Know-how fee and Service Charges of Engineers | — | — |
| b) Earned (Rs. in lakhs) | | |
| On FOB basis | 226.42 | 467.00 |

ANNEXURE

FORM A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

| PARTICULARS | UM | TANUKU UNITS | | KOVVUR UNITS | | TADUVAI UNITS | | SAGGONDA UNITS | | BHIMADOLE UNIT | |
|--|-----|-----------------|---------------|-----------------|---------------|-----------------|---------------|------------------|---------------|----------------|---------------|
| | | CURRENT YEAR | PREVIOUS YEAR | CURRENT YEAR | PREVIOUS YEAR | CURRENT YEAR | PREVIOUS YEAR | CURRENT YEAR | PREVIOUS YEAR | CURRENT YEAR | PREVIOUS YEAR |
| A) POWER AND FUEL CONSUMPTION | | | | | | | | | | | |
| 1. ELECTRICITY | | | | | | | | | | | |
| A) PURCHASED | | | | | | | | | | | |
| UNITS | KWH | 7359503 | 9039599 | 19166447 | 20034836 | 710750 | 808800 | 270187986 | 242017021 | 383664 | 399812 |
| TOTAL AMOUNT | RS. | 30256619 | 22201631 | 57584033 | 36000872 | 3295836 | 3247552 | 849738809 | 473746797 | 2261538 | 1927351 |
| RATE/UNIT | RS. | 4.11 | 2.46 | 3.00 | 1.80 | 4.64 | 4.02 | 3.14 | 1.96 | 5.89 | 4.82 |
| B) OWN GENERATION | | | | | | | | | | | |
| I) THROUGH DIESEL GENERATOR | | | | | | | | | | | |
| UNITS | KWH | 98260 | 103782 | — | — | 51212 | 43864 | — | — | 168128 | 134348 |
| UNITS PER LTR OF DIESEL OIL | KWH | 3.02 | 3.15 | — | — | 2.69 | 1.58 | — | — | 2.07 | 2.25 |
| COST/UNIT | RS. | 25.94 | 24.74 | — | — | 38.23 | 50.55 | — | — | 23.62 | 19.27 |
| II) THROUGH STEAM TURBINE GENERATOR | | | | | | | | | | | |
| UNITS | KWH | 8898900 | 4394800 | — | — | 16765420 | 7291780 | — | — | 6944540 | 3019110 |
| COST/UNIT | RS. | 2.53 | 4.41 | — | — | 1.11 | 1.83 | — | — | 2.49 | 4.20 |
| 2. COAL | | | | | | | | | | | |
| QUANTITY | MT | 826.900 | 1277.000 | — | — | — | — | — | — | — | — |
| TOTAL COST | RS. | 2774607 | 4237014 | — | — | — | — | — | — | — | — |
| AVERAGE RATE | RS. | 3355.43 | 3317.94 | — | — | — | — | — | — | — | — |
| 3. FURNACE OIL | | | | | | | | | | | |
| QUANTITY | KL | — | — | 192.311 | 373.729 | — | — | 58.462 | 89.376 | — | — |
| TOTAL AMOUNT | RS. | — | — | 7182027 | 9450063 | — | — | 1736126 | 1837365 | — | — |
| AVERAGE RATE | RS. | — | — | 37345.84 | 25285.87 | — | — | 29696.88 | 20557.70 | — | — |

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

| PARTICULARS | UM | TANUKU UNITS | | KOVVUR UNITS | | TADUVAI UNITS | | SAGGONDA UNITS | | BHIMADOLE UNIT | |
|-------------------------------------|----------------|--------------|---------------|--|---------------|---------------|---------------|--------------------------------------|---------------|----------------|---------------|
| | | CURRENT YEAR | PREVIOUS YEAR | CURRENT YEAR | PREVIOUS YEAR | CURRENT YEAR | PREVIOUS YEAR | CURRENT YEAR | PREVIOUS YEAR | CURRENT YEAR | PREVIOUS YEAR |
| 4. ONGC NATURAL GAS | | | | | | | | | | | |
| QUANTITY | M ³ | 3350743 | 3751481 | — | — | — | — | — | — | — | — |
| TOTAL AMOUNT | RS. | 26004209 | 20455044 | — | — | — | — | — | — | — | — |
| RATE/UNIT (M3) | RS. | 7.76 | 5.45 | — | — | — | — | — | — | — | — |
| 5. HUSK AND FIRE WOOD | | | | | | | | | | | |
| QUANTITY | MT | 58.510 | — | 2261.230 | 3518.570 | 8.000 | — | 5384.160 | 6182.930 | 170.410 | 1258.530 |
| TOTAL COST | RS. | 91778 | — | 5427858 | 7552135 | 12022 | — | 12591526 | 13239704 | 359163 | 1578810 |
| AVERAGE RATE | RS. | 1568.59 | — | 2400.40 | 2146.36 | 1502.72 | — | 2338.62 | 2141.33 | 2107.64 | 1254.49 |
| 6. PURCHASED BAGASSE | | | | | | | | | | | |
| QUANTITY | MT | — | — | — | — | — | — | — | — | — | — |
| TOTAL COST | RS. | — | — | — | — | — | — | — | — | — | — |
| AVERAGE RATE | RS. | — | — | — | — | — | — | — | — | — | — |
| 7. CHIPPER DUST | | | | | | | | | | | |
| QUANTITY | MT | — | — | — | — | 557.830 | 4317.000 | — | — | 161.000 | — |
| TOTAL COST | RS. | — | — | — | — | 543437 | 3960913 | — | — | 194495 | — |
| AVERAGE RATE | RS. | — | — | — | — | 974.20 | 917.52 | — | — | 1208.04 | — |
| 8. OTHER INTERNAL GENERATION | | | | | | | | | | | |
| A) BAGASSE | | | | | | | | | | | |
| QUANTITY | MT | 72695.280 | 39349.000 | — | — | 93460.476 | 39892.000 | — | — | 57902.950 | 22759.590 |
| TOTAL AMOUNT | RS. | — | — | — | — | — | — | — | — | — | — |
| RATE/UNIT | RS. | — | — | — | — | — | — | — | — | — | — |
| B) BIOGAS: | | | | | | | | | | | |
| QUANTITY | M3 | 3738593 | 3713250 | — | — | — | — | — | — | — | — |
| TOTAL AMOUNT | RS. | — | — | — | — | — | — | — | — | — | — |
| RATE/UNIT | RS. | — | — | — | — | — | — | — | — | — | — |
| C) HYDROGEN | | | | | | | | | | | |
| QUANTITY | MT | — | — | 107.600 | 129.334 | — | — | 1961.947 | 1806.995 | — | — |
| TOTAL AMOUNT | RS. | | | | | | | | | | |
| RATE / UNIT | RS. | | | Own Generation in Caustic Potash Plant | | | | Own Generation in Caustic Soda Plant | | | |

B. CONSUMPTION PER UNIT OF PRODUCTION

| PRODUCTION | UM | CURRENT YEAR 2010-11 | | PREVIOUS YEAR 2009-10 | |
|-----------------------------------|-----|-------------------------|-----------------|--------------------------|-----------------|
| | | POWER (K.W.H.) | STEAM (M.T.) | POWER (K.W.H.) | STEAM (M.T.) |
| 1. SUGAR (TANUKU) | QTL | 33 | 0.49 | 32 | 0.56 |
| 2. ALCOHOL | KL. | 182 | 2.26 | 200 | 2.33 |
| 3. ETHANOL | KL. | 68 | 0.68 | 70 | 0.65 |
| 4. ACETIC ACID /ANHYDRIDE MIX | MT. | 865 | 7.17 | 813 | 8.67 |
| 5. ETHYL ACETATE | MT. | 520 | 6.00 | 405 | 6.50 |
| 6. ASPIRIN | MT. | 3399 | 12.19 | 3125 | 12.34 |
| 7. U.H.25 | MT. | 6222 | 132.66 | 6307 | 140.83 |
| 8. M.M.H | MT. | 20960 | 571.40 | 20346 | 574.28 |
| 9. H.T.P.B. | MT. | 1439 | 24.20 | 1965 | 26.87 |
| 10. POTASSIUM CARBONATE | MT. | 347 | 0.08 | - | - |
| 11. CAUSTIC SODA LYE AT SAGGONDA | MT. | 2451 | 0.82 | 2587 | 0.84 |
| 12. LIQUID CHLORINE AT KOVVUR | MT. | 395 | - | 311 | - |
| 13. LIQUID CHLORINE AT SAGGONDA | MT. | 58 | - | 68 | - |
| 14. HYDROCHLORIC ACID AT KOVVUR | MT. | 57 | - | 62 | - |
| 15. HYDROCHLORIC ACID AT SAGGONDA | MT. | 32 | - | 27 | - |
| 16. CAUSTIC POTASH LYE AT KOVVUR | MT. | 1840 | 3.02 | 1814 | 2.99 |
| 17. SULPHURIC ACID AT KOVVUR | MT. | 60 | 0.33 | 60 | 0.34 |
| 18. SULPHURIC ACID AT SAGGONDA | MT. | 72 | 0.30 | 75 | 0.30 |
| 19. SUPERPHOSPHATE AT KOVVUR | MT. | 26 | - | 27 | - |
| 20. SUGAR (TADUVAI) | QTL | 20 | 0.46 | 26 | 0.50 |
| 21. SUGAR (BHIMADOLE) | QTL | 33 | 0.49 | 36 | 0.51 |

FORM B

Form for Disclosure of particulars with respect to Technology Absorption

RESEARCH & DEVELOPMENT (R&D)

1. Specific areas in which R&D carried out by the company:

Your Company is actively involved in the development of indigenous technology for new products and processes, Technology upgradation, Development of expertise and knowledge in related fields, Testing & Certification of products for conformity to various international standards, Development of methods and controls to minimise waste to reduce environmental pollution and Introduction of modern methods in sugarcane management.

2. Benefits derived as a result of above R&D:

The continuous R&D activities of your Company have helped in improving the quality, yield and economics of currently manufactured products, preparedness to counter competition and explore new markets, increased capacity utilisation of plants and improved sugar recovery.

3. Future plan of action:

Your Company will continue to utilise the existing R&D capabilities to upgrade the process technologies, Development of new products and Maximise production capacity at optimum cost.

| 4. Expenditure on R&D | | (Rupees in lakhs) |
|--|---|-------------------|
| a) Capital | : | 24.29 |
| b) Recurring | : | 203.46 |
| c) Total | : | 227.75 |
| d) Total R&D expenditure as percentage of total turnover | : | 0.45% |

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

1. Efforts, in brief, made towards technology absorption, adaptation and innovation

- a) Introduction of better water management practices in the existing processes.
- b) Studies on recovery of Sodium Sulphate from Aspirin effluents through crystallisation and drying process.
- c) Process for utilisation of carbon dioxide to reduce pH of UH-25/MMH effluents before releasing to ETP.
- d) Implementation of Quality systems in UH-25/MMH and HTPB plants.

2. Benefits derived as a result of above efforts e.g., product improvement, cost reduction, product development, import substitution etc.:

- a) Better water management efforts i.e., recycle and reuse of water generated from various processes and R.O systems resulted in reduced water usage & minimise effluents.
- b) The studies will help in reduction of solids from effluents to recover as by- product, thus minimising pollution.
- c) The process helped in efficient use of available resources.
- d) It will provide adequate confidence and better control of mechanism.

3. In case of imported technology (Imported during the last five years reckoned from the beginning of the Financial Year), following information may be furnished:

| | |
|---|-----|
| a) Technology imported | NIL |
| b) Year of import | |
| c) Has technology been fully absorbed | |
| d) If not fully absorbed, areas where this has not been taken place, reasons thereof. | |

Information Pursuant to Listing Agreement with Stock Exchanges

Equity Shares of the Company are listed on the Stock Exchanges as stated below and the annual listing fees has been paid to the Exchanges 1 & 2 below.

| Name of the Stock Exchange | Address |
|---|---|
| 1. Madras Stock Exchange Limited | Exchange Building, Post Box No. 183, 11, Second Line Beach, Chennai - 600 001. |
| 2. National Stock Exchange of India Limited | Exchange Plaza, 5th Floor, Plot No. C/1 G. Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051. |

ANNEXURE TO DIRECTORS' REPORT

CORPORATE GOVERNANCE

MANAGEMENT DISCUSSION AND ANALYSIS:

The Management Discussion and Analysis Report set out hereunder supplements the Directors' Report and the Audited Financial Statements forming part of this Annual Report.

Your Company is engaged in the manufacture and sale of Sugar, Organic and Inorganic Chemicals at Plants located at Tanuku, Kovvur, Taduvai, Saggonda and Bhimadole. Non-conventional Wind Power is being generated at Ramgiri in Andhra Pradesh and at Annaikulam, Kurichampatti, Surandai and Kundadam in Tamil Nadu.

SUGAR INDUSTRY:

Sugar is manufactured at Sugar Unit-I Tanuku, Sugar Unit-II Taduvai and Sugar Unit-III Bhimadole. Molasses which is a by-product from these Sugar Plants is the raw material for your Company's Distillery located at Tanuku. Industrial Alcohol and Ethanol are produced at this Distillery. Industrial Alcohol is the raw material for Ethanol and other organic chemicals manufactured at the Chemical Plants at Tanuku. Bagasse which is a residue at the Sugar Plants after extraction of juice is being used to fuel the Co-generation operation. Carbon dioxide which is a by-product of fermentation at the Distillery is purified and used as one of the raw materials to produce Salicylic Acid which goes into the manufacture of Aspirin.

Sugar Industry is one of the major segments of agriculture and rural economy. This industry is still in the stringent controlled regime when compared to other sectors of economy. Levy price fixation, monthly regulated release mechanism, lack of consistent policies with regard to import and export, imposition of stockholding limit for the traders and host of other factors continue to hinder this Industry. Recent step of the State Government in imposing VAT on Sugar does not augur well for the Industry. Shortage of labour for cane harvesting continues to be a problem. To provide relief to the Sugar Factories, the Government had indicated its readiness to decontrol the Industry. Orders are yet to be issued. Ethanol blending programme of the Government is also yet to take off in a big way due to lack of firm policy determining the price to be paid for Ethanol. Therefore there is a need for the Government to ensure a pricing policy that would benefit the stakeholders. This will enable the Industry to view Ethanol business as a value added business opportunity. In the long-term interest of the Industry, Central/ State Government needs to focus on resolving - De-regulation of Industry in a phased manner, Abolition of levy price and release mechanism, Lifting of stockholding limit for traders, Speeding up of Ethanol blending programme and finalise the Ethanol price to be paid by the Refineries, Framing of firm policies to ensure import and export balance, Support mechanisation by providing all the required financial and other assistance so as to encourage the farmers to go in for mechanisation in a big way and Abolition of VAT.

With the expected cane crush in the coming season to be on the higher side, your Company's Plants at Tanuku, Taduvai and Bhimadole are geared up to operate at a higher level. Consent for Operation for expanding Bhimadole Plant to 6,000 TCD has been received from the Pollution Control Board. Your Company has been giving constant thrust to Sugarcane Research & Development to help the farmers in improving the yield per acre. Research Farms are maintained by the Company where a number of varieties of cane breed are under trial and screening. Some of these varieties are showing encouraging performance and will be further developed for commercial purpose in a few years. With this, the yield of cane and Sugar per hectare is expected to go up. To minimise the impact of acute labour shortage, Sugarcane planters are being tried at the Company's Research Farm for demonstrating to the farmers the advantage of using the cane planters. Other equipment like Sugarcane harvesters and implements are also being tried to overcome the labour problem. Keeping in view the interest of the farmers, the Company has been paying cane price more than the "Fair Remunerative Price", incentives and subsidies so as to ensure that the cane suppliers get remunerative price for their crop as other crops raised in the area.

CHLOR-ALKALI PRODUCTS:

Your Company has an integrated Inorganic Chemical Complex at Kovvur and Saggonda, manufacturing a wide range of Inorganic Chemicals. Production of Caustic Soda, based on Mercury Cell Technology, at Kovvur has been discontinued. Hydrogen and Chlorine, the by-products of Caustic Soda manufacture, are used to produce value added products.

Your Company is the largest manufacturer of Caustic Soda in Southern India. Power constitutes a major input cost in the manufacture of Caustic Soda. Increased power cost is affecting the competitiveness of this Industry. This has necessitated the industry to look for an Energy Efficient operations to reduce the Power cost. So your Company's Caustic Soda Plant at Saggonda is operated on Energy Efficient Technology that is widely used in Chlor-Alkali Plants all over the World.

Power and Salt constitute major input for Caustic Soda. High cost pressure from steep rise in Power cost has compelled the Industry to curtail Caustic Soda production. The Industry is also experiencing steep rise in Salt prices and non-availability of good quality Salt. The high input cost scenario has become a matter of concern for the Chlor-Alkali Industry. Dumping of Caustic Soda continues to hinder the growth of domestic Industries. Though the Government has taken measures in imposing Anti-dumping Duty, measures to be taken needs to be intensified to ensure that the domestic Industry is protected from the cheap imports. In this scenario, it is essential for the Government to initiate certain measures such as abolishing Customs Duty on fuels used in the captive Power plants, reduction of Import Duty on spares for existing Membrane Cell Plants, curtailing the Salt export to ensure adequate availability of Salt to existing Plants, developing special zones conducive to the manufacture of Salt. These reliefs would go a long way in helping the Industries to be on a firm footing.

Disposal of Chlorine, a by-product at the Caustic Soda Plant continues to be a challenge to the Industry, especially in the context of Paper Industry going in for Chlorine free technology. This Industry needs to look into developing down stream products that use Chlorine. Your Company has already started its focus in this area. Besides the Poly Aluminum Chloride Plant, already in operation, other Chlorine based products are being considered in order to utilise the Chlorine in-house.

Your Company continues to effect delivery of Caustic Soda to bulk customers through own railway wagons. Your Company's presence across the varied Chlor-Alkali product lines will not only lead to diversified revenues but will also bring about stability of operations.

OTHER OPPORTUNITIES:

As a part of ongoing diversification programme, your Company considers pharma operations as a business line. Formalities with regard to registration of land purchased at the Jawaharlal Nehru Pharmacy, Visakhapatnam have been completed and the Company has taken the possession of the land. Feasibility studies are being conducted to take up a suitable line of product at this location.

Domestic market for Aspirin has been stagnant. Abnormal price of Phenol, a major raw material for Aspirin, has affected the cost of production in view of which the domestic realisation has not been remunerative. Your Company looks at the international market as a better opportunity and consider it appropriate to focus on tapping the export market. Your Company's Aspirin Plant has been upgraded to meet US FDA and EDQM standards. The Plant has been audited by EDQM and the necessary approval is awaited. During the year, the export orders were executed with the multinational Companies in U.S., Germany and Mexico. Feasibility study undertaken indicates a good market potential for Aspirin abroad. Keeping this in view steps have been initiated to increase the capacity of the Aspirin Plant from the present 1000 MT to 2000 MT per annum. With this expansion, your Company expects to increase the revenue through export operations.

With the establishment of Wind Mills, Carbon Trading Benefits are considered as an additional revenue generating opportunity. As mentioned, your Company has initiated necessary steps to avail the Carbon Trading Benefits for the new Wind Mills commissioned at Kundadam in Tamil Nadu.

The Andhra Sugars Limited

POWER:

Your Company's major segment is the Chlor-Alkali division, which is power intensive. Power availability and its cost is becoming a matter of serious concern to the Chlor-Alkali Industry. It is therefore essential to have access to quality and sufficient Power at a competitive price. Your Company has invested in the Andhra Pradesh Gas Power Corporation Ltd., (APGPCL) which is a gas based Power generating Company located at Vijjeswaram in West Godavari District for availing Power that is cheaper than the Power from the State Electricity Board. This is being supplemented by Co-gen Power generated at Sugar Unit II and Wind Power generated at Ramgiri. With a view to lessen the dependence on grid Power and ensure sufficient Power for internal operations, a Gas based Power Project is being considered to be set up at Saggonda. Preliminary steps have been initiated to get Gas allotment. To meet the requirement of Power and steam to the Chemical Plants at Tanuku, a Gas Turbine combined heat and Power Plant is proposed to be set up at Tanuku. This Plant is designed to run at high efficiency levels thereby resulting in energy saving. The cost of Power generated from this source would be cheaper than the grid Power. Excess Power after meeting the internal demand would be exported. Looking ahead and keeping in view the Power availability scenario, your Company's efforts would be directed towards attaining self-sufficiency in Power.

INTERNAL CONTROL SYSTEM

Your Company conducts a review of the financial and operating controls of the various Units. The Internal Control System of your Company is commensurate with its size and nature of business.

SEGMENT-WISE PERFORMANCE

Segment-wise performance has been given separately vide Annexure – II of Group Consolidated Accounts.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Your Company has earned a Gross Profit of Rs. 108.46 Crores (before interest and depreciation) against Rs. 156.44 Crores (before interest and depreciation) in the previous year.

The Fund based working capital limits remains unchange at Rs. 170 Crores.

The gross Fixed Assets of your Company as on 31.3.2011 is Rs. 800.33 Crores compared to Rs. 743.34 Crores during the previous year 2009-10. Your Company has a net worth of Rs.396.53 Crores.

Your Company is eligible for interest free Sales Tax Deferment Loan of Rs. 82.07 Crores upto the Financial Year 2012-13. During the year 2010-11, the Company has availed a deferment loan of Rs. 2.76 Crores and the aggregate deferment loan availed as at 31st March, 2011 was Rs. 42.06 Crores leaving a balance of Rs. 40.01 Crores. Your Company has availed interest free loans from the Consortium of Bankers to an extent of Rs. 19 Crores as per the facility provided by the Government of India to the Sugar Industry. The loan is repayable in 24 instalments after a moratorium of two years from the date of availment.

HUMAN RESOURCE DEVELOPMENT / INDUSTRIAL RELATIONS

Your Company continuously reviews and monitors its manpower requirements to ensure that it has human skills commensurate with its needs. Industrial relations continue to be cordial. As on 31.3.2011 your Company's employees strength stands at 2,218.

CAUTIONARY STATEMENT

Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. The Company assumes no responsibility in respect of these forward looking statements that may be amended or modified later, on the basis of subsequent developments, information or events and in view of the changes brought by the Government Rules and Regulations.

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:

The Andhra Sugars Ltd., (ASL) always believes that good Corporate Governance ensures proper and adequate protection of the interests of all the stakeholders in the Company. ASL affirms that healthy Corporate Governance leads to the operations and actions which serve the underlying goal of continuously enhancing the value that the Company can create for the stakeholders including Shareholders, Employees, Customers, Suppliers, Lenders, Government and other parties having association with ASL.

2. BOARD OF DIRECTORS

a) As on 31.3.2011, the Board of Directors consisted of 15 Directors.

COMPOSITION AND CATEGORY OF DIRECTORS IS AS FOLLOWS:

| Category | Name of the Director |
|--|---|
| Promoter/Executive Directors | Dr. Mullapudi Harischandra Prasad Chairman & Managing Director |
| | Dr. B.B. Ramaiah Managing Director (Tech.) |
| | Sri P. Narendranath Chowdary Joint Managing Director |
| | Sri M. Narendranath Joint Managing Director |
| | Sri M. Thimmaraja Joint Managing Director |
| | Sri P. Achuta Ramayya Executive Director |
| | Sri P.S.R.V.K. Ranga Rao Executive Director |
| Non-Executive and Independent Directors | Sri A. Ranga Rao |
| | Sri Justice G. Ramanujam (Retd.) |
| | Dr. A.V. Rama Rao |
| | Dr. P. Kotaiah |
| | Sri V.S. Raju |
| | Dr. Alapaty Appa Rao |
| | Dr. Anumolu Ramakrishna Sri P.A. Chowdary, I.R.S.(Retd.) |

Inter se Relationship among Directors (as per Section 6 of the Companies Act, 1956)

Dr. Mullapudi Harischandra Prasad – Father of Sri M. Narendranath & Sri M. Thimmaraja.
 Sri M. Narendranath & Sri M. Thimmaraja – Brothers
 Dr. B.B. Ramaiah – Sister's Husband of Sri P. Narendranath Chowdary & Sri P. Achuta Ramayya
 Sri P. Narendranath Chowdary & Sri P. Achuta Ramayya – Brothers
 Sri P. Narendranath Chowdary – Daughter's Husband of Dr. B. B. Ramaiah

The Andhra Sugars Limited

- b) Non-Executive Directors Remuneration : Please refer Point No. 6
- c) Attendance of each Director at the Board Meetings, last Annual General Meeting and number of other Directorships and Chairmanship / Membership of Committee of each Director in various Companies:

| Name of the Director | Attendance Particulars | | Directorship, Chairmanship, Committee Membership and Chairmanship in other Companies | | | |
|----------------------------------|------------------------|----------|--|----------|-----------------------|-------------------------|
| | Board Meetings | Last AGM | Other Directorship | Chairman | *Committee Membership | *Committee Chairmanship |
| Dr. M. Harischandra Prasad | 3 | Yes | 8 | 6 | 3 | 3 |
| Dr. B. B. Ramaiah | 4 | Yes | 3 | - | 1 | 1 |
| Sri P. Narendranath Chowdary | 4 | Yes | 6 | - | 2 | - |
| Sri M. Narendranath | 3 | No | 3 | - | - | - |
| Sri M. Thimmaraja | 2 | Yes | 2 | - | 3 | - |
| Sri P. Achuta Ramayya | 4 | Yes | - | - | - | - |
| Sri P.S.R.V.K. Ranga Rao | 4 | Yes | - | - | - | - |
| Sri A. Ranga Rao | 4 | Yes | - | - | - | - |
| Sri Justice G. Ramanujam (Retd.) | - | No | 2 | - | 1 | 1 |
| Dr. A.V. Rama Rao | 4 | No | - | - | - | - |
| Dr. P. Kotaiah | 4 | No | 7 | - | 6 | 4 |
| Sri V.S. Raju | 3 | No | 2 | - | 2 | 1 |
| Dr. Alapaty Appa Rao | 3 | No | 2 | - | 1 | - |
| Dr. Anumolu Ramakrishna | 4 | No | 11 | - | 10 | 1 |
| Sri P.A. Chowdary, I.R.S.(Retd.) | 3 | No | - | - | - | - |

Sri A. Ranga Rao, Chairman of the Audit Committee was present at the last Annual General Meeting to answer the queries of the shareholders.

* Represents Membership / Chairmanship of Audit committee & Investors Grievance Committee of other Public Limited Companies.

- d) NUMBER OF BOARD MEETINGS HELD DURING THE FINANCIAL YEAR 2010-11 AND THE DATES ON WHICH HELD

| Sl.No. | Date of Board Meeting |
|--------|-----------------------|
| 1 | 24.04.2010 |
| 2 | 09.08.2010 |
| 3 | 23.10.2010 |
| 4 | 29.01.2011 |

3. CODE OF CONDUCT :

The Board of Directors has adopted the Code of Business Conduct and Ethics for Directors and Senior Managers of the Company. The said Code has been communicated to the Directors and the Senior Managers from whom the necessary affirmation has been received with regard to the compliance of Code. A declaration in this regard by the Managing Director is furnished at the end of the report. The Code has also been posted on the Company's website – www.theandhrasugars.com.

4. AUDIT COMMITTEE

a) A qualified Audit Committee meeting the requirements as stipulated in the Clause 49 of the Listing Agreement has been constituted. Audit Committee consists of 3 Non-Executive Independent Directors

Sri A. Ranga Rao, Dr. P. Kotaiah and Sri V.S. Raju. Sri A. Ranga Rao is Chairman of the Committee. All the Members of the Committee are financially literate and have accounting or related financial management experience.

This Committee also meets the requirement of Section 292A of the Companies Act, 1956.

- b) The terms of reference of the Audit Committee as detailed hereunder are in terms of Clause 49 of the Listing Agreement:
- i) Oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
 - ii) Recommending to the Board the appointment, re-appointment and if required the replacement or removal of the Statutory Auditor and fixation of audit fees.
 - iii) Approval of payment to the Statutory Auditors for any service rendered by them.
 - iv) Review with the management the annual financial statements before submission to the Board for approval with particular reference to :
 - a) Matters required to be included in the Directors Responsibility Statement to be included in the Board's Report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.
 - b) Changes, if any, in the accounting policies and practices and reasons for the same.
 - c) Major accounting entries involving estimates based on exercise of judgement by management.
 - d) Significant adjustments made in the financial statements arising out of audit findings.
 - e) Compliance with listing and other legal requirements relating to financial statements.
 - f) Disclosure of any related party transaction.
 - g) Qualification in the draft Audit Report.
 - v) Review with the management the quarterly financial statements before submission to the Board for approval.
 - vi) Review with the management performance of Statutory and Internal Auditors, adequacy of the Internal Control Systems.
 - vii) Review the adequacy of internal audit function if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
 - viii) Discussions with the Internal Auditors with regard to any significant findings and follow up thereon.
 - ix) Review the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
 - x) Discussions with the Statutory Auditors before the audit commences about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 - xi) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

The Andhra Sugars Limited

- xii) To review the functioning of the Whistle Blower mechanism, in case the same is existing.
- xiii) Carrying any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee also reviews the following information as and when required:

- a. Management Discussion and Analysis of financial condition and results of operations;
 - b. Statement of Significant Related Party Transactions (as defined by the Audit Committee);
 - c. Management letters / letters of internal control weakness issued by the statutory auditors;
 - d. Internal Audit Reports relating to internal control weaknesses;
 - e. The appointment, removal and terms of remuneration of the Chief Internal Auditor.
- c) NUMBER OF AUDIT COMMITTEE MEETINGS HELD DURING THE FINANCIAL YEAR 2010-11 AND THE DATES ON WHICH HELD

| Sl. No. | Dates of Audit Committee Meeting |
|---------|----------------------------------|
| 1 | 24.04.2010 |
| 2 | 09.08.2010 |
| 3 | 23.10.2010 |
| 4 | 29.01.2011 |

- d) ATTENDANCE OF THE MEMBERS OF THE AUDIT COMMITTEE AT ITS MEETINGS HELD DURING THE FINANCIAL YEAR 2010-11

| Name of the Director | No. of Meetings attended |
|----------------------|--------------------------|
| Sri A. Ranga Rao | 4 |
| Dr. P. Kotaiah | 4 |
| Sri V.S. Raju | 3 |

Executive Director, Vice President (Finance), Dy.G.M. (Fin.) - Internal Audit, Statutory Auditors and Cost Auditors whenever required also attend the Audit Committee Meetings to answer the queries raised by the Committee Members.

Company Secretary acts as Secretary to the Committee.

The Audit Committee at its Meetings considers periodically statement of Related Party Transactions.

5. SUBSIDIARIES :

- a) The Company does not have any material non-listed Indian subsidiary as defined in Clause 49 of the Listing Agreement regarding Corporate Governance.
- b) Company has two un-listed subsidiary Companies.
- c) Minutes of the Board Meeting of the unlisted subsidiary Companies are placed before the Board Meeting of the holding Company.

6. REMUNERATION COMMITTEE, POLICY, DETAILS

- The need for a Remuneration Committee did not arise during the year.
- The Company does not remunerate nor the Company has any pecuniary relationship with the Non-Executive Directors except for the payment of sitting fees for attending each Meeting of the Board or Committee thereof.

Details of the remuneration paid / payable to the Directors during the year 2010-11 are as hereunder:-

| Name of Director | Remuneration paid / payable to the Directors | | | |
|----------------------------------|--|------------------------|------------|-------------|
| | Sitting Fees | Salaries & Perquisites | Commission | Total |
| | Rs. | Rs. | Rs. | Rs. |
| Dr. M. Harischandra Prasad | Nil | 90,56,895 | 68,29,278 | 1,58,86,173 |
| Dr. B. B. Ramaiah | Nil | 69,62,824 | 68,29,278 | 1,37,92,102 |
| Sri P. Narendranath Chowdary | Nil | 20,96,494 | 34,14,639 | 55,11,133 |
| Sri M. Narendranath | Nil | 21,38,588 | 34,14,639 | 55,53,227 |
| Sri M. Thimmaraja | Nil | 47,81,543 | 34,14,639 | 81,96,182 |
| Sri P. Achuta Ramayya | Nil | 20,44,200 | 34,14,639 | 54,58,839 |
| Sri P.S.R.V.K. Ranga Rao | Nil | 12,73,569 | 17,07,318 | 29,80,887 |
| Sri A. Ranga Rao | 1,20,000 | Nil | Nil | 1,20,000 |
| Sri Justice G. Ramanujam (Retd.) | Nil | Nil | Nil | Nil |
| Dr. A.V. Rama Rao | 60,000 | Nil | Nil | 60,000 |
| Dr. P. Kotaiah | 1,20,000 | Nil | Nil | 1,20,000 |
| Sri V. S. Raju | 80,000 | Nil | Nil | 80,000 |
| Dr. Alapaty Appa Rao | 50,000 | Nil | Nil | 50,000 |
| Dr. Anumolu Ramakrishna | 60,000 | Nil | Nil | 60,000 |
| Sri P.A. Chowdary, I.R.S.(Retd.) | 50,000 | Nil | Nil | 50,000 |

- Remuneration is fixed and paid to the Managing Director / Whole-time Directors as approved by the Shareholders of the Company and is in accordance with and subject to the limits prescribed by the Companies Act, 1956. The Company enters into an agreement with the Managing Director / Whole-time Directors relating to their appointment / re-appointment. There is no severance fee.

7. SHAREHOLDING OF NON-EXECUTIVE DIRECTORS :

As on 31.03.2011 Sri A. Ranga Rao holds 200 Equity Shares in the Company. No other Non-Executive Director holds any Equity Shares in the Company. During the year 2010-11 Company has not issued any convertible instruments.

8. MANAGEMENT

- Management Discussion and Analysis forms part of the Annual Report.
- Disclosure by the Management to the Board : Please refer Point No. 12

9. CEO / CFO CERTIFICATION

In accordance with the requirements of Clause 49(V) of the Listing Agreement the Board of Directors of the Company, Audit Committee and Auditors have been furnished with the requisite certificate from the Managing Director and CFO.

10. SHAREHOLDERS' GRIEVANCES COMMITTEE

- a) The Board has constituted Shareholders' / Investors' Grievances Committee comprising Sri Justice G. Ramanujam (Chairman of the Committee – Non-Executive Independent Director), Sri P. Narendranath Chowdary and Sri M. Thimmaraja as Members of the Committee. The Committee looks into redressal of the Shareholders' complaints like Transfer of Shares, non-receipt of Balance Sheet, non-receipt of declared Dividend and other matters.
- b) The Board has designated Sri M. Palachandra, Company Secretary, as the Compliance Officer.
- c) During the year 2010-11, two Committee Meetings were held on 24.04.2010 and 09.08.2010. The Company received a total number of 245 letters in respect of various matters viz., non-receipt / revalidation of dividend warrants, change of address, change of Bank account etc., and all of them were attended to and replied to the satisfaction of the Shareholders. As on 31.3.2011 no Share Transfers were pending and there were no pending complaints.
- d) ATTENDANCE OF DIRECTORS AT THE SHAREHOLDERS' INVESTORS' GRIEVANCES COMMITTEE MEETING HELD DURING FINANCIAL YEAR 2010-11

| Name of the Director | No. of Meetings attended |
|------------------------------|--------------------------|
| Sri Justice G. Ramanujam | -- |
| Sri P. Narendranath Chowdary | 2 |
| Sri M. Thimmaraja | 2 |

11. ANNUAL GENERAL BODY MEETINGS

- a) PARTICULARS OF ANNUAL GENERAL BODY MEETINGS HELD DURING THE LAST THREE YEARS.

| Financial Year – 1 st April to 31 st March | | | |
|--|---|-----------|-----------|
| Financial Year | Venue | Date | Time |
| 2007-2008 | Registered Office VENKATARAYAPURAM, TANUKU - 534 215 (A.P.) | 25-9-2008 | 3:00 p.m. |
| 2008-2009 | -- do -- | 14-9-2009 | 3:00 p.m. |
| 2009-2010 | -- do -- | 29-9-2010 | 3:00 p.m. |

At the last Annual General Meeting, there were no Special Resolutions that were required to be put through Postal Ballot.

At the ensuing Annual General Meeting there is no Special Resolution proposed to be passed through Postal Ballot.

b) SPECIAL RESOLUTIONS PASSED AT THE LAST THREE ANNUAL GENERAL MEETINGS :

| Date of AGM | No. of Special Resolutions | Subject Matter |
|-------------|----------------------------|--|
| 25-09-2008 | 1 | Re-appointment of Sri P.S.R.V.K. Ranga Rao as Executive Director. |
| 14-09-2009 | 7 | Payment of enhanced managerial remuneration to Managing Director /Whole-time Directors with effect from 1-4-2009 and to Sri P.S.R.V.K. Ranga Rao, Executive Director with effect from 1-5-2009. |
| 29-09-2010 | 3 | Appointment of Sri M. Vikram Prasad as Manager (Procurement Planning & Inventory Control) under Section 314 of the Companies Act, 1956, Alteration of Article 120 of the Articles of Association of the Company for Sitting Fee and re-appointment of Sri Pendyala Narendranath Chowdary as Joint Managing Director with effect from 12-01-2011. |

12. OTHER DISCLOSURES

- i. There is no materially significant pecuniary or business transaction of the Company with its promoters, Directors or the Management, their Subsidiaries or relatives etc., that may have potential conflict with the interests of the Company at large.

The Company enters into contracts from time to time with its Directors, Companies & Firms in which the Directors are interested. These contracts are in the ordinary course of Company's business and the concerned Directors regularly make full disclosures to the Board of Directors regarding the nature of their interest. Full particulars of contracts entered into with the parties in which Directors are directly or indirectly concerned or interested are entered in the Register of Contracts maintained under Section 301 of the Companies Act, 1956 and the same is placed at every Board Meeting for the information of the Directors. Further, necessary approvals have also been obtained from the Central Government under Section 297 of the Companies Act with regard to specific contracts requiring the approval of the Central Government.

- ii. There were no instances of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any Statutory Authorities, on any matter related to Capital Markets during last three years.
- iii. Company does not have any Whistle Blower Policy.
- iv. Company has complied with the mandatory requirements of Clause 49 of the Listing Agreement.
- v. Details regarding Non-Mandatory requirements are enumerated under point No. 14.

13. MEANS OF COMMUNICATION

- i. Quarterly Results are not sent to each household of shareholders, since they are being published in leading newspapers.
- ii. Quarterly, Half Yearly and Annual Results are published in "The Hindu Business Line" and "Eenadu".

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- iii. The Company displays its periodical results on the Company's Website, "www.theandhrasugars.com" as required by the Listing Agreement.
- iv. Company has not issued any press release nor made any presentations to the investors or to analysts about its financial results during the year.

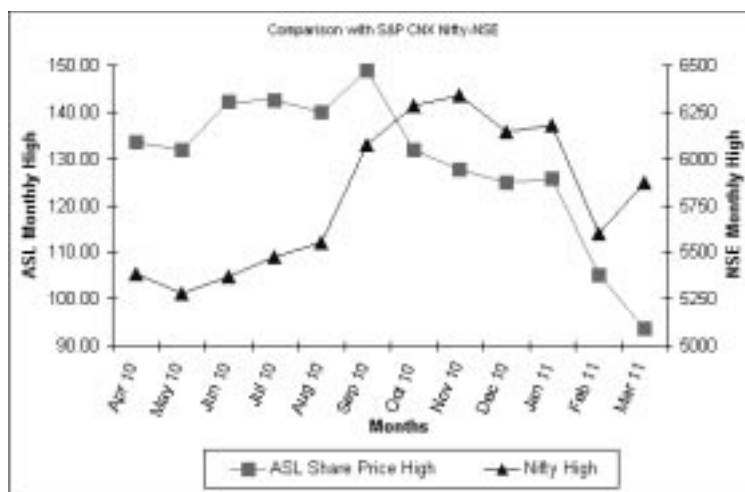
v. General Shareholder Information

- (i) Annual General Meeting
Date & Time : Saturday, 24th September, 2011, 3:00 P.M.
Venue : Registered Office
Venkatarayapuram, Tanuku – 534 215
West Godavari Dist. (A.P.)
- (ii) Financial Year : The Company follows April to March as its Financial Year.
- (iii) Date of book closure : Saturday, 17th September, 2011 to
Saturday, 24th September, 2011
(both days inclusive)
- (iv) Dividend payment date : 3rd October, 2011
- (v) Listing on Stock : Madras Stock Exchange
Exchanges : National Stock Exchange
- (vi) Stock code : MSE-CODE-ASR
NSE-CODE-ANDHRSUGAR
- (vii) Stock Market Data : National Stock Exchange

| Month | High | Low |
|-----------------|--------|--------|
| | Rs. | Rs. |
| April, 2010 | 133.50 | 115.15 |
| May, 2010 | 131.95 | 118.00 |
| June, 2010 | 142.20 | 117.95 |
| July, 2010 | 142.50 | 126.50 |
| August, 2010 | 140.00 | 123.20 |
| September, 2010 | 149.00 | 124.65 |
| October, 2010 | 132.00 | 117.55 |
| November, 2010 | 127.80 | 108.25 |
| December, 2010 | 125.00 | 100.00 |
| January, 2011 | 125.60 | 98.00 |
| February, 2011 | 105.15 | 77.65 |
| March, 2011 | 93.70 | 85.00 |

- (viii) Performance in comparison to :
broad-based indices

EQUITY SHARE PRICE CHART (NSE)



- (ix) Share Transfer System : Shareholders have an option to hold the Shares in physical form or in demat form. In the case of physical form, Company is taking care to ensure that the Share Transfer work gets completed within the stipulated time of one month. The Board of Directors have delegated the power of approving transfer of Shares severally to Chairman & Managing Director and two Joint Managing Directors. The Board has also constituted a Share Transfer Committee which has been assigned the task of approving splitting of Shares, Issue of duplicate Share Certificates, consolidation of Share Certificates, change of status of a shareholder and other allied matters. With regard to Shares in demat mode, the procedure is adopted as per the provisions of the Depositories Act, 1996.

- (x) (a) Shareholding pattern as on 31st March, 2011

| Category | No. of Shares Held | % of Shareholding |
|---|--------------------|-------------------|
| Promoters | 14561284 | 53.72 |
| Institutions, Mutual Funds and Banks | 249820 | 0.92 |
| FII's / OCBs | — | — |
| NRIs | 471061 | 1.74 |
| Bodies Corporate, Trusts and Clearing Members | 1963792 | 7.24 |
| Public | 9861121 | 36.38 |
| Total | 27107078 | 100.00 |

The Andhra Sugars Limited

(b) Distribution of Shareholding as on 31st March, 2011

| Shareholding of Nominal value of Rs. | No. of Shareholders | % to total | Share amount in Rs. | % to Total |
|--------------------------------------|---------------------|---------------|---------------------|---------------|
| Upto 5000 | 13,310 | 83.281 | 2,51,45,460 | 9.276 |
| 5001 to 10000 | 1,114 | 6.970 | 1,22,03,720 | 4.502 |
| 10001 to 20000 | 669 | 4.186 | 1,32,90,820 | 4.903 |
| 20001 to 30000 | 253 | 1.583 | 92,64,130 | 3.417 |
| 30001 to 40000 | 122 | 0.763 | 56,53,450 | 2.086 |
| 40001 to 50000 | 116 | 0.726 | 86,32,870 | 3.185 |
| 50001 to 100000 | 204 | 1.277 | 2,40,13,530 | 8.859 |
| 100001 onwards | 194 | 1.214 | 17,28,66,800 | 63.772 |
| Total | 15,982 | 100.00 | 27,10,70,780 | 100.00 |

(xi) Dematerialisation of Equity Shares and liquidity:

Company's Equity Shares are listed on Madras and National Stock Exchanges with a view to provide liquidity to the Shareholders. As per the SEBI notification, the Company's Equity Shares have been compulsorily dematerialised with effect from 25th October, 2000. The Company has appointed XL Softech Systems, 3 Sagar Society, Road No.2, Banjara Hills, Hyderabad – 500 034 to establish Electronic connectivity with the Depositories viz., NSDL and CDSL. The ISIN No. is INE715B01013. As on 31.3.2011, 40.31% of Equity Shares have been dematerialised.

(xii) Outstanding DGRs / ADRs / Warrants of any other Convertible Instruments, Conversion date and likely impact on equity : Nil

- (xiii) Plant Locations :
1. VENKATARAYAPURAM, Tanuku, West Godavari Dist., Andhra Pradesh
 2. KOVVUR, West Godavari Dist., Andhra Pradesh
 3. SAGGONDA, Gopalapuram Mandal, West Godavari Dist., Andhra Pradesh
 4. TADUVAI, Jangareddygudem Mandal, West Godavari Dist., Andhra Pradesh
 5. BHIMADOLE, West Godavari Dist., Andhra Pradesh
 6. PERECHERLA, GUNTUR, Andhra Pradesh.
- Wind Power Units:**
7. RAMGIRI, Ananthapur Dist., Andhra Pradesh
 8. (a) Kurichampatti Village,
(b) Annaikulam Village
(c) Surandai Village,
Veeranam Region,
Tirunelveli District,
Tamilnadu.
(d) Kundadam Village,
Tamilnadu

- (xiv) Address for correspondence for all matters including Shares : Registered Office:
VENKATARAYAPURAM
Tanuku – 534 215
West Godavari Dist.
Andhra Pradesh.
Telephone Nos. 08819-224911 (8 lines)
Fax No. 08819-224168
Email: elr_asltnk@sancharnet.in
info.tnk@theandhrasugars.com
investors@theandhrasugars.com

14. NON-MANDATORY REQUIREMENTS :

Mandatory requirements of Clause 49 of the Listing Agreement have been complied with by the Company. Adoption of non-mandatory requirements is as hereunder :

1. The Board

The Company has an Executive Chairman. Ceiling on the tenure of the Independent Director of the Company as mentioned is not adopted.

2. Remuneration Committee

The Company has not constituted any Remuneration Committee since the need for such a Committee has not arisen so far.

3. Shareholders Rights

The Quarterly, Half Yearly and Annual Results are published in leading English newspapers having circulation all over India and also in Telugu Newspapers circulating in the District and are also posted on the Company's website. Therefore the same are not sent to the Shareholders individually.

4. Audit Qualification

There are no qualifications proposed by the Auditors in their Report for the year ending 31st March, 2011, as per the information received from them.

5. Training of Board Members

In the opinion of the Board, its Members are all business professionals having considerable experience and expertise in their respective fields and industry.

6. Mechanism for evaluating Non-Executive Board Members

As the Non-Executive Directors are professionals, no such mechanism exists.

7. Whistle Blower Policy

There is no Whistle Blower Policy. However the Company recognises the importance of reporting to the management by employees at any level about unethical behavior or suspected fraud in violation of the Company's Code of Conduct or any other point of concern.

DECLARATION ON COMPLIANCE WITH CODE OF CONDUCT

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, all Board members and Senior Management personnel have affirmed the compliance with The Andhra Sugars Limited Code of Conduct for the year ended 31st March, 2011.

Place : TANUKU
Date : 28-07-2011

Dr. MULLAPUDI HARISCHANDRA PRASAD
Chairman & Managing Director

CERTIFICATE

To
The Shareholders of
The Andhra Sugars Limited
Tanuku.

We have examined the compliance of conditions of Corporate Governance by The Andhra Sugars Limited for the year ended on 31st March, 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges in India.

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

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

We state that in respect of investor grievances received during the year ended 31st March, 2011, no investor grievances were pending against the Company as per the records maintained by the Company and presented to the Investor Grievances Committee.

We further state that such compliance is not an assurance either to the future viability of the Company or the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Camp : TANUKU
Date : 28th July, 2011

For BRAHMAYYA & CO.,
Chartered Accountants
(Firm Regn. No. 000513S)
T.V. RAMANA
Partner
(Membership No. 200523)

AUDITORS' REPORT

TO
THE SHAREHOLDERS OF
THE ANDHRA SUGARS LIMITED
TANUKU

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

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

As required by the Companies (Auditors' Report) Order, 2003 issued by the Government of India in terms of sub-Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Attention is invited to the Para No. 14(b) of the notes forming part of accounts regarding change in treatment of valuation of Hydrochloric Acid from Joint Product to By-product, resulting in increase in profit by Rs. 4.94 lacs and consequently increases in inventories to the extent of the Company during the year under report.

Further to our comments in the Annexure referred to above, we report that:

- a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of such books;
- c. The Balance Sheet and Profit and Loss Account and Cash-flow Statement dealt with by this report are in agreement with the books of account;
- d. In our opinion, the Balance Sheet, Profit and Loss account and Cash-flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ;
- e. On the basis of written representations received from the Directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2011 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

- I. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
- II. in the case of the Profit and Loss Account, of the Profit for the year ended on that date, and
- III. in the case of the Cash-flow Statement, of the cash-flows of the Company for the year ended on that date.

Camp : TANUKU
Date : 28th July, 2011

For BRAHMAYYA & CO.,
Chartered Accountants
(Firm Regn. No. 000513S)
T.V. RAMANA
Partner
(Membership No. 200523)

Annexure referred to in paragraph 3 of our report of even date

- 1.1 According to the information and explanations furnished to us, the Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets except in the case of furniture and fixtures.
- 1.2 According to the information and explanations furnished to us, the Company has informed us that it has adopted a phased programme of verification of its fixed assets. In our opinion such a programme is reasonable and adequate in relation to the nature and location of the Fixed Assets. In accordance with the said programme of physical verification of fixed assets, during the year the management has verified all fixed assets of various divisions located at Kovvur and Saggonda except furniture & fixtures. No material discrepancies were noticed on such physical verification.
- 1.3 According to the information and explanations furnished to us, the Company has not disposed of a substantial part of its fixed assets during the year so as to affect the going concern assumption in preparing the financial statements under report.
- 2.1 According to the information and explanations furnished to us, during the year under report the Company has physically verified its inventories of Raw materials, Finished goods & Stores and Spares, except raw materials situated at Kovvur and Saggonda. In our opinion, the frequency of such verification to the extent carried out is reasonable.
- 2.2 In our opinion, the procedures of physical verification of inventories, as followed by the management in respect of such verification carried out during the year are reasonable and adequate in relation to the size of the Company and the nature of its business.
- 2.3 According to the information furnished to us, the Company is maintaining proper records of its inventory. The discrepancies if any noticed on verification of Raw Materials, Finished goods & Stores and Spares between the physical stocks to the extent verified during the year and the book records were not material, and have been properly dealt with in the books of account.
- 3.1 According to the information and explanations furnished to us, the Company has not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956, at the beginning of the year or during the year, and consequently reporting under sub-clauses b, c and d of clause 4(iii) of the order does not arise during the year.
- 3.2 According to the information and explanations furnished to us, the Company has taken Fixed Deposits/ inter-corporate loans aggregating at the date of the Balance Sheet to Rs.8227.70 lakhs from forty five parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- 3.3 In our opinion, the rate of interest and other terms and conditions on which loans/deposits have been taken by the Company from parties covered in the register maintained under Section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
- 3.4 According to the information and explanations furnished to us, the Company has been regular in repaying the principal and interest amounts as stipulated on the loans taken by it from the parties covered in the register maintained under Section 301 of the Companies Act, 1956.

4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and with regard to the sale of goods and services. Further, during the course of our audit, we have not come across any instances of major weaknesses in the internal control system, that in our opinion, require correction but have so continued without correction.
- 5.1 Based on the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
- 5.2 In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements that have been entered in the Register referred to in Section 301 of the Companies Act have been made at prices which are reasonable having regard to prevailing market prices and other terms of business with such parties, at the relevant time.
6. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A, 58AA and other relevant provisions of the Act and Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information furnished to us, no Order has been passed on the Company by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal for non-compliance with the provisions of Sections 58A, 58AA of the Companies Act, 1956.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account and records maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of Cost Records under Section 209 (1) (d) of the Companies Act, 1956, wherever prescribed, and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we are not required to and have not carried out a detailed audit of the same.
- 9.1 According to the information furnished to us, the Company has been generally regular in depositing with the appropriate authorities, the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it; and the following undisputed statutory dues were outstanding, as at the date of the Balance Sheet under report, for a period of more than six months from the date they became payable,.

| Sl.No. | Name of the statute | Period | Amount Rs. | Remarks |
|--------|---------------------------------|-----------------------------|-----------------------------------|--|
| 1. | Andhra Pradesh State Excise Act | Upto August, 1976 | 358290 (establishment charges) | Pending receipt of demand by the Company |
| 2. | Andhra Pradesh State Excise Act | August, 1976 to March, 2011 | 1488223 (Interest on above) | Pending receipt of demand by the Company |

The Andhra Sugars Limited

- 9.2 According to the information furnished to us, at the date of the Balance Sheet, there were no amounts of Sales Tax, Customs Duty, Excise Duty, Cess, Income Tax, Wealth Tax and Service Tax that were disputed by the Company and hence were not remitted to the concerned authorities, except the following:

| Sl.No. | Name of the statute | Nature of the Dues | Amount Rs. | Forum where dispute is pending |
|--------|--|--------------------|---------------|--|
| 1 | Water (Prevention and control of Pollution) Cess Act of 1977 | Cess | 48703 | Appellate Committee of the Govt. of AP |
| 2 | Sales Tax laws in different States | Sales Tax | 29666061 | Different appellate authorities |
| 3 | Income Tax Act, 1961 | Income Tax | 6772916 | Commissioner of Income Tax Appeals |
| 4 | Central Excise Act, 1944 | Excise Duty | 158977558 | Different departmental appellate authorities |
| 5 | Service Tax Law | Service Tax | 9230723 | Commissioner of Service Tax |

10. According to the information and explanations furnished to us the Company had no accumulated losses at the end of the year under report and it did not incur cash losses during the said year or in the immediately preceding Financial Year.
11. In our opinion and according to the information and explanations furnished to us by the Company, there were no defaults in repayment of its dues to financial institutions, banks or debenture holders at the date of the Balance Sheet.
12. According to the information furnished to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures, and other securities.
13. In our opinion and according to the information and explanations furnished to us, the Company is not a chit fund or a nidhi / mutual benefit fund/ society and hence, the requirements of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company during the year under report.
14. According to the information furnished to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the requirements of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
15. According to the information furnished to us, the Company has not given any guarantees for loans taken by others from any banks or financial institutions, except in respect of repayment, out of its cane price dues to its sugarcane suppliers, the agricultural loans taken by them from banks, the terms and conditions of which, in our opinion are not prima facie prejudicial to the Company.
16. In our opinion, and according to the information and explanations furnished to us, the term loans obtained by the Company have been applied for the purpose for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that considering the internal accruals of the Company during the year under report, funds raised by the Company on short-term basis have prima facie not been used for long term investment.
18. According to the information and explanations furnished to us, the Company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.

19. According to the information and explanations given to us, the Company has not issued any debentures during the year under report.
20. The Company has not raised any moneys through public issue of its securities during the year, and the question of end use of such moneys does not arise during the year.
21. During the course of our examination of the accounts of the Company in accordance with generally accepted auditing practices, we have not come across any instances of fraud on or by the Company, nor have we been informed by the management, of any such instance being noticed or reported during the year.

Camp : TANUKU
Date : 28th July, 2011

For BRAHMAYYA & CO.,
Chartered Accountants
(Firm Regn. No. 000513S)
T.V. RAMANA
Partner
(Membership No. 200523)

ACCOUNTING POLICIES

1. GENERAL :

The Accounts are prepared under the historical cost convention and in accordance with generally accepted accounting practices.

2. FIXED ASSETS :

Fixed Assets are capitalised at acquisition cost, net of Cenvat, less accumulated depreciation. Cost of acquisition of fixed assets is inclusive of directly attributable cost of bringing the assets to their working condition for the intended use. Financing costs incurred upto the date of commissioning of assets are capitalised. Revenue expenses incidental to new projects are capitalised.

3. BORROWING COSTS :

Borrowing costs incurred in connection with the funds borrowed for acquisition / erection of assets that necessarily take substantial period of time to get ready for intended use, are capitalised as part of cost of such assets. All other borrowing costs are charged to revenue.

4. INVESTMENTS :

Long Term Investments are stated at cost and income thereon is accounted for on accrual. Provision towards decline in the value of long-term investments is made only when such decline is other than temporary.

5. INVENTORIES :

- Finished goods are valued at lower of cost or net realisable value.
- Work-in-process, Raw-materials, Stores, Spares and Materials in transit are valued at cost except where net realisable value of the finished goods they are used in is less than the cost of finished goods and in such an event, if the replacement cost of such materials etc., is less than their book values, they are valued at replacement cost.
- By-products and scrap are valued at net realisable value.
- Machinery spares which can be used only in connection with an item of fixed assets and whose use is expected to be irregular are amortised over the life of the principal assets.

6. SALES :

- a) Revenue from sales is recognised when the property in the goods is transferred to the buyers along with the significant risks and rewards of ownership of such goods.
- b) Sales are inclusive of Excise Duty, packing charges and Freight charges, wherever applicable, and net off rebates and Sales Tax.

7. INTER UNIT TRANSFERS :

The product of one unit used as raw materials, stores and spares and energy in another unit of the Company is adjusted at market value.

8. EMPLOYEE BENEFITS

a) Short Term Employee Benefits :

Short-term employee benefits are recognised as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.

b) Post-Employment Benefits :

- (i) Defined Contribution plans: The Company's superannuation scheme, state governed provident fund scheme, employee state insurance scheme and employee pension scheme are defined contribution plans. The contribution paid/payable under the schemes is recognised during the period in which the employee renders the related service.
- (ii) Defined Benefit plans: The employees' gratuity fund schemes and compensated absences schemes are under defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method.

The Company's liability to gratuity on retirement of its eligible employees is funded with the Life Insurance Corporation of India. The fair value of the plan assets there under is reduced from the gross plan obligation, to recognize the obligation on net basis.

The incremental expense thereon for each year is arrived at as per actuarial valuation and is recognised and charged to the Profit and Loss Account in the year in which the employee has rendered service.

- Expense on account of unutilised compensated absences is arrived at as per actuarial valuation and is recognised and charged to the Profit and Loss Account in the year in which employee has rendered services in lieu of such leave.
- Gains/Losses arrived at in the above actuarial valuations are charged to the profit and loss account immediately in each year.

9. EXPENDITURE :

Revenue expenditure is charged to Profit & Loss Account and Capital expenditure is added to the cost of Fixed Assets in the year in which it is incurred.

10. DEPRECIATION :

Depreciation is provided in the accounts, in accordance with Schedule XIV of the Companies Act on the following basis:

- On part of Buildings, Main Plant and Machinery and Electrical Installations of Caustic Soda, Chlorosulphonic Acid, Aspirin, Wind Power at Ramagiri, Power Generation and Sugar Units at Taduvai and Bhimadole and all Buildings, Plant and Machinery, Electrical Installations, Weigh Bridges and Scales and Workshop Equipment of Cotton and Oil Products Unit and Sulphuric Acid unit at Saggonda under Straight Line Method.
- On the remaining assets of the above units and all assets of the other units, under Written Down Value Method.
- In respect of Inter Unit transfer of assets, depreciation is computed on the same basis as in the transferor unit.

11. FOREIGN EXCHANGE TRANSACTIONS :

- Transactions in foreign currency are initially accounted at the exchange rate prevailing on the date of the transaction, and adjusted appropriately with the difference in the rate of exchange arising on actual receipt/payment during the year.
- At each Balance Sheet date foreign currency monetary items are reported using the rate of exchange on that date. Foreign currency non-monetary items are reported using the exchange rate at which they were initially recognized.
- In respect of forward exchange contracts in the nature of hedges
 - a) Premium or discount on the contract is amortised over the term of the contract,
 - b) Exchange differences on the contract are recognised as profit or loss in the period in which they arise.

12. IMPAIRMENT OF ASSETS :

An asset is treated as impaired when the carrying cost of the same exceeds its recoverable amount. An impairment loss is charged to the Profit and loss Account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

13. CONTINGENT LIABILITIES :

Contingent liabilities are not recognised in the accounts, but are disclosed after a careful evaluation of the concerned facts and legal issues involved.

14. INTANGIBLE ASSETS :

Costs incurred on intangible assets, resulting in future economic benefits are capitalised as intangible assets and amortised on written down value method beginning from the date of capitalisation.

15. TAXATION :

- Provision is made for income tax liability estimated to arise on the results for the year at the current rate of tax in accordance with the Income Tax Act, 1961.
- Deferred tax resulting from timing differences between book and tax profits is accounted for under the liability method, at the current rate of tax.
- Deferred tax assets arising on account of brought forward losses and unabsorbed depreciation are recognised only when there is virtual certainty supported by convincing evidence that such assets will be realised. Deferred tax assets arising on other temporary timing differences are recognised only if there is a reasonable certainty of realisation.

16. DIVIDENDS :

Provision is made in the Accounts for the Dividends payable by the Company as recommended by the Board of Directors, pending approval of the Shareholders at the Annual General Meeting. Tax on distributable Profits is provided for in the year to which such Distributable Profits relate.

17. MISCELLANEOUS EXPENDITURE :

Debentures / Shares issue expenditure is amortised as per Sec.35D of the Income Tax Act.

Additional Information as required under part - IV of Schedule VI to the Companies Act, 1956.

| | | |
|------|---|--------------------|
| I. | Registration Details | (Rupees in lakhs) |
| | a) Registration No. | 01-00326 |
| | b) State Code | 01 |
| | c) Balance Sheet date | 31-03-2011 |
| II. | Capital Raised during the Year | |
| | a) Public Issue | NIL |
| | b) Rights Issue | NIL |
| | c) Bonus Issue | NIL |
| | d) Private Placement | NIL |
| III. | Position of Mobilisation & Deployment of Funds | |
| | a) Total Assets | 99739.81 |
| | b) Total Liabilities | 99739.81 |
| | Sources of Funds: | |
| | a) Paid-up Capital | 2711.01 |
| | b) Reserves & Surplus | 36941.64 |
| | c) Deferred Tax (Net) | 7897.33 |
| | d) Secured Loans | 14906.11 |
| | e) Unsecured Loans | 15922.20 |
| | TOTAL: | 78378.29 |
| | Applications of Funds: | |
| | a) Net Fixed assets | 48885.29 |
| | b) Investments | 7521.77 |
| | c) Net Current Assets | 21971.23 |
| | d) Miscellaneous Expenses | 0.00 |
| | TOTAL: | 78378.29 |
| IV. | Performance of Company: | |
| | a) Turnover | 50254.97 |
| | b) Other Income | 5157.36 |
| | c) Total Expenditure | 56494.25 |
| | d) Profit Before Tax | 5158.67 |
| | e) Profit After Tax | 3620.90 |
| | f) Earnings Per Share in Rs. | 13.36 |
| | g) Dividend Rate % | 55% |
| V. | Generic Names of Three Principal Products / Services of Company (As per monetary terms) | |
| | 1. Item Code No. (ITC Code) | 170111.09 |
| | Product Description | Sugar |
| | 2. Item Code No. (ITC Code) | 281512.00 |
| | Product Description | Caustic Soda |
| | 3. Item Code No. (ITC Code) | 280110.00 |
| | Product Description | Chlorine |

The Andhra Sugars Limited

BALANCE SHEET AS AT 31st MARCH, 2011

| | | (Rupees in lakhs) | |
|-----------|---|-------------------|-----------------|
| | | 31-03-2011 | 31-03-2010 |
| I | SOURCES OF FUNDS | | |
| 1) | Shareholders' Funds | | |
| a) | Capital | 1 | 2711.01 |
| b) | Reserves & Surplus | 2 | 35021.81 |
| | | | ----- |
| | | 39652.65 | 37732.82 |
| | | | ----- |
| 2) | Loan Funds | | |
| a) | Secured Loans | 3 | 6821.36 |
| b) | Unsecured Loans | 4 | 14195.61 |
| | | | ----- |
| | | 30828.31 | 21016.97 |
| | | | ----- |
| 3) | Deferred Tax | | |
| a) | Liability | | 8475.00 |
| b) | Asset | | 577.67 |
| | | | ----- |
| | | 7897.33 | 7467.66 |
| | | | ----- |
| | TOTAL | | 78378.29 |
| | | | ----- |
| | | | 66217.45 |
| | | | ----- |
| II | APPLICATION OF FUNDS | | |
| 1) | Fixed Assets | | |
| a) | Gross Block | | 80032.82 |
| b) | Less: Depreciation | | 31682.19 |
| | | | ----- |
| c) | Net Block | 5 | 44571.89 |
| d) | Capital work-in-progress | | 534.66 |
| | | | ----- |
| | | 48885.29 | 48239.36 |
| | | | ----- |
| 2) | Investments | 6 | 7409.14 |
| 3) | Current Assets, Loans & Advances | | |
| a) | Inventories | 7 | 13115.52 |
| b) | Sundry Debtors | 8 | 4420.46 |
| c) | Cash and Bank Balances | 9 | 1386.81 |
| d) | Other Current Assets | 10 | 45.45 |
| e) | Loans and Advances | 11 | 10268.90 |
| | | | ----- |
| | | 43332.75 | 29237.14 |
| | | | ----- |
| | Less: Current Liabilities & Provisions: | | |
| a) | Liabilities | 12 | 10146.15 |
| b) | Provisions | 13 | 9083.18 |
| | | | ----- |
| | | 21361.52 | 18668.19 |
| | | | ----- |
| | Net Current Assets | | 21971.23 |
| | | | ----- |
| | TOTAL | | 78378.29 |
| | | | ----- |
| | | | 66217.45 |
| | | | ----- |

NOTE: The schedules, notes and Statement on Accounting Policies form an integral part of the Balance Sheet.

Per our report of even date:
For Brahmayya & Company
Chartered Accountants
Firm Regn. No. 000513S
T.V. RAMANA
Partner
Membership No. 200523

FOR AND ON BEHALF OF THE BOARD
Dr. Mullapudi Harischandra Prasad
Dr. B.B. Ramaiah
A. Ranga Rao
M. Palachandra

Chairman & Managing Director
Managing Director (Tech.)
Director
Company Secretary

Camp : TANUKU
Date : 28-07-2011

TANUKU
28-07-2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011

| | | (Rupees in lakhs) | |
|---|----------|-------------------|---------------|
| INCOME | Schedule | This Year | Previous Year |
| Sales | | 50254.97 | 58203.08 |
| Less: Excise Duty recovered | | 3371.67 | 3044.07 |
| | | 46883.30 | 55159.01 |
| Other Income | 14 | 5157.36 | 2943.39 |
| Accretion to Stocks | 15 | 9612.26 | — |
| | | 61652.92 | 58102.40 |
| EXPENDITURE | | | |
| Purchase of finished goods | | 50.80 | 23.82 |
| Raw Materials consumed | | 25893.90 | 18025.40 |
| Payments & Benefits to Employees | 16 | 5502.98 | 4987.38 |
| Manufacturing and Other Expenses | 17 | 18721.26 | 13062.83 |
| Excise Duty and Taxes | 18 | 637.46 | 346.71 |
| Decrease in Stock | 15 | 0.00 | 6011.64 |
| Interest | 19 | 1883.10 | 2162.78 |
| Depreciation | | 3804.75 | 3490.74 |
| | | 56494.25 | 48111.30 |
| Profit for the Year | | 5158.67 | 9991.10 |
| Add: Income Tax Refund Received | | 0.00 | 2.67 |
| Excess Provision of Income Tax | | 0.00 | 18.97 |
| Net Profit | | 5158.67 | 10012.74 |
| Less: Provisions for: | | | |
| Current Tax | | 1250.00 | 2700.00 |
| Deferred Tax | | 283.77 | 633.09 |
| Wealth Tax | | 4.00 | 4.00 |
| Profit after tax | | 3620.90 | 6675.65 |
| Add: Balance brought forward from last year | | 10124.37 | 5658.61 |
| Balance available for appropriation | | 13745.27 | 12334.26 |
| APPROPRIATIONS | | | |
| General Reserve | | 5000.00 | 670.00 |
| Dividends (See Directors' Report) | 20 | 1701.07 | 1539.89 |
| Balance taken to Balance Sheet | | 7044.20 | 10124.37 |
| | | 13745.27 | 12334.26 |
| Basic Earnings per Share: (Profit after Tax / No. of Equity Shares) | | | |
| Profit after Tax | | 3620.90 | 6675.65 |
| No. of Equity Shares of Rs.10/- each | | 271.07 | 271.07 |
| Basic Earnings per Share Rs. | | 13.36 | 24.63 |
| Notes forming part of the Accounts. | 21 | | |

NOTE : The schedules, notes and Statement on Accounting Policies form an integral part of the Profit & Loss Account.

Per our report of even date:
For Brahmayya & Company
Chartered Accountants
Firm Regn. No. 000513S
T.V. RAMANA
Partner
Membership No. 200523

FOR AND ON BEHALF OF THE BOARD

Dr. Mullapudi Harisandra Prasad
Dr. B.B. Ramaiah
A. Ranga Rao
M. Palachandra

Chairman & Managing Director
Managing Director (Tech.)
Director
Company Secretary

Camp : TANUKU
Date : 28-07-2011

TANUKU
28-07-2011

SCHEDULES TO BALANCE SHEET

(Rupees in lakhs)

SCHEDULE - 1

| SHARE CAPITAL | | As at | As at |
|---------------------------------------|--|-------------------|-------------------|
| | | 31-03-2011 | 31-03-2010 |
| AUTHORISED CAPITAL | | | |
| 28750000 | Equity Shares of Rs.10/- each | 2875.00 | 2875.00 |
| 30000 | 9.5% First Cumulative Redeemable Preference Shares of Rs.100/- each | 30.00 | 30.00 |
| 95000 | 9.5% Second Cumulative Redeemable Preference Shares of Rs.100/- each | 95.00 | 95.00 |
| | | 3000.00 | 3000.00 |
| ISSUED CAPITAL | | | |
| 27113091 | Equity Shares of Rs.10/- each | 2711.31 | 2711.31 |
| | | 2711.31 | 2711.31 |
| SUBSCRIBED AND PAID-UP CAPITAL | | | |
| 27107078 | Equity Shares of Rs.10/- each fully paid-up | 2710.71 | 2710.71 |
| | Forfeited amount on 6013 shares of Rs.10/ each, Rs.5/ paid-up | 0.30 | 0.30 |
| | | 2711.01 | 2711.01 |

NOTES: The above includes:

- i) 2,08,24,431 Shares allotted as fully paid-up by way of Bonus Shares
- ii) 2,52,000 Shares allotted at par to the shareholders of amalgamating Company pursuant to the scheme of amalgamation (without payment being received in cash).

RESERVES AND SURPLUS**SCHEDULE - 2**

| | | | |
|-----------|---|-----------------|----------|
| 1) | GENERAL RESERVE | | |
| | As per last Balance Sheet | 23722.74 | 23052.74 |
| | Add: Transferred from Profit & Loss A/c during the year | 5000.00 | 670.00 |
| | | 28722.74 | 23722.74 |
| 2) | SECURITIES PREMIUM | 1129.40 | 1129.40 |
| 3) | CAPITAL RESERVE | | |
| | Capital investment subsidy | 45.00 | 45.00 |
| | Forfeited Debentures ** | 0.30 | 0.30 |
| 4) | SURPLUS IN PROFIT & LOSS ACCOUNT | 7044.20 | 10124.37 |
| | | 36941.64 | 35021.81 |

Note: ** Forfeited Debentures have been transferred to Capital Reserve on total redemption of the remaining Debentures in the same series.

The Andhra Sugars Limited

(Rupees in lakhs)
SCHEDULE - 3

SECURED LOANS:

| | As at 31-03-2011 | As at 31-03-2010 |
|--|----------------------------|---------------------------|
| FROM BANKS: | | |
| i) Term Loans * | | |
| From Banks (against exclusive First Charge on assets created out of the loan) | 4401.20 | 4081.20 |
| ii) Cash Credit | 10504.91 | 2740.16 |
| (Secured by hypothecation of inventories and receivables, and collaterally secured by a Second Charge on the fixed assets of the Company except those at the COP division and Wind Power divisions in Tamilnadu and Ramagiri, ranking pari passu among the members of the consortium of working capital lending banks) | | |
| | ----- 14906.11 ----- | ----- 6821.36 ----- |

* An Amount of Rs. 3002.16 lakhs repayable within a period of one year.

UNSECURED LOANS

SCHEDULE - 4

Fixed Deposits : **

| | | |
|--|----------------------------|----------------------------|
| From Share Holders | 1406.80 | 1365.45 |
| From Public | 7123.45 | 6493.15 |
| From Directors | 3180.35 | 2400.55 |
| Loans: | | |
| From other companies * | 6.00 | 6.00 |
| Sales Tax Deferment Loan | 4205.60 | 3930.46 |
| (Repayable at the end of 14 th year from the year of receipt. First repayment falls due during the accounting year 2012 - 13) | | |
| | ----- 15922.20 ----- | ----- 14195.61 ----- |
| *Include amounts due to subsidiary companies : Hindustan Allied Chemicals Ltd. | 6.00 | 6.00 |

Note: Fixed deposits matured and remaining unclaimed aggregating to Rs.48.10 lakhs are not included above, but shown in Schedule 12.

** The above unsecured loans include an amount of Rs. 3644.65 repayable within a period of one year.

FIXED ASSETS(Rupees in lakhs)
SCHEDULE - 5

| | GROSS BLOCK | | | | DEPRECIATION BLOCK | | | | IMPAIRMENT BLOCK | | | | NET BLOCK | |
|---|--------------------|---------------------------|----------------------------|--------------------|--------------------|------------------|--------------|--------------------|--------------------------|---------------------------|----------------------------|--------------------------|-------------------|-------------------|
| | Cost as at 31-3-10 | Additions during the year | Deductions during the year | Cost as at 31-3-11 | Dep. upto 31-3-10 | Dep. for 10-11** | Dep. on Dedn | Dep. upto 31-03-11 | Impairment upto 31-03-10 | Additions during the year | Deductions during the year | Impairment upto 31-03-11 | WDV as at 31-3-11 | WDV as at 31-3-10 |
| 1. Land * | 3031.12 | 8.85 | 0.00 | 3039.97 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 3039.97 | 3031.12 |
| 2. Factory Buildings | 5278.14 | 255.52 | 0.00 | 5533.66 | 1748.70 | 149.87 | 0.00 | 1898.57 | 0.00 | 0.00 | 0.00 | 0.00 | 3635.09 | 3525.75 |
| 3. Plant And Machinery | 56331.62 | 7951.27 | 2626.40 | 61656.49 | 24365.93 | 3099.08 | 1778.11 | 25686.90 | 289.40 | 0.00 | 20.91 | 268.49 | 35701.10 | 31679.98 |
| 4. Transport Equipment | 2114.47 | 172.76 | 121.07 | 2166.16 | 1212.44 | 184.25 | 105.05 | 1291.64 | 0.00 | 0.00 | 0.00 | 0.00 | 874.52 | 902.04 |
| 5. Furniture & Fittings | 575.10 | 60.24 | 2.87 | 632.47 | 451.82 | 28.63 | 2.12 | 478.33 | 0.00 | 0.00 | 0.00 | 0.00 | 154.14 | 123.28 |
| 6. Tramways & Railway Siding | 731.99 | 0.00 | 0.00 | 731.99 | 275.25 | 32.75 | 0.00 | 308.00 | 0.00 | 0.00 | 0.00 | 0.00 | 423.99 | 456.73 |
| 7. Renewable Energy Plant: Wind Farm | 6272.08 | 0.00 | 0.00 | 6272.08 | 1419.09 | 331.17 | 0.00 | 1750.26 | 0.00 | 0.00 | 0.00 | 0.00 | 4521.82 | 4852.99 |
| TOTAL | 74334.52 | 8448.64 | 2750.34 | 80032.82 | 29473.23 | 3825.75 | 1885.28 | 31413.70 | 289.40 | 0.00 | 20.91 | 268.49 | 48350.63 | 44571.89 |
| Previous Year | 71188.97 | 3477.94 | 332.39 | 74334.52 | 26253.72 | 3511.78 | 292.27 | 29473.23 | 310.31 | 0.00 | 20.91 | 289.40 | 44571.89 | 44626.66 |

* Including Buildings of the Gross value of Rs.42.50 lakhs constructed on leasehold land at Kakinada.

** Depreciation for the year includes depreciation on impaired assets to the extent of Rs.2090844/-at Bhimadole and depreciation capitalised to the extent of Rs.8810 at MM division.

The Andhra Sugars Limited

(Rupees in lakhs)

SCHEDULE - 6

INVESTMENTS

As at **As at**
31-03-2011 **31-03-2010**

A) TRADE INVESTMENTS

1) IN SUBSIDIARY COMPANIES

| | | |
|---|---------------|--------|
| a) 3,28,760 partly paid Equity Shares of Rs.10/- each (Rs.2.50 per share paid-up) in Hindustan Allied Chemicals Ltd.,(Unquoted) | 2.74 | 2.74 |
| b) 3,45,700 fully paid Equity Shares of Rs.10/- each in The Andhra Farm Chemicals Corpn.Ltd.,(Unquoted) | 34.57 | 34.57 |
| c) 24,43,250 fully paid Equity Shares of Rs.10/- each in JOCIL LTD.,(Quoted) | 441.79 | 441.79 |

2) IN OTHER COMPANIES

| | | |
|---|----------------|---------|
| a) 1,40,000 fully paid Equity Shares of Rs.10/- each in Sree Akkamamba Textiles Ltd., (Quoted) | 1.75 | 1.75 |
| b) 2,46,27,213 (2,39,45,454) fully paid Equity Shares of Rs.10/- each in The Andhra Petrochemicals Ltd., 6,81,759 Equity Shares of Rs. 10/- each purchased during the year (a company under the same management) (Quoted) | 3127.46 | 3014.82 |
| c) 96,64,080 fully paid Equity Shares of Rs.10/- each in Andhra Pradesh Gas Power Corporation Ltd., (Unquoted) | 3656.74 | 3656.74 |
| d) 25,052 fully paid Equity Shares of Rs.10/- each in Andhra Bank (Quoted) | 4.31 | 4.31 |

B) NON-TRADE INVESTMENTS

| | | |
|---|---------------|--------|
| a) In Government Securities: National Plan Saving Certificates(Rs.01 matured during the year) (lodged with Govt.Departments towards security) | 0.04 | 0.05 |
| b) 1000000 Equity Shares of Rs.10/-each in Agri Business Finance (AP) Ltd., (Unquoted) | 100.00 | |
| Less: Calls due | <u>50.00</u> | 50.00 |
| c) 712110.482 Units of UTI Mutual Fund Service Industries fund sector (Amount invested towards 15% liquidity on fixed deposits held u/s 58A of the Companies Act) | 201.10 | 201.10 |
| d) 1391 Equity Shares of Rs.10/- each, fully paid-up in Indian Bank (Quoted) | 1.27 | 1.27 |

7521.77 **7409.14**

All the above investments, unless otherwise specified, are long-term investments.

| | | |
|------------------------------|-------------|------|
| Cost of unquoted investments | 3744 | 3744 |
| Cost of quoted Investments | 3778 | 3665 |

7522 **7409**

| | | |
|------------------------------------|--------------|-------|
| Market value of quoted Investments | 14041 | 10078 |
|------------------------------------|--------------|-------|

The Andhra Sugars Limited

(Rupees in lakhs)

INVENTORIES

(As certified by the Managing Director)

SCHEDULE - 7

| | As at 31-03-2011 | As at 31-03-2010 |
|--------------------------|---------------------|---------------------|
| Stores and Spares | 3571.09 | 3233.32 |
| Raw Materials | 4251.74 | 2674.42 |
| Work-in-process | 227.42 | 216.97 |
| Finished Goods - at Cost | 7709.90 | 3498.11 |
| - at Market value | 9259.34 | 3491.33 |
| Goods in Transit | 3.10 | 1.37 |
| Crops under cultivation | 2.00 | 0.00 |
| | 25024.59 | 13115.52 |
| | ----- | ----- |

SUNDRY DEBTORS

SCHEDULE - 8

a) Debts outstanding for a period exceeding six months

| | | |
|------------------------------------|--------|--------|
| Unsecured-considered good | 152.23 | 236.54 |
| Unsecured-considered doubtful | 15.02 | 15.02 |
| | 167.25 | 251.56 |
| Less: Provision for Doubtful Debts | 15.02 | 15.02 |
| | 152.23 | 236.54 |

b) Other Debts: Unsecured-considered good

| | | |
|--|---------|---------|
| | 5091.42 | 4183.92 |
| | 5243.65 | 4420.46 |
| Due from a Subsidiary Company (included in "b") | 2.46 | 0.10 |

CASH AND BANK BALANCES

SCHEDULE - 9

| | | |
|----------------------------------|---------|---------|
| Cash and Cheques on hand | 597.48 | 13.51 |
| Balances with Scheduled Banks in | | |
| - Current Accounts | 1494.87 | 1123.88 |
| - Fixed Deposit Accounts | 187.35 | 249.42 |
| | 2279.70 | 1386.81 |
| | ----- | ----- |

Balances with Scheduled Banks, include inter-alia, the following:

| | | |
|---|-------|-------|
| a) In "Unclaimed Dividend Accounts" u/s 205A of the Companies Act, 1956 | 98.62 | 90.58 |
| b) Towards staff security deposit | 22.69 | 31.44 |

The Andhra Sugars Limited

(Rupees in lakhs)

OTHER CURRENT ASSETS

SCHEDULE - 10

| | As at 31-03-2011 | As at 31-03-2010 |
|--|---------------------|---------------------|
| Interest accrued on Investments and Deposits | 36.00 | 45.45 |
| | ----- | ----- |
| | 36.00 | 45.45 |
| | ----- | ----- |

SCHEDULE - 11

LOANS AND ADVANCES

| | | |
|--|-----------------|----------|
| Advances (recoverable in cash or in kind for value to be received) | | |
| Unsecured considered good | 2874.87 | 2710.79 |
| Unsecured considered doubtful | 0.03 | 0.03 |
| | ----- | ----- |
| | 2874.90 | 2710.82 |
| Less: Provision for doubtful Advances | 0.03 | 0.03 |
| | ----- | ----- |
| | 2874.87 | 2710.79 |
| Prepaid expenses | 63.25 | 77.86 |
| Excise Duty paid in advance (including Cenvat credit pending utilisation) | 990.75 | 848.31 |
| Advance payment of Direct Taxes | 5527.92 | 5295.41 |
| Income Tax deducted at source | 80.32 | 91.03 |
| Deposits recoverable | 553.51 | 879.82 |
| Claims recoverable | 664.29 | |
| Less: Provision for Doubtful claims | <u>10.79</u> | 353.06 |
| Balance with Customs, Port Trust, etc., | 3.73 | 12.62 |
| Income Tax Refund Receivable | 0.96 | 0.00 |
| | ----- | ----- |
| | 10748.81 | 10268.90 |
| | ----- | ----- |
| Due from a Subsidiary Company (included in "advances" above) | 700.00 | 0.91 |

LIABILITIES

SCHEDULE - 12

| | | |
|--|-----------------|----------|
| Sundry Creditors | | |
| Due to Micro, Small & Medium Enterprises (see Note No.8) | 0.54 | 4.10 |
| Due to Others | 11448.05 | 9319.96 |
| [Includes Rs. 294.71 lakhs (Rs. 951.54 lakhs) due to Directors] | | |
| Due to Subsidiaries | 0 | 49.97 |
| Advances received against sales | 282.66 | 255.50 |
| Trade Deposits | 96.90 | 92.35 |
| Staff Security Deposit | 21.10 | 28.67 |
| Interest accrued but not due on Loans & Fixed Deposits [Includes Rs.51.09 lakhs (Rs.52.61 lakhs) due to Directors] [Includes Rs. 0.09 lakhs (Rs.0.09 lakhs) due to Subsidiary Company] | 276.28 | 256.94 |
| Dividends pending encashment * | 98.62 | 90.58 |
| Unclaimed matured Fixed Deposits * | 48.10 | 36.79 |
| Unclaimed interest on matured Deposits * and Debentures | 5.63 | 11.29 |
| | ----- | ----- |
| | 12278.34 | 10146.15 |
| | ----- | ----- |

* These amounts have not fallen due for remittance to Investor Education and Protection Fund in accordance with Sec.205 C of the Companies Act, 1956 as at the date of the Balance Sheet.

The Andhra Sugars Limited

(Rupees in lakhs)

SCHEDULE - 15

OPENING AND CLOSING STOCKS

| | As at 31-03-2011 | As at 31-03-2010 |
|---|---------------------|---------------------|
| Opening Stock: | | |
| Work-in-process | 216.97 | 245.63 |
| Finished goods | 6989.44 | 13372.05 |
| Total (A) | <u>7206.41</u> | <u>13617.68</u> |
| Closing Stock: | | |
| Work-in-process | 227.42 | 216.97 |
| Finished goods | 16969.24 | 6989.44 |
| Total (B) | <u>17196.66</u> | <u>7206.41</u> |
| Add: (Increase)/Decrease in Excise Duty on stocks (C) | <u>(377.99)</u> | <u>399.63</u> |
| Increase / (Decrease) in stock | <u>9612.26</u> | <u>(6011.64)</u> |

SCHEDULE - 16

PAYMENTS AND BENEFITS TO EMPLOYEES

| | | |
|--|----------------|----------------|
| Salaries, Wages and Bonus | 4279.16 | 3995.95 |
| Contribution to Provident, Gratuity and other funds | 967.71 | 743.63 |
| Workmen and Staff Welfare Expenses | 256.11 | 247.80 |
| | <u>5502.98</u> | <u>4987.38</u> |

MANUFACTURING AND OTHER EXPENSES

SCHEDULE - 17

| | | |
|---|-----------------|-----------------|
| Stores & Spares consumed (including packing materials) | 1561.31 | 891.78 |
| Power and Fuel | 9833.13 | 6196.87 |
| Insurance | 78.18 | 50.65 |
| Sugarcane Development Expenses | 172.91 | 93.05 |
| Repairs to Buildings | 226.97 | 162.74 |
| Repairs to Machinery | 2377.82 | 1825.42 |
| Repairs to Other Assets | 406.71 | 379.35 |
| Advertisement and Sales Promotion | 35.33 | 9.66 |
| Handling, Transport & Expenses at Sales Depots | 2138.08 | 1564.03 |
| Commission on Sales | 57.49 | 58.96 |
| Rent | 11.07 | 11.32 |
| Directors' Sitting Fee | 5.40 | 2.80 |
| Managerial Remuneration (Note No.24) | 573.79 | 1108.90 |
| Payments to Auditors (Note No.21) | 15.50 | 16.24 |
| Miscellaneous expenses | 694.15 | 580.06 |
| Donations | 31.01 | 68.10 |
| Loss on sale of Assets | 0.51 | 0.33 |
| Provision for doubtful claims | 10.79 | 0.00 |
| Bad Debts Written off | 0.01 | 6.38 |
| Assets written off | 435.77 | 6.97 |
| Stores & Spares written off | 2.23 | 4.79 |
| Difference in Exchange | 53.10 | 24.43 |
| | <u>18721.26</u> | <u>13062.83</u> |

The Andhra Sugars Limited

(Rupees in lakhs)

SCHEDULE - 18

| EXCISE DUTY AND TAXES | As at 31-03-2011 | As at 31-03-2010 |
|------------------------------|-----------------------------|-----------------------------|
| Excise Duty (Net) | 0.29 | 2.94 |
| Purchase Tax on Sugarcane | 451.88 | 200.68 |
| Rates and Taxes | 185.29 | 143.09 |
| | ----- | ----- |
| | 637.46 | 346.71 |
| | ----- | ----- |

SCHEDULE - 19

| INTEREST | | |
|---|----------------|--------------|
| On Fixed period loans from banks | 1301.69 | 1185.57 |
| On Fixed Deposits from Whole-time Directors | 308.85 | 258.04 |
| On Other accounts | 272.56 | 719.17 |
| | ----- | ----- |
| | 1883.10 | 2162.78 |
| | ----- | ----- |

SCHEDULE - 20

| DIVIDENDS | | |
|-------------------|----------------|--------------|
| Proposed dividend | 1490.89 | 1355.35 |
| Tax on above | 210.18 | 184.54 |
| | ----- | ----- |
| | 1701.07 | 1539.89 |
| | ----- | ----- |

NOTES FORMING PART OF THE ACCOUNTS

| | As at 31-03-2011 | As at 31-03-2010 |
|---|---------------------|---------------------|
| 1. Estimated amount of contracts remaining to be executed on Capital Account and not provided for | 811.71 | 3280.26 |
| 2. a) Uncalled liability on partly paid shares held as Investments | 24.66 | 24.66 |
| b) Liability on account of membership in Alkali Manufacturers' Association of India, a Company limited by Guarantee | 0.01 | 0.01 |
| 3. Claims against the Company not acknowledged as debts relating to the following areas : | | |
| i) Excise | 1589.78 | 0.10 |
| ii) Customs | --- | 2.92 |
| iii) Service Tax | 92.31 | 62.62 |
| iv) Sales Tax | 26.00 | 26.00 |
| v) Income Tax | 67.73 | 13.46 |
| vi) State Levies | 171.25 | 163.21 |
| vii) Suppliers and Service contract | 146.56 | 93.634 |
| viii) Labour related | 5.00 | 5.00 |
| 4. Other monies for which the company is contingently liable : | | |
| (a) Guarantees issued by the company for obligations arising out of events occurred at the Balance Sheet date. | 95.00 | 85.00 |
| (b) Under the provisions of "The Levy Sugar Price Equalisation Fund Act, 1976" the excess amount collected over the notified levy sale price pursuant to the interim stay granted by the Courts vests in the fund. In a writ petition No: 1534/76 filed by the Company against these provisions, the High Court of Andhra Pradesh has held that provisions of the said Act are not applicable to the excess collections made prior to 15-6-1972, against which the Union Government filed a civil appeal No: 274/79 before the Supreme Court, which is pending. | | |
| <p>While admitting the appeal, the Supreme Court granted stay of operation of Judgement of A.P. High Court in W.P.No: 1534/76 and directed the Company to furnish a Bank Guarantee for Rs.9.60 lakhs being the difference in levy Sugar price for the Sugar Season 1969-70. The Bank Guarantee was furnished on 7-12-1979 in favour of Registrar, High Court of Andhra Pradesh. Interest, if any, payable under the said Act, estimated at Rs. 62.66 lakhs (Rs 60.93 lakhs) has not been provided for in the accounts pending final legal decision in the matter. However, an amount of Rs.66.80 lakhs was appropriated during the Financial Year 2008-2009 by Govt India, New Delhi, against payment of buffer stock subsidy dues, which was protested by the company.</p> | | |
| 5. "Sundry Creditors" includes Rs.7.53 lakhs received from State Trading Corporation (STC) towards damages for breach of Contract pursuant to the orders of the Appellate Authorities/ Arbitrators. Since further Appeals preferred by the S.T.C. before the higher Appellate Authorities are pending, the said amount is not recognised as revenue in the year of receipt, pending disposal of final appeal. | | |
| 6. In the opinion of the management, all the amounts stated under sundry debtors and loans and advances are recoverable at the values at which they are stated. | | |
| 7. Balances in some of the customers accounts are subject to confirmation by and reconciliation with the said parties. | | |

The Andhra Sugars Limited

8. Disclosures on payments and dues to “suppliers” as defined in Micro, Small and Medium enterprises Development Act, 2006 (“The Act”).

31-03-2011

| | Rs. |
|---|----------------|
| 1. Amount remaining unpaid, beyond the appointed / agreed date at the end of the year | --- |
| (a) Principal amount of bills to be paid | --- |
| (b) Interest due thereon | --- |
| 2. (a) Payments made to suppliers, during the year, but beyond appointed / agreed by | 2022554 |
| Interest thereon in terms of Sec. 16 of the Act | 35043 |
| (b) Interest paid along with such payments during the year | --- |
| (c) Interest due and payable at the end of the year, on such payments made during the year | 35043 |
| 3. Amount of interest, for the year, u/s. 16 of the Act, including that accrued and remaining unpaid, at the end of the year | 35043 |
| 4. Total amount of interest, u/s. 16 of the Act, including that arising in earlier years, accrued and remaining unpaid at the end of the year | 53801 |

Note: For the purpose of the above details of the status of the suppliers under the Act has been determined, to the extent of and based on information furnished by the respective parties, and has accordingly, been relied upon by the Company and its auditors.

9. Loans and Advances in the nature of loans given to subsidiary Hindustan Allied Chemicals Limited as per Clause 32 of the Listing Agreement is Rs.NIL as on 31.3.2011. (Maximum balance outstanding during the year is Rs.3.68 lakhs). The investment in the Equity Shares of the Company is Nos. 328760.

10. Closing stock units of Wind farm at Ramgiri and power generation unit at Taduvai as per the books of the Company and as confirmed by the AP Genco is subject to reconciliation, to the extent of Rs.11.83 lakhs due to certain matters pending before Honourable High Court of Andhra Pradesh.

The Andhra Sugars Limited

11. SALES

(Rupees in lakhs)

| | | This year | | Previous year | |
|---|--------|-----------|----------|---------------|----------|
| | | Quantity | Value | Quantity | Value |
| Sugar | M.T | 31350 | 8503.66 | 76687 | 20371.31 |
| Industrial Alcohols & Ethanol | K.L | 5248 | 1973.76 | 4780 | 2109.48 |
| Acetic Acid | M.T | 342 | 93.76 | 458 | 131.91 |
| Acetic Anhydride | M.T | 276 | 248.60 | 309 | 269.23 |
| Ethyl Acetate | M.T | 8 | 4.35 | 0 | 0.00 |
| Aspirin | M.T | 434 | 855.27 | 521 | 949.21 |
| Caustic Soda | M.T | 95033 | 17544.05 | 81539 | 18493.49 |
| Caustic Potash | M.T | 6758 | 3354.72 | 2699 | 5570.39 |
| Chlorine | M.T | 49932 | 2611.13 | 41889 | 1040.96 |
| Hydrochloric Acid | M.T | 114622 | 3554.78 | 114184 | 1529.40 |
| Sodium Hypochlorite | M.T | 28727 | 1012.59 | 25684 | 826.69 |
| Hydrogen gas | CU.MTR | 2614565 | 761.12 | 2300460 | 616.03 |
| Sulphuric Acid | M.T | 104612 | 4569.54 | 87222 | 2061.62 |
| Superphosphate | M.T | 37219 | 1023.62 | 31753 | 1042.72 |
| UDMH/UH25 | M.T | 170 | 1223.43 | 165 | 1124.95 |
| Mono Methyl Hydrazine | M.T | 12 | 270.38 | 14 | 322.73 |
| HTPB | M.T | 79 | 434.79 | 53 | 301.71 |
| Electrical Energy | KWH | 25055290 | 720.17 | 19651200 | 539.42 |
| Cattle Feed | M.T | 4120 | 433.43 | 3849 | 383.34 |
| Potassium Carbonate | M.T | 911 | 454.66 | 0 | 0 |
| Poly Aluminium Chloride | M.T | 81 | 40.00 | 0 | 0 |
| Others | | | 567.16 | | 518.49 |
| | | 50254.97 | | 58203.08 | |
| Note: The above figures include Excise Duty recovered | | 3371.67 | | 3044.07 | |

12. Stores and Spares consumed and the value of 'Sales' are after excluding the value of the Products internally produced and consumed at the market value of :

85.05 **94.84**

13. RAW MATERIALS CONSUMED:

(Rupees in lakhs)

| | | This year | | Previous year | |
|-----------------------------|------|-----------|----------|---------------|---------|
| | | Quantity | Value | Quantity | Value |
| Sugarcane | M.T. | 754635 | 14820.05 | 335585 | 6448.22 |
| Phenol | M.T. | 553 | 549.26 | 690 | 402.88 |
| Sulphur | M.T. | 39216 | 2989.21 | 34063 | 1675.84 |
| Rockphosphate | M.T. | 20774 | 1180.01 | 22575 | 1776.81 |
| Salt | M.T. | 160910 | 2984.60 | 144819 | 2751.82 |
| Potassium Chloride | M.T. | 8779 | 1921.51 | 11199 | 3459.68 |
| Extractions for Cattle feed | M.T. | 3538 | 313.08 | 3031 | 256.84 |
| Other raw materials | | | 1136.18 | | 1253.31 |
| | | 25893.90 | | 18025.40 | |

Note: Where one class of goods is used in the manufacture of another, consumption of raw-materials and sales have been arrived at after deducting inter unit transfers. Excise Duty, if any, is adjusted in Schedule No.18.

14(a). OPENING AND CLOSING STOCKS OF FINISHED GOODS:

(Rupees in lakhs)

| PRODUCTS | UNIT | OPENING STOCKS | | | | CLOSING STOCKS | | | |
|--|--------|----------------|----------------|---------------|----------|----------------|-----------------|---------------|---------|
| | | THIS YEAR | | PREVIOUS YEAR | | THIS YEAR | | PREVIOUS YEAR | |
| | | QUANTITY | VALUE | QUANTITY | VALUE | QUANTITY | VALUE | QUANTITY | VALUE |
| SUGAR | MT | 16642 | 4295.79 | 61067 | 11235.74 | 60851 | 15187.17 | 16642 | 4295.79 |
| MOLASSES | MT | 17519 | 752.12 | 19518 | 834.75 | 29893 | 646.14 | 17519 | 752.12 |
| SULPHURIC ACID | MT | 3597 | 67.23 | 4757 | 139.57 | 1159 | 35.07 | 3597 | 67.23 |
| SUPERPHOSPHATE | MT | 7893 | 456.54 | 2020 | 113.88 | 5297 | 262.53 | 7893 | 456.54 |
| CAUSTIC SODA | MT | 3222 | 443.35 | 2532 | 402.06 | 3356 | 228.50 | 3222 | 443.35 |
| CAUSTIC POTASH | MT | 1194 | 656.18 | 505 | 271.83 | 328 | 145.38 | 1194 | 656.18 |
| CHLORINE | MT | 115 | 3.23 | 178 | 5.37 | 203 | 11.38 | 115 | 3.23 |
| SODIUM HYPOCHLORITE | MT | 36 | 1.17 | 27 | 0.84 | 40 | 1.30 | 36 | 1.17 |
| HYDROCHLORIC ACID | MT | 277 | 1.45 | 480 | 2.11 | 185 | 5.85 | 277 | 1.45 |
| INDUSTRIAL ALCOHOLÐANOL | KL | 249 | 80.69 | 740 | 122.81 | 369 | 91.36 | 249 | 80.69 |
| FUSEL OIL | KL | 2 | 0.22 | 2 | 0.21 | 2 | 0.22 | 2 | 0.22 |
| ACETIC ACID | MT | 26 | 7.92 | 42 | 10.27 | 3 | 0.99 | 26 | 7.92 |
| ACETIC ANHYDRIDE | MT | 40 | 34.96 | 58 | 45.16 | 38 | 29.63 | 40 | 34.96 |
| ETHYL ACETATE | MT | 15 | 9.75 | 15 | 6.01 | 0 | 0 | 15 | 9.75 |
| ASPIRIN | MT | 31 | 138.61 | 74 | 132.76 | 44 | 104.02 | 31 | 138.61 |
| ORGANIC DIERVATIVES OFHYDRZINE OR OF HYDROXYL AMINE | MT | 4 | 16.39 | 4 | 22.03 | 7 | 38.66 | 4 | 16.39 |
| H.T.P.B | MT | 6 | 17.94 | 17 | 20.42 | 7 | 22.87 | 6 | 17.94 |
| HYDROGEN GAS | CU.MTR | 2126 | 0.18 | 5415 | 0.48 | 4206 | 0.37 | 2126 | 0.18 |
| BARIUM SULPHATE | MT | 1 | — | 1 | — | 1 | — | 1 | — |
| POTASSIUM CARBONATE | MT | 4 | 5.72 | — | — | 219 | 110.14 | 4 | 5.72 |
| POLY ALUMINIUM CHLORIDE | MT | — | — | — | — | 176 | 9.33 | — | — |
| OTHERS | | — | — | — | 5.75 | — | 38.33 | — | — |
| TOTAL | | | 6989.44 | | 13372.05 | | 16969.24 | | 6989.44 |

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(b) In the current year HCL is treated as By-product instead of joint product. The Impact on profit due to this change in accounting treatment is Rs. 4.94 lakhs.

15. PARTICULARS REGARDING CAPACITY AND PRODUCTION:

| CLASS OF GOODS | C A P A C I T Y | | | | ACTUAL PRODUCTION | | | | |
|----------------|--|--------|--------------|--------|---------------------------|--------------|---------------------------|-------|----|
| | LICENCED | | INSTALLED | | Year ended March, 2011 | | Year ended March, 2010 | | |
| 1 | Sugar | | | | | | | | |
| | a. Tanuku | 5,000 | MT Cane/Day | 5,000 | MT Cane/Day | 22235 | MT | 11634 | MT |
| | Molasses (By-product of Sugar) | | | | | 10938 | MT | 6187 | MT |
| | b. Taduvai | 5,500 | MT Cane/Day | 5,500 | MT Cane/Day | 35448 | MT | 14464 | MT |
| | Molasses (By-product of Sugar) | | | | | 14819 | MT | 6595 | MT |
| | c. Bhimadole | 5,500 | MT Cane/Day | 5,500 | MT Cane/Day | 19046 | MT | 7930 | MT |
| | Molasses (By-product of Sugar) | | | | | 9937 | MT | 3827 | MT |
| 2 | Alcohol based Chemicals | 1,800 | MT/annum | 1,800 | MT/annum | 333 | MT | 567 | MT |
| | Alcohol based Chemicals (Ethyl Acetate) | 1,268 | MT/annum | 1,268 | MT/annum | 2 | MT | 14 | MT |
| | Butyl Acetate | 1,268 | MT/annum | 1,268 | MT/annum | — | | — | |
| 3 | Industrial Alcohol | 9,900 | KL/annum | 9,900 | KL/annum | 11648 | KL | 10490 | KL |
| 4 | Carbon Dioxide | 5,000 | MT/annum | 5,000 | MT/annum | — | | — | |
| 5 | Aspirin | 2,500 | MT/annum | 1,000 | MT/annum | 449 | MT | 470 | MT |
| 6 | H.T.P.B. | 180 | MT/annum | 180 | MT/annum | 80 | MT | 42 | MT |
| 7 | Diffusers | 4 Nos | per annum | 4 Nos | per annum | — | | — | |
| 8 | Chemical Equipment | 392 | MT/annum | 500 | MT/annum | — | | — | |
| 9 | Sugar Factory Boiling House Equipment | 1,000 | MT/annum | 1,000 | MT/annum | — | | — | |
| 10 | Organic Derivatives of Hydrazine or of Hydroxyl Amine | 250 | MT/annum | 250 | MT/annum | 185 | MT | 179 | MT |
| 11 | Caustic Soda (Kovvur) | | | | | | | | |
| | a. Caustic Soda | | MT/annum | | MT/annum | — | | — | |
| | b. Hydrochloric Acid | | MT/annum | | MT/annum | — | | — | |
| | | | (100% basis) | | (100% basis) | | | | |
| | c. Chlorine | | MT/annum | | MT/annum | — | | — | |
| | d. Caustic Potash | 2,500 | MT/annum | 2,500 | MT/annum | — | | — | |
| | e. Sodium Hypochlorite | 1,650 | MT/annum | 1,650 | MT/annum | 28732 | MT | 7566 | MT |
| | f. Caustic Potash (Membrane Cell Process) | 16,500 | MT/annum | 16,500 | MT/annum | 6467 | MT | 8320 | MT |
| | g. Hydrochloric Acid | 6,600 | MT/annum | 6,600 | MT/annum | 2381 | MT | 2286 | MT |
| | | | (100% basis) | | (100% basis) | | | | |
| | h. Chlorine | 9,900 | MT/annum | 9,900 | MT/annum | 2948 | MT | 4227 | MT |

| CLASS OF GOODS | CAPACITY | | | | ACTUAL PRODUCTION | | | |
|---|----------|----------|-----------|----------------------|---------------------------|--------|---------------------------|--------|
| | LICENCED | | INSTALLED | | Year ended March, 2011 | | Year ended March, 2010 | |
| 12 Sulphuric Acid | 45,000 | MT/annum | 45,000 | MT/annum | 25716 | MT | 20249 | MT |
| 13 Superphosphate | 66,000 | MT/annum | 66,000 | MT/annum | 34623 | MT | 37626 | MT |
| 14 Chlorosulphonic Acid | 20,000 | MT/annum | 20,000 | MT/annum | — | | — | |
| 15 Oleum | 6,600 | MT/annum | 6,600 | MT/annum | — | | — | |
| 16 Caustic Soda (Saggonda) | | | | | | | | |
| a. Caustic Soda | 132,000 | MT/annum | 132,000 | MT/annum | 102537 | MT | 90525 | MT |
| b. Hydrochloric Acid (100% basis) | 40,000 | MT/annum | 40,000 | MT/annum | 127471 | MT | 126958 | MT |
| c. Chlorine | 76,000 | MT/annum | 76,000 | MT/annum | 47841 | MT | 38379 | MT |
| d. Sodium Hypochlorite | 6,600 | MT/annum | 6,600 | MT/annum | 19727 | MT | 18127 | MT |
| e. Hydrogen gas | 1,000 | MT/annum | 1,000 | MT/annum | 2616645 | CU.MTR | 2297171 | CU.MTR |
| f. Barium Sulphate | 330 | MT/annum | 330 | MT/annum | — | | — | |
| 17 Sulphuric Acid (Saggonda) | 99,000 | MT/annum | 99,000 | MT/annum | 89641 | MT | 79946 | MT |
| 18 Chlorosulphonic Acid (Saggonda) | 33,000 | MT/annum | — | | — | | — | |
| 19 Liquid Hydrogen | 330 | MT/annum | 330 | MT/annum | — | | — | |
| 20 Crushing and processing of seeds and oil bearing vegetable produce | 63,000 | MT/annum | 125 | MT/day crushing | — | | — | |
| | | | 300 | MT/day processing | — | | — | |
| 21 Vegetable oil refining | 18,000 | MT/annum | 60 | MT/day | — | | — | |
| 22 Hydrogenation of Oils | 12600 | MT/annum | 40 | MT/day | — | | — | |
| 23 Cattle and Poultry Feed | 15000 | MT/annum | 15 | MT/day | 4120 | MT | 3849 | MT |
| 24 Wind Power (Ananthapur) | 2.025 | MW | 2.025 | MW | 1924800 | units | 2435100 | units |
| 25 Wind Power (Tamilnadu) | 6.600 | MW | 6.600 | MW | 18558000 | units | 19753860 | units |
| 26 Wind Power Project II (Tamilnadu) | 3.000 | MW | 3.000 | MW | 6690980 | units | 42620 | units |
| 27 Electricity (Co-Gen.at Taduvai) | 7.000 | MW | 7 | MW | 16765420 | units | 7291780 | units |
| 28 Potassium Carbonate | 7500 | MT/annum | 7500 | MT/annum | 1126 | MT | 9 | MT |
| 29 Bagasse | — | | — | | 233371 | MT | 102006 | MT |
| 30 Poly Aluminium Chloride | 30000 | MT/annum | 30000 | MT/annum | 1002 | MT | — | |
| 31 Electricity (Co-Gen.at Tanuku) | 8.900 | MW | 8.900 | MW | 7,874,700 | units | 2,738,100 | |

1 The above licenced capacities are as registered with the concerned authorities, wherever necessary, consequent to delicensing of the respective products.

2 Production of Electrical energy is net after deductions towards wheeling and banking charges.

3 The installed capacities are as certified by the Managing Director.

16. Comparison between consumption of Imported and Indigenous Raw Materials during the year :

| | (Rupees in lakhs) | | | |
|------------|-------------------|------------|-----------------|------------|
| | This year | | Previous year | |
| | Value | Percentage | Value | Percentage |
| Imported | 5913.50 | 23 | 6847.58 | 38 |
| Indigenous | 19980.40 | 77 | 11177.82 | 62 |
| | <u>25893.90</u> | <u>100</u> | <u>18025.40</u> | <u>100</u> |

17. Comparison between consumption of Imported and Indigenous spare parts and components during the year (charged to appropriate heads):

| | | | | |
|------------|----------------|------------|----------------|------------|
| Imported | 393.19 | 9 | 587.52 | 15 |
| Indigenous | 4031.24 | 91 | 3352.40 | 85 |
| | <u>4424.43</u> | <u>100</u> | <u>3939.92</u> | <u>100</u> |

18. Value of Imports made by the Company during the year calculated on C.I.F. basis

| | | |
|-----------------|----------------|----------------|
| Capital Goods | 8.83 | 8.10 |
| Components | 337.30 | 554.56 |
| Raw - materials | 6602.77 | 6572.49 |
| | <u>6948.90</u> | <u>7135.15</u> |

19. Earnings in foreign exchange on FOB basis:

| This year | Previous Year |
|-----------|---------------|
| 226.42 | 467.00 |

20. Expenditure incurred in foreign currency:

| | | |
|--|-------|-------|
| Books and Periodicals | 1.07 | 1.80 |
| Foreign travel (excluding tickets purchased in India) | 11.90 | 22.35 |
| Delegation fee | 1.29 | 1.22 |
| Professional charges | 2.19 | 6.78 |
| Consultation Fee | 11.08 | 0.00 |
| Managerial remuneration (Medical expenses to Whole-time Directors) | 91.09 | 3.07 |

21. Payments made to Auditors:

| | | |
|---|--------------|--------------|
| As Auditors | 7.00 | 7.00 |
| As Tax Auditors and for other Tax matters | 1.60 | 2.60 |
| Fee for Certification including limited review etc. | 4.00 | 4.02 |
| Reimbursement of out-of-pocket expenses | 1.01 | 0.72 |
| | <u>13.61</u> | <u>14.34</u> |
| As Cost Auditors | 1.30 | 1.10 |
| Fee for Certification | 0.25 | 0.25 |
| Reimbursement of out-of-pocket expenses | 0.34 | 0.55 |
| | <u>15.50</u> | <u>16.24</u> |

(Rs. in lakhs)

This Year Previous Year

22. During the year the Company has incurred the following expenditure on Research and Development which was included under respective heads in the Profit and Loss Account:

| | | |
|--|---------------|--------------|
| Salaries, Wages and Bonus | 76.66 | 74.04 |
| Contribution to Provident Fund, Gratuity and other funds | 10.15 | 9.97 |
| Workmen and Staff Welfare Expenses | 2.32 | 3.63 |
| Materials consumed | 35.20 | 16.66 |
| Power and Fuel | 0.69 | 0.65 |
| Repairs to Assets | 4.06 | 1.96 |
| Miscellaneous Expenses | 6.16 | 8.88 |
| Professional Charges | 60.00 | 0.00 |
| Depreciation | 8.22 | 5.26 |
| | ----- | ----- |
| | 203.46 | 121.05 |
| | ----- | ----- |

23. (A) Revenue expenditure Capitalised, as forming part of the cost of capital equipment internally manufactured for captive usage.

| | | |
|--|--------------|--------------|
| Salaries, Wages and Bonus | 23.86 | 30.60 |
| Contribution to Provident Fund, Gratuity and other funds | 2.19 | 3.14 |
| Workmen and Staff Welfare Expenses | 1.21 | 1.46 |
| Power and Fuel | 3.08 | 1.43 |
| Insurance | 0.02 | 0.01 |
| Repairs to Buildings | 0.03 | 0.21 |
| Repairs to P & M | 0.32 | 0.76 |
| Miscellaneous Expenses | 0.03 | 0.02 |
| Depreciation | 0.09 | 0.13 |
| | ----- | ----- |
| | 30.83 | 37.76 |
| | ----- | ----- |

(B) Revenue expenditure capitalised during the year includes among others:

| | | |
|---|--------------|--------------|
| Salaries, Wages and Bonus | 28.18 | 22.23 |
| Contribution to Provident Fund , Gratuity and other funds | 2.22 | 1.50 |
| Power and Fuel | 15.01 | 1.13 |
| Material Consumed | 6.75 | 0.00 |
| Miscellaneous Expenses | — | 0.87 |
| | ----- | ----- |
| | 52.16 | 25.73 |
| | ----- | ----- |

The Andhra Sugars Limited

(Rupees in lakhs)

24. Computation of Net Profits in accordance with Sec. 349 of the Companies Act.

| | | |
|---|------------------|----------------|
| Net Profit as per Profit & Loss account | | 5158.67 |
| Add: Sitting fees | 5.40 | |
| Remuneration provided | 573.79 | |
| Profit on sale of assets in accordance with Section 349 | 16.46 | |
| Depreciation provided | 3804.75 | 4400.40 |
| | ----- | ----- |
| | | 9559.07 |
| Less: Depreciation in accordance with Sec.350 | 3804.75 | |
| Profit on sale of assets | 16.46 | 3821.21 |
| | ----- | ----- |
| Net Profit in accordance with Sec.349 | | 5737.86 |
| | | ----- |
| Details of the remuneration to the Whole-time Directors (including Managing Director) | This Year | Previous Year |
| Salary | 136.80 | 102.90 |
| Contribution to Provident Fund , Gratuity and other Funds | 25.74 | 18.00 |
| Other perquisites | 121.01 | 44.26 |
| Commission on profits | 290.24 | 943.74 |
| | ----- | ----- |
| | 573.79 | 1108.90 |
| | ----- | ----- |

The cost to the Company of the perquisites allowed during the year to the Managing Director (Tech.) & Executive Director in addition to the remuneration shown above works out to Rs.50,217/-. The value of the said perquisites computed in accordance with Income Tax Rules, 1962, works out to Nil.

25. Major components of Deferred Tax Assets and Liabilities arising on account of timing differences are:

| <u>Particulars</u> | <u>Assets</u> | <u>Liabilities</u> |
|---|-------------------|--------------------|
| | (Rupees in lakhs) | |
| 1 Depreciation | | 8475.00 |
| 2 Amounts disallowed u/s 43B of Income Tax Act,1961 | 569.28 | |
| 3 Provision for doubtful debts | 8.39 | 0.00 |
| | ----- | ----- |
| | 577.67 | 8475.00 |
| | ----- | ----- |
| Deferred Tax (Net) | | 7897.33 |

26. DISCLOSURES REQUIRED BY ACCOUNTING STANDARD-15 (REVISED)- EMPLOYEE BENEFITS:

| | Gratuity | Compensated |
|---|------------------------|-----------------|
| | Rs. | Absences |
| | | Rs. |
| a) Reconciliation for present value of obligations | | |
| Present value of obligations as at beginning of year | 154081326 | 40915107 |
| Interest Cost | 12326506 | 2317316 |
| Current Service Cost | 13167500 | 4721594 |
| Benefits paid | 17410872 | 8200108 |
| Actuarial loss on obligation | 35546957 | 4067446 |
| Present value of obligations as at end of year | 197711417 | 43821355 |
| b) Reconciliation for Fair Value of Plan Assets | | |
| Fair value of plan assets at beginning of year | 65553534 | |
| Add: Increase in planned Assets due to conversion of GGPE to GGCA Scheme | <u>1999580</u> | 67553114 |
| Expected return on plan assets | 7360092 | |
| Contributions | 32605526 | |
| Benefits paid | 17410872 | |
| Actuarial gain on plan assets | 0 | |
| Fair value of plan assets at the end of year | 90107860 | |
| c) Expenses recognised in statement of Profit & Loss A/c. | | |
| Current Service cost | 13167500 | 4721594 |
| Interest Cost | 12326506 | 2317316 |
| Expected return on plan assets | 7360092 | 0 |
| Net Actuarial loss recognised in the year | 35546957 | 4067446 |
| Expenses to be recognised in the profit & loss | 53680871 | 11106356 |
| d) Net Liability recognised in the Balance Sheet | | |
| Present value of obligations as at the end of year | 197711417 | 43821355 |
| Fair value of plan assets as at the end of the year | 90107860 | 0 |
| Funded status | 107603557 | 0 |
| Net Liability Recognised in the Balance Sheet | 107603557 | 43821355 |
| e) Actuarial Assumptions | | |
| Assumptions | 31/03/2011 | 31/03/2010 |
| Discount Rate | 8.00% | 8.00% |
| Salary Escalation | 8.00% | 8.00% |
| Attrition rate | 2.00% | 2.00% |
| Expected return on plan assets | 7.50% | 0% |
| Mortality | LIC 94-96 | LIC 94-96 |
| | Mortality Rates | Mortality Rates |

27. GENERAL:

Figures have been rounded off to the nearest thousand.
Previous year figures have been regrouped wherever necessary.
Figures in brackets are for previous year.

Per our report of even date:
For Brahmayya & Company
Chartered Accountants
Firm Regn. No. 000513S
T.V. RAMANA
Partner
Membership No. 200523

FOR AND ON BEHALF OF THE BOARD

Dr. Mullapudi Harischandra Prasad
Dr. B.B. Ramaiah
A. Ranga Rao
M. Palachandra

Chairman & Managing Director
Managing Director (Tech.)
Director
Company Secretary

Camp : TANUKU
Date : 28-07-2011

TANUKU
28-07-2011

CASH FLOW STATEMENT FOR THE YEAR

(Rupees in lakhs)

2010- 2011 2009- 2010**A. CASH FLOW FROM OPERATING ACTIVITIES**

| | | |
|---|------------------|----------|
| Net Profit before Tax and extra-ordinary items | 5158.67 | 9991.10 |
| ADJUSTMENTS FOR: | | |
| Depreciation | 3804.75 | 3490.74 |
| Assets written off | 435.77 | 6.97 |
| Interest (Net) | 1782.03 | 2086.33 |
| Profit/Loss on sale of assets(Net) | -16.46 | -27.56 |
| Dividends received | -248.43 | -212.31 |
| | ----- | ----- |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES | 10916.33 | 15335.27 |
| Trade and other receivables | -1070.89 | 1251.86 |
| Inventories | -11909.07 | 6471.22 |
| Trade payables | 2380.59 | -1973.59 |
| | ----- | ----- |
| CASH GENERATED FROM OPERATIONS | 316.96 | 21084.76 |
| Direct taxes paid | -1363.84 | -2984.03 |
| | ----- | ----- |
| NET CASH FROM OPERATING ACTIVITIES.... A | -1046.88 | 18100.73 |
| | ----- | ----- |

B. CASH FLOW FROM INVESTING ACTIVITIES:

| | | |
|---|-----------------|----------|
| Purchase of Fixed Assets(Including Capital Work-in-progress, unallocated capital expenditure) | -5306.38 | -3885.34 |
| Sale of Investments | 0.01 | 0.08 |
| Sale of Fixed assets | 436.39 | 44.70 |
| Purchase of investments | -112.64 | — |
| Interest received | 101.07 | 76.44 |
| Dividends received | 248.43 | 212.31 |
| | ----- | ----- |
| NET CASH USED IN INVESTING ACTIVITIES....B | -4633.12 | -3551.80 |
| | ----- | ----- |

C. CASH FLOW FROM FINANCING ACTIVITIES :

| | | |
|--|-----------------|-----------|
| Proceeds from borrowings/loans | 9811.34 | -10347.39 |
| Dividends paid | -1355.35 | -1626.42 |
| Interest paid | -1883.10 | -2162.78 |
| | ----- | ----- |
| NET CASH USED IN FINANCING ACTIVITIES.....C | 6572.89 | -14136.59 |
| | ----- | ----- |

| | | |
|---|---------------|--------|
| INCREASE / (-) DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C) | 892.89 | 412.33 |
| | ----- | ----- |

| | | |
|---|----------------|--------|
| Cash and Cash equivalents as on 01.4.2010 | 1386.81 | 974.48 |
|---|----------------|--------|

| | | |
|---|----------------|---------|
| Cash and Cash equivalents as on 31.3.2011 | 2279.70 | 1386.81 |
| | ----- | ----- |

| | | |
|--|---------------|--------|
| | 892.89 | 412.33 |
| | ----- | ----- |

Per our report of even date:
For Brahmayya & Company
Chartered Accountants
Firm Regn. No. 000513S
T.V. RAMANA
Partner
Membership No. 200523

FOR AND ON BEHALF OF THE BOARD
Dr. Mullapudi Harischandra Prasad
Dr. B.B. Ramaiah
A. Ranga Rao
M. Palachandra

Chairman & Managing Director
Managing Director (Tech.)
Director
Company Secretary

Camp : TANUKU
Date : 28-07-2011

TANUKU
28-07-2011

Statement Pursuant to Section 212 of the Companies Act, 1956.

JOCIL LIMITED

1. The Andhra Sugars Limited held 24,43,250 Equity Shares of Rs.10/- each fully paid-up out of the total paid-up shares of 44,40,575 amounting to Rs. 4,44,05,750/-.
2. The Subsidiary Company earned a profit of Rs.28,45,33,470/- for the year ended 31st March, 2011 and no part of this dealt with in the Holding Company's Accounts.

THE ANDHRA FARM CHEMICALS CORPORATION LIMITED

1. The Andhra Sugars Limited held 3,45,700 Equity Shares of Rs.10/- each fully paid-up out of the total subscribed shares of 4,50,000.
2. The Subsidiary Company incurred a loss of Rs.47,63,288/- for the year ended 31st March, 2011 and no part of this dealt with in the Holding Company's Accounts.

HINDUSTAN ALLIED CHEMICALS LIMITED

1. The Andhra Sugars Limited held 3,28,760 Equity Shares of Rs.2.50 ps per share called and paid-up out of the total subscribed shares of 4,25,012 of Rs.10/- each.
2. The Subsidiary Company earned a profit of Rs.62,96,167/- for the year ended 31st March, 2011 and no part of this dealt with in the Holding Company's Accounts.

Since the accounting year of the Subsidiary Companies, coincide with that of the Holding Company, furnishing of information relating to material changes of Subsidiary Companies, does not arise.

FOR AND ON BEHALF OF THE BOARD

TANUKU
28-07-2011

| | |
|-----------------------------------|------------------------------|
| Dr. Mullapudi Harischandra Prasad | Chairman & Managing Director |
| Dr. B.B. Ramaiah | Managing Director (Tech.) |
| A. Ranga Rao | Director |
| M. Palachandra | Company Secretary |

PARTICULARS DISCLOSED PURSUANT TO “ACCOUNTING STANDARD -18 RELATED PARTY DISCLOSURES”

(A) LIST OF RELATED PARTIES:

1) Subsidiary Companies:

- (a) JOCIL Limited
- (b) The Andhra Farm Chemicals Corpn. Ltd.
- (c) Hindustan Allied Chemicals Ltd.

2) Key Management Personnel (KMP):

Wholetime Directors

- Dr. Mullapudi Harischandra Prasad
- Dr. B.B. Ramaiah
- Sri P. Narendranath Chowdary
- Sri M. Narendranath
- Sri M. Thimmaraja
- Sri P. Achuta Ramayya
- Sri P.S.R.V.K. Ranga Rao

3) Relatives of Key Management Personnel:

| | |
|----------------------------|---|
| Smt. M.Chandramathi Devi | Wife of Dr.M.Harischandra Prasad |
| Smt.Ch.Ravanamba | Sister of Dr.M.Harischandra Prasad |
| Smt. J.Gangabhavani Devi | Sister of Dr.M.Harischandra Prasad |
| Smt. Y.Rajeswari Devi | Sister of Dr.M.Harischandra Prasad |
| Smt. J.Anantha Lakshmi | Daughter of Dr.M.Harischandra Prasad |
| Smt. K.Rama Lakshmi | Daughter of Dr.M.Harischandra Prasad |
| Smt. N.V.Ramanamma | Daughter of Dr.M.Harischandra Prasad |
| Smt. Y.Narayanamma | Daughter of Dr.M.Harischandra Prasad |
| Sri B.V.V.S.Ramesh Kumar | Son of Dr.B.B.Ramaiah |
| Smt. P.Jhansi Jayalakshmi | Wife of Sri P.Narendranath Chowdary |
| Sri P.V.Krishna Rao | Brother of Sri P.Narendranath Chowdary |
| Smt. S.B.Ranganayaki | Sister of Sri P.Narendranath Chowdary |
| Smt. E.Rama Lakshmi | Sister of Sri P.Narendranath Chowdary |
| Smt. J.Akkamamba | Sister of Sri P.Narendranath Chowdary |
| Smt. J.Usha Rani | Sister of Sri P.Narendranath Chowdary |
| Smt. M.Kamala Devi | Sister of Sri P.Narendranath Chowdary |
| Smt. N.Anantha Lakshmi | Sister of Sri P.Narendranath Chowdary |
| Kum. P.A.L.Satyavathi Devi | Daughter of Sri P.Narendranath Chowdary |
| Smt. M.Narayanamma | Wife of Sri M.Narendranath |
| Smt. G.Anuradha | Daughter of Sri M.Narendranath |
| Smt. G.Jayashree | Daughter of Sri M.Narendranath |
| Sri M.Vikram Prasad | Son of Sri M.Narendranath |
| Smt. M.Renuka | Wife of Sri M.Thimmaraja |
| Smt. G.Devi | Daughter of Sri M.Thimmaraja |
| Sri M.Mrutyumjaya Prasad | Son of Sri M.Thimmaraja |
| Smt. P.Sesha Shailaja | Wife of Sri P.Achuta Ramayya |

| | |
|--------------------------------|-------------------------------------|
| Smt. R.Divya Atchamamba | Daughter of Sri P.Achuta Ramayya |
| Kum. P.Sruthi Rajeswari | Daughter of Sri P.Achuta Ramayya |
| Smt. P.Sujatha | Mother of Sri P.S.R.V.K.Ranga Rao |
| Smt. P.Usha Lakshmi | Wife of Sri P.S.R.V.K.Ranga Rao |
| Kum. P.Meghana Sri Sai Sujatha | Daughter of Sri P.S.R.V.K.Ranga Rao |
| Chy. P.P.Sri Narendrarayudu | Son of Sri P.S.R.V.K.Ranga Rao |

4) Enterprises in which Key Management Personnel and/or their relatives have significant influence :

Jaya Industries
Jayalakshmi Fertilisers
Jayalakshmi Estates
Jaya Agro Chemicals
Sree Akkamamba Textiles Limited
Sree Satyanarayana Spinning Mills Limited
Sree Sarvaraya Sugars Limited
Royal Printing Works
Sree Mullapudi Venkataramanamma Memorial Hospital
Sugarfield Constructions Pvt. Ltd.,
Sri Pendyala Venkata Krishna Rao Memorial Trust
Sree Mullapudi Kamala Devi Cardio Vascular Centre
Sree Mullapudi Thimmaraju Memorial Library and Cultural Centre

5) Associate Company:

The Andhra Petrochemicals Limited

(B) TRANSACTIONS WITH THE RELATED PARTIES:

(Corresponding figures related to 31st March, 2010)

(Rupees in lakhs)

| PARTICULARS | Subsidiary Companies | Entities in which KMP or their relatives have significant influence | Associate Company | Key Management Personnel | Relatives of Key Management Personnel |
|--------------------------------------|----------------------|---|-------------------|--------------------------|---------------------------------------|
| Purchase of Goods from | 170.89 | 5580.54 | 0.00 | 38.00 | 23.15 |
| | (175.28) | (218.09) | (0.13) | (26.70) | (8.82) |
| AFCC LTD., | 170.82 | | | | |
| JOCIL | 0.07 | | | | |
| Hindustan Allied Chemicals Ltd | | | | | |
| APL | | | | | |
| APGPCL | | 5318.75 | | | |
| Jaya Industries | | 256.03 | | | |
| Dr. B.B.Ramaiah | | | | 27.87 | |
| Sri P.Narendranath Chowdary | | | | 2.90 | |
| Sri P Atchuta Ramaiah | | | | 7.20 | |
| Sri P V Krishna Rao | | | | | |
| Sri B V V S Ramesh | | | | | 3.32 |
| Others | 0.00 | 5.76 | | 0.03 | 19.83 |
| Purchase of Fixed Assets from | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) |
| Services Rendered by | 0.03 | 3.21 | 0.00 | 14.36 | 1.47 |
| | (0.94) | (0.00) | (0.00) | (12.73) | (1.47) |
| JOCIL Ltd., | 0.03 | | | | |
| Sri Mullapudi Thimmaraja | | | | 3.54 | |
| Sri Mullapudi Mrutyumjaya Prasad | | | | | 1.47 |
| Dr. Mullapudi Harischandra Prasad | | | | 10.82 | |
| Others | | 3.21 | | 0.00 | |
| Sale of Goods to | 854.33 | 658.13 | 50.28 | 0.00 | 0.00 |
| | (898.18) | (604.57) | (23.38) | (4.25) | (0.00) |
| JOCIL Ltd., | 729.04 | | | | |
| AFCC LTD., | 125.29 | | | | |
| APL | | | 50.28 | | |
| Jayalakshmi Fertilisers | | 656.99 | | | |
| M.Narendranath | | | | 0.00 | |
| Others | | 1.14 | | | |
| Sale of Fixed Assets to | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) |
| Services Rendered to | 8.58 | 0.00 | 3.10 | 0.00 | 0.00 |
| | (1.29) | (0.01) | (0.50) | (0.10) | (0.00) |
| JOCIL Ltd., | 2.48 | | | | |
| AFCC LTD., | 6.10 | | | | |
| APL | | | 3.10 | | |
| Jayalakshmi Fertilisers | | 0.00 | | | |
| Dr. B.B.Ramaiah | | | | 0.00 | |
| Sri P.Achuta Ramayya | | | | 0.00 | |
| Interest Paid to | 0.65 | 0.00 | 0.00 | 308.86 | 499.99 |
| | (15.58) | (0.00) | (15.53) | (261.18) | (435.64) |
| JOCIL Ltd., | 0.00 | | | | |
| Hindustan Allied Industries Ltd., | 0.65 | | | | |
| APL | | | | | |
| Dr. Mullapudi Harischandra Prasad | | | | 85.95 | |
| Dr. B.B.Ramaiah | | | | 48.74 | |
| Sri P.Narendranath Chowdary | | | | 108.95 | |
| Sri M.Narendranath | | | | 21.60 | |
| Sri M.Thimmaraja | | | | 29.26 | |
| Sri P.Achuta Ramayya | | | | 13.37 | |
| Sri P S R V K Ranga Rao | | | | 0.99 | |
| Others | | | | | 499.99 |

(Rupees in lakhs)

| PARTICULARS | Subsidiary Companies | Entities in which KMP or their relatives have significant influence | Associate Company | Key Management Personnel | Relatives of Key Management Personnel |
|---|---------------------------|---|-----------------------------|----------------------------|---------------------------------------|
| Remuneration (including Comm.) paid to | 0.00 (0.00) | 0.00 (0.00) | 0.00 (0.00) | 573.79 (1108.89) | 2.92 (0.00) |
| Dr. Mullapudi Harishchandra Prasad | | | | 158.87 | |
| Dr. B.B.Ramaiah | | | | 137.93 | |
| Sri P.Narendranath Chowdary | | | | 55.11 | |
| Sri M.Narendranath | | | | 55.52 | |
| Sri M.Thimmaraja | | | | 81.97 | |
| Sri P.Achuta Ramayya | | | | 54.58 | |
| Sri P.S.R.V.K.Ranga Rao | | | | 29.81 | |
| Others | | | | | 2.92 |
| Donations Paid to | 0.00 (0.00) | 30.00 (40.00) | 0.00 (0.00) | 0.00 (0.00) | 0.00 (0.00) |
| SMVM MEDICAL TRUST | | 25.00 | | | |
| SPVKRM TRUST | | 5.00 | | | |
| MKCV CENTRE | | 0.00 | | | |
| SMTRM LIBRARY | | 0.00 | | | |
| Dividend Paid to | 0.00 (0.00) | 70.48 (84.57) | 0.00 (0.00) | 188.62 (227.15) | 336.65 (403.09) |
| Dr. Mullapudi Harishchandra Prasad | | | | 32.96 | |
| Dr. B.B.Ramaiah | | | | 11.20 | |
| Sri P.Narendranath Chowdary | | | | 20.84 | |
| Sri M.Narendranath | | | | 31.77 | |
| Sri M.Thimmaraja | | | | 36.55 | |
| Sri P.Achuta Ramayya | | | | 23.38 | |
| Sri P.S.R.V.K.Ranga Rao | | | | 31.92 | |
| Pendyala Jhansi Jayalakshmi | | | | | 35.51 |
| Pendyala Sujata | | | | | 38.41 |
| Jayalakshmi Estates | | 1.34 | | | |
| Jaya Industries | | 2.98 | | | |
| Jayalakshmi Fertilisers | | 6.55 | | | |
| Sree Akkamamba Textiles Ltd., | | 15.10 | | | |
| S M V M Hospital | | 44.51 | | | |
| Others | | | | | 262.73 |
| Dividend Received from | 244.33 (195.46) | 2.80 (1.40) | 0.00 (0.00) | 0.00 (0.00) | 0.00 (0.00) |
| JOCIL LTD | 244.33 | | | | |
| SREE AKKAMAMBA TEXTILES LTD., | | 2.80 | | | |
| Interest Received on IC Loan | 18.46 (0.00) | | | | |
| JOCIL LTD | 18.46 | | | | |
| Balances as at 31-03-2011: | | | | | |
| a) Share Capital held by the Company, in | 479.10 (479.10) | 3658.49 (1.75) | 3127.47 (3014.83) | 0.00 (0.00) | 0.00 (0.00) |
| JOCIL LTD., | 441.79 | | | | |
| AFCC LTD., | 34.57 | | | | |
| HINDUSTAN ALLIED CHEMICALS LTD | 2.74 | | | | |
| APL | | | 3127.47 | | |
| SREE AKKAMAMBA TEXTILES LTD., | | 1.75 | | | |
| APGPCL | | 3656.74 | | | |
| b) Receivables- Trade dues from | 2.46 (0.91) | 42.42 (44.13) | 0.00 (0.00) | 0.00 (0.00) | 0.00 (0.00) |
| HINDUSTAN ALLIED CHEMICALS LTD | | | | | |
| AFCC LTD., | 2.46 | | | | |
| Jayalakshmi Fertilisers | | 42.42 | | | |

The Andhra Sugars Limited

(Rupees in lakhs)

| PARTICULARS | Subsidiary Companies | Entities in which KMP or their relatives have significant influence | Associate Company | Key Management Personnel | Relatives of Key Management Personnel |
|---|----------------------|---|-------------------|--------------------------|---------------------------------------|
| c) Share Capital of the Company held by | 0.00 | 140.96 | 0.00 | 377.23 | 673.32 |
| | (0.00) | (140.96) | (0.00) | (377.88) | (673.32) |
| Sri P.Narendranath Chowdary | | | | 41.68 | |
| Sri P.Achuta Ramayya | | | | 46.75 | |
| Sri M.Narendranath | | | | 63.55 | |
| Sri P.S.R.V.K.Ranga Rao | | | | 63.84 | |
| Dr. Mullapudi Harischandra Prasad | | | | 65.92 | |
| Sri M.Thimmaraja | | | | 73.09 | |
| DR. B.B.Ramaiah | | | | 22.40 | |
| Smt. Pendyala Jhansi Jayalakshmi | | | | | 71.01 |
| Smt. Pendyala Sujata | | | | | 76.81 |
| Jaya Industries | | 5.96 | | | |
| Jayalakshmi Fertilisers | | 13.09 | | | |
| Sree Akkamamba Textiles Ltd., | | 30.19 | | | |
| S M V M Hospital | | 89.03 | | | |
| Others | | 2.68 | | | 525.50 |
| d) Loans/ Intercorporate loans given to | 700.00 | | | | |
| | (0.00) | | | | |
| JOCIL LTD | 700.00 | | | | |
| e) Loans/ Intercorporate loans received from | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) |
| f) Fixed Deposits Received from | 6.00 | 0.00 | 0.00 | 3180.35 | 4838.00 |
| | (6.00) | (0.00) | (0.00) | (2400.55) | (4204.25) |
| Hindustan Allied Chemicals Ltd | 6.00 | | | | |
| Dr. Mullapudi Harischandra Prasad | | | | 925.00 | |
| Dr. B.B.Ramaiah | | | | 575.00 | |
| Sri P.Narendranath Chowdary | | | | 1050.75 | |
| Sri M.Narendranath | | | | 198.00 | |
| Sri M.Thimmaraja | | | | 286.00 | |
| Sri P.Achuta Ramayya | | | | 125.60 | |
| Sri P S R V K Ranga Rao | | | | 20.00 | |
| Others | | | | | 4838.00 |
| g) Payables : | | | | | |
| -Trade dues | 0.00 | 3.99 | 0.00 | 0.00 | 0.00 |
| | (49.86) | (40.42) | (0.00) | (0.00) | (0.00) |
| AFCC Ltd., | 0.00 | | | | |
| Jaya Industries | | 3.45 | | | |
| Others | | 0.54 | | | |
| Interest on FDs. | 0.14 | 0.00 | 0.00 | 70.29 | 114.43 |
| | (0.15) | (0.00) | (0.00) | (59.63) | (102.46) |
| Hindustan Allied Chemicals Ltd. | 0.14 | | | | |
| Dr. Mullapudi Harischandra Prasad | | | | 18.38 | |
| Dr. B.B.Ramaiah | | | | 13.40 | |
| Sri P.Narendranath Chowdary | | | | 25.38 | |
| Sri M.Narendranath | | | | 2.80 | |
| Sri M.Thimmaraja | | | | 6.88 | |
| Sri P.Achuta Ramayya | | | | 2.99 | |
| Sri P S R V K Ranga Rao | | | | 0.46 | |
| Others | | | | | 114.43 |
| Remuneration (including Comm.) | 0.00 | 0.00 | 0.00 | 294.71 | 0.37 |
| | (0.00) | (0.00) | (0.00) | (951.53) | (0.00) |
| Dr. Mullapudi Harischandra Prasad | | | | 69.67 | |
| Dr. B.B.Ramaiah | | | | 68.86 | |
| Sri P.Narendranath Chowdary | | | | 35.07 | |
| Sri M.Narendranath | | | | 34.64 | |
| Sri M.Thimmaraja | | | | 34.23 | |
| Sri P.Achuta Ramayya | | | | 34.48 | |
| Sri P.S.R.V.K.Ranga Rao | | | | 17.76 | |
| Others | | | | | 0.37 |

AUDITORS' REPORT

To
The Board of Directors
THE ANDHRA SUGARS LIMITED
TANUKU

We have examined the attached Consolidated Balance Sheet of THE ANDHRA SUGARS LIMITED and its subsidiaries as at March 31, 2011, and the Consolidated Profit and Loss Account and the Cash flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in India which require that we plan and perform the audit to obtain reasonable assurance that the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free from material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 "Consolidated Financial Statements", prescribed by Companies (Accounting Standards) Rules, 2006 and on the basis of the separate audited financial statements of THE ANDHRA SUGARS LIMITED and its subsidiaries included in the consolidated financial statements and in accordance with the requirements of Accounting Standard 23 "Accounting for Investments in Associates in Consolidated Financial Statements", prescribed by Companies (Accounting Standards) Rules, 2006 with regard to the investment of The Andhra Sugars Limited in its Associate company.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of THE ANDHRA SUGARS LIMITED and its aforesaid subsidiaries, we are of the opinion that :

- a) the Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of THE ANDHRA SUGARS LIMITED and its subsidiaries as at March 31, 2011
- b) the Consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of THE ANDHRA SUGARS LIMITED and its subsidiaries for the year then ended, and
- c) the Consolidated Cash Flow Statement is in agreement with the aforesaid consolidated Profit and Loss Account and Balance Sheet and gives a true and fair view of the consolidated cash flows of the Company for the year ended on that date.

Camp : TANUKU
Date : 28th July, 2011

For BRAHMAYYA & CO.,
Chartered Accountants
(Firm Regn. No.000513S)
T.V.RAMANA
Partner
(Membership No.200523)

The Andhra Sugars Limited - Group Consolidated Financial Statements

BALANCE SHEET AS AT 31st MARCH, 2011

(Rupees in lakhs)

| | Schedule | 31-03-2011 | 31-03-2010 |
|---|----------|------------------------|------------------------|
| I SOURCES OF FUNDS: | | | |
| 1) Shareholders' Funds | | | |
| a) Capital | 1 | 2711.01 | 2711.01 |
| b) Reserves & Surplus | 2 | 46757.61 | 42903.63 |
| | | <u>49468.62</u> | <u>45614.64</u> |
| 2) Minority Interest | | 5696.34 | 5049.76 |
| 3) Loan Funds | | | |
| a) Secured Loans | 3 | 17401.21 | 7169.30 |
| b) Unsecured Loans | 4 | 17537.71 | 14972.27 |
| | | <u>34938.92</u> | <u>22141.57</u> |
| 4) Deferred Tax (Net) | | | |
| a) Liability | | 9778.86 | 9632.21 |
| b) Asset | | 733.18 | 1088.03 |
| | | <u>9045.68</u> | <u>8544.18</u> |
| TOTAL | | <u>99149.56</u> | <u>81350.15</u> |
| II APPLICATION OF FUNDS: | | | |
| 1) Fixed Assets | | | |
| a) Gross Block | 5 | 94408.22 | 86866.28 |
| b) Less: Depreciation and impairment | | 39285.78 | 36682.78 |
| c) Net Block | | 55122.44 | 50183.50 |
| d) Capital work-in-progress at cost | | 1801.59 | 4413.32 |
| e) Advance for Capital Goods | | 92.32 | — |
| f) Goodwill | | 191.98 | 191.98 |
| | | <u>57208.33</u> | <u>54788.80</u> |
| 2) Investments | 6 | 10377.49 | 9100.36 |
| 3) Current Assets, Loans & Advances | | | |
| a) Inventories | 7 | 31952.82 | 16109.04 |
| b) Sundry Debtors | 8 | 9693.31 | 8024.80 |
| c) Cash and Bank Balances | 9 | 2799.34 | 2485.53 |
| d) Other Current Assets | 10 | 38.31 | 51.60 |
| e) Loans and Advances | 11 | 14337.13 | 13177.49 |
| | | <u>58820.91</u> | <u>39848.46</u> |
| Less: Current Liabilities & Provisions: | | | |
| a) Liabilities | 12 | 15361.16 | 11669.22 |
| b) Provisions | 13 | 11896.95 | 10719.19 |
| | | <u>27258.11</u> | <u>22388.41</u> |
| Net Current Assets | | 31562.80 | 17460.05 |
| 4) Miscellaneous Expenditure | 14 | 0.94 | 0.94 |
| TOTAL | | <u>99149.56</u> | <u>81350.15</u> |

NOTE: The schedules, notes and Statement on Accounting Policies form an integral part of the Balance Sheet.

Per our report of even date:
For Brahmayya & Company
Chartered Accountants
Firm Regn. No. 000513S
T.V.RAMANA
Partner
Membership No. 200523

FOR AND ON BEHALF OF THE BOARD
Dr. Mullapudi Harischandra Prasad
Dr. B.B. Ramaiah
A. Ranga Rao
M. Palachandra

Chairman & Managing Director
Managing Director (Tech.)
Director
Company Secretary

Camp : TANUKU
Date : 28-07-2011

TANUKU
28-07-2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011.

| | Schedule | (Rupees in lakhs) | |
|---|-----------|-------------------|---------------|
| | | This Year | Previous Year |
| INCOME | | | |
| Sales | | 84323.25 | 84466.88 |
| Transport charges | | 511.16 | 440.75 |
| Other Income | 15 | 5562.10 | 3270.87 |
| Accretion to /(Decretion in)stocks | 16 | 10753.92 | (5287.73) |
| | | 101150.43 | 82890.77 |
| EXPENDITURE | | | |
| Purchase of Finished Goods | | 50.80 | 23.82 |
| Raw Materials consumed | | 53817.07 | 38014.52 |
| Payments & Benefits to Employees | 17 | 7222.15 | 6247.67 |
| Expenses | 18 | 24750.69 | 18815.74 |
| Excise Duty and Taxes | 19 | 659.18 | 361.86 |
| Interest | 20 | 2126.94 | 2202.45 |
| Depreciation | | 4501.79 | 4019.35 |
| | | 93128.62 | 69661.59 |
| Profit for the year | | 8021.81 | 13205.36 |
| Add: Profit / Loss from Associate | | 1069.21 | (156.02) |
| Income Tax Refund Received | | — | 2.67 |
| Excess provision of Income Tax | | 13.94 | 24.16 |
| Tax credit under MAT | | 9.33 | — |
| Deferred Tax (Credit) credited back | | — | 24.50 |
| | | 9114.29 | 13100.67 |
| Less: Provisions for | | | |
| Current Tax | | 2093.00 | 3800.20 |
| Deferred Tax (Net) | | 355.61 | 634.48 |
| Wealth Tax | | 4.00 | 4.00 |
| Short provision of Income Tax made in earlier years | | — | 0.02 |
| Profit after Tax | | 6661.68 | 8661.97 |
| Less: Minority Interest | | 879.44 | 961.55 |
| Profit after Taxes and Minority Interest | | 5782.24 | 7700.42 |
| Add: Balance brought forward from last year | | 12916.25 | 8260.97 |
| Balance available for appropriation | | 18698.49 | 15961.39 |

The Andhra Sugars Limited - Group Consolidated Financial Statements

| | Schedule | (Rupees in lakhs) | |
|--|-----------|-----------------------------|----------------------|
| | | This Year | Previous Year |
| General Reserve | | 5550.30 | 1220.30 |
| Provision for final dividend | | 1686.38 | 1599.72 |
| Provision for Tax on distributable profits | | 241.89 | 225.12 |
| Balance taken to Balance Sheet | | 11219.92 | 12916.25 |
| | | <hr/> 18698.50 <hr/> | <hr/> 15961.40 <hr/> |
| Basic Earnings per Share: | | | |
| (Profit after tax/ No.of Equity Shares) | | | |
| Profit after Tax | | 5782.24 | 7700.42 |
| No.of Equity Shares | | 27107078 | 27107078 |
| Basic Earnings per share(Face value of Rs.10/- each) Rs. | | 21.33 | 28.41 |
| Notes forming part of the Accounts. | 21 | | |

NOTE : The schedules, notes and Statement on Accounting Policies form an integral part of the Profit & Loss Account.

Per our report of even date:
For Brahmayya & Company
Chartered Accountants
Firm Regn. No. 000513S
T.V.RAMANA
Partner
Membership No. 200523

FOR AND ON BEHALF OF THE BOARD
Dr. Mullapudi Harischandra Prasad
Dr. B.B. Ramaiah
A. Ranga Rao
M. Palachandra

Chairman & Managing Director
Managing Director (Tech.)
Director
Company Secretary

Camp : TANUKU
Date : 28-07-2011

TANUKU
28-07-2011

SCHEDULES TO CONSOLIDATED BALANCE SHEET

(Rupees in lakhs)

| | SCHEDULE - 1 | |
|--|-----------------------------|----------------------|
| | As at 31-03-11 | As at 31-03-10 |
| SHARE CAPITAL: | | |
| AUTHORISED CAPITAL | | |
| Equity Shares of Rs.10/- each | 2875.00 | 2875.00 |
| 9.5% First Cumulative Redeemable Preference Shares of Rs.100/- each | 30.00 | 30.00 |
| 9.5% Second Cumulative Redeemable Preference Shares of Rs.100/- each | 95.00 | 95.00 |
| | <hr/> 3000.00 <hr/> | <hr/> 3000.00 <hr/> |
| ISSUED CAPITAL | | |
| Equity Shares of Rs.10/- each | 2711.31 | 2711.31 |
| | <hr/> 2711.31 <hr/> | <hr/> 2711.31 <hr/> |
| SUBSCRIBED AND PAID-UP CAPITAL | | |
| Equity Shares of Rs.10/- each | 2710.66 | 2710.66 |
| Add: Forfeited shares | 0.35 | 0.35 |
| | <hr/> 2711.01 <hr/> | <hr/> 2711.01 <hr/> |
| RESERVES & SURPLUS | | |
| | | SCHEDULE - 2 |
| | As at 31-03-11 | As at 31-03-10 |
| General Reserve | 33906.02 | 28355.71 |
| Securities Premium | 1560.70 | 1560.70 |
| Capital Reserve | 70.67 | 70.67 |
| Forfeited Debentures | 0.30 | 0.30 |
| Surplus in Profit & Loss A/c | 11219.92 | 12916.25 |
| | <hr/> 46757.61 <hr/> | <hr/> 42903.63 <hr/> |
| SECURED LOANS | | SCHEDULE - 3 |
| | As at 31-03-11 | As at 31-03-10 |
| FROM BANKS : | | |
| Term Loans | 4776.20 | 4081.20 |
| Cash Credit | 12625.01 | 3088.10 |
| | <hr/> 17401.21 <hr/> | <hr/> 7169.30 <hr/> |
| UNSECURED LOANS: | | SCHEDULE-4 |
| | As at 31-03-11 | As at 31-03-10 |
| Fixed Deposits from Shareholders | 1646.93 | 1585.61 |
| Fixed Deposits from Others | 10370.66 | 8946.03 |
| Short-term loan from banks | 1207.15 | 400.00 |
| Sales Tax Deferment Loan | 4312.97 | 4040.63 |
| | <hr/> 17537.71 <hr/> | <hr/> 14972.27 <hr/> |

FIXED ASSETS

(Rupees in lakhs)
SCHEDULE - 5

| | GROSS BLOCK | | | | DEPRECIATION BLOCK | | | | NET BLOCK | |
|---|-----------------------|---------------------------------|----------------------------------|-----------------------|-------------------------|----------------------|--------------------------|------------------------------|-------------------------|-------------------------|
| | Cost as at 31-3-10 | Additions during the Year | Deductions during the Year | Cost as at 31-3-11 | Dep. upto at 31-3-10 | Dep. for 10-11 | Dep.Dedn for 10-11 | Dep. upto for 31-03-11 | WDV as at 31-3-11 | WDV as at 31-3-10 |
| 1) Land | 3119.77 | 8.85 | 0.69 | 3127.93 | | | | | 3127.93 | 3119.77 |
| 2) Buildings | 6143.15 | 331.67 | | 6474.82 | 2204.99 | 186.63 | | 2391.62 | 4083.20 | 3938.16 |
| 3) Plant and Machinery | 67542.44 | 9696.33 | 2631.52 | 74607.25 | 30875.54 | 3719.14 | 1803.93 | 32790.75 | 41816.50 | 36666.90 |
| 4) Vehicles and Materials Handling Equipment | 2300.32 | 195.49 | 121.07 | 2374.74 | 1336.69 | 209.38 | 107.53 | 1438.54 | 936.20 | 963.63 |
| 5) Furniture & Fittings | 753.05 | 76.51 | 13.40 | 816.16 | 568.54 | 45.56 | 10.67 | 603.43 | 212.73 | 184.51 |
| 6) Tramways and Railway Sidings | 731.99 | | | 731.99 | 275.26 | 32.74 | | 308.00 | 423.99 | 456.73 |
| 7) Renewable Energy Plant: Wind Farm | 6272.08 | | | 6272.08 | 1419.09 | 331.17 | | 1750.26 | 4521.82 | 4852.99 |
| 8) Intangible Assets (Computer Software) | 3.48 | | 0.23 | 3.25 | 2.67 | 0.65 | 0.14 | 3.18 | 0.07 | 0.81 |
| TOTAL | 86866.28 | 10308.85 | 2766.91 | 94408.22 | 36682.78 | 4525.27 | 1922.27 | 39285.78 | 55122.44 | 50183.50 |
| Previous year | 82572.48 | 4666.81 | 373.01 | 86866.28 | 32975.56 | 4042.10 | 334.88 | 36682.78 | 50183.50 | 49596.92 |

The Andhra Sugars Limited - Group Consolidated Financial Statements

(Rupees in lakhs)

INVESTMENTS :

SCHEDULE-6

| | As at 31-03-11 | As at 31-03-10 |
|---|-------------------|-------------------|
| TRADE INVESTMENTS : | | |
| - Equity Shares - in Associates (quoted) (See Note No.4 in Schedule 21) | 6389.77 | 5162.52 |
| - in others (quoted) | 9.23 | 9.23 |
| - Equity Shares - (unquoted) | 3656.74 | 3656.74 |

NON-TRADE INVESTMENTS:

| | | |
|----------------------------|-----------------|---------|
| - Equity Shares (quoted) | 10.54 | 10.54 |
| - Equity Shares (unquoted) | 60.00 | 60.00 |
| - In Govt. Securities | 50.11 | 0.13 |
| - In Mutual Funds | 201.10 | 201.20 |
| | 10377.49 | 9100.36 |

INVENTORIES

SCHEDULE-7

(As approved by the respective Managing Directors)

| | | |
|--|-----------------|----------|
| Stores and Spares & Tools and Implements | 4795.26 | 4232.39 |
| Raw Materials | 6831.19 | 2760.77 |
| Work-in-process | 1770.26 | 1148.27 |
| Finished Goods | 18548.29 | 7966.24 |
| Goods in Transit | 5.82 | 1.37 |
| Crops under cultivation | 2.00 | — |
| | 31952.82 | 16109.04 |

SUNDRY DEBTORS

SCHEDULE-8

a) Debts outstanding for a period exceeding six months

| | | |
|------------------------------------|---------------|--------|
| Unsecured-considered good | 222.34 | 278.42 |
| Unsecured-considered doubtful | 15.02 | 15.02 |
| | 237.36 | 293.44 |
| Less: Provision for Doubtful Debts | 15.02 | 15.02 |

b) Other Debts: Unsecured-considered good

| | | |
|--|----------------|---------|
| | 222.34 | 278.42 |
| | 9470.97 | 7746.38 |
| | 9693.31 | 8024.80 |

CASH AND BANK BALANCES

SCHEDULE-9

| | | |
|--|----------------|---------|
| Cash and Cheques on hand | 599.44 | 28.67 |
| Balances with Scheduled Banks Current Accounts | 1965.31 | 2101.58 |
| In Fixed Deposit Accounts | 234.59 | 355.28 |
| | 2799.34 | 2485.53 |

The Andhra Sugars Limited - Group Consolidated Financial Statements

(Rupees in lakhs)

OTHER CURRENT ASSETS

SCHEDULE-10

| | As at 31-03-11 | As at 31-03-10 |
|--|-------------------|-------------------|
| Interest accrued on Investments and Deposits | 38.31 | 51.60 |
| | <u>38.31</u> | <u>51.60</u> |

LOANS AND ADVANCES

SCHEDULE-11

| | | |
|--|-----------------|-----------------|
| Advances (Recoverable in cash or in kind for value to be received) | | |
| Unsecured considered good | 3216.59 | 3402.79 |
| Unsecured considered doubtful | 0.03 | 0.03 |
| | <u>3216.62</u> | <u>3402.82</u> |
| Less: Provision for doubtful Advances | 0.03 | 0.03 |
| | <u>3216.59</u> | <u>3402.79</u> |
| Prepaid expenses | 104.08 | 111.94 |
| Excise Duty paid in advance (including Cenvat credit pending utilisation) | 1411.90 | 990.23 |
| Service Tax paid in Advance | 0.10 | 0.21 |
| APVAT paid in Advance | 0.74 | 0.97 |
| Advance payment of Income Tax | 8070.94 | 7184.09 |
| Advance payment of Fringe Benefit Tax | 3.41 | 6.23 |
| Income Tax deducted at source | 199.69 | 191.71 |
| Group Gratuity fund balance with LIC | 67.90 | — |
| Sales Tax paid under protest | 18.07 | 15.23 |
| Deposits recoverable | 576.17 | 908.41 |
| Claims recoverable | 664.29 | |
| Less: Provision for doubtful claims | <u>10.79</u> | 353.06 |
| Balance with Customs, Port Trust etc. | 3.73 | 12.62 |
| MAT credit entitlement | 9.33 | — |
| Income Tax Refund Receivable | 0.98 | — |
| | <u>14337.13</u> | <u>13177.49</u> |

LIABILITIES

SCHEDULE-12

| | | |
|--|-----------------|-----------------|
| Due to Small Scale Industrial Undertakings | 4.11 | 4.10 |
| Due to Others (Incl. Rs.360.85 lakhs(Rs.1008.19 lakhs) due to directors of Group Companies) | 14449.65 | 10776.17 |
| Advances received against sales | 318.85 | 335.04 |
| Trade Deposits | 96.90 | 102.98 |
| Staff security deposit | 30.29 | 28.67 |
| Interest accrued but not due on Loans | 291.78 | 271.86 |
| Dividends declared pending payment / encashment | 115.85 | 101.92 |
| Unclaimed matured fixed deposits | 48.10 | 37.19 |
| Unclaimed interest on matured deposits and debentures | 5.63 | 11.29 |
| | <u>15361.16</u> | <u>11669.22</u> |

The Andhra Sugars Limited - Group Consolidated Financial Statements

| PROVISIONS | (Rupees in lakhs) | |
|--|---------------------------|---|
| | As at 31-03-11 | SCHEDULE-13 As at 31-03-10 |
| For Income Tax | 8305.88 | 7462.61 |
| For Fringe Benefit Tax | 4.00 | 6.50 |
| For Wealth Tax | 12.00 | 12.00 |
| For Proposed Dividend (Subsidiary companies) | 195.49 | 244.37 |
| For Proposed Dividend | 1490.89 | 1355.35 |
| For Tax on Distributable Profits | 241.89 | 225.12 |
| Provision for Group Gratuity | 1098.06 | 920.28 |
| For Employees Compensated Absences | 548.74 | 492.96 |
| | 11896.95 | 10719.19 |
| | | |
| MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted) | | SCHEDULE-14 |
| Preliminary Expenses | | |
| Issue expenses of Debentures / Shares on rights basis | 0.94 | 0.94 |
| Less: Written off during the year | — | — |
| | 0.94 | 0.94 |
| | | |
| SCHEDULES TO CONSOLIDATED PROFIT & LOSS ACCOUNT | | SCHEDULE-15 |
| OTHER INCOME: | | |
| Income from job works | 3.24 | 0.49 |
| Freight and other sales expenses recovered | 1943.45 | 1417.38 |
| Subsidy on Superphosphate sales | 1645.70 | 736.95 |
| Rents received | 51.03 | 62.40 |
| Dividend income (Gross) | 249.45 | 213.21 |
| Interest received -Banks and others | 165.14 | 277.43 |
| Miscellaneous Receipts | 1047.17 | 170.24 |
| Profit on Sale of Assets | 77.96 | 35.15 |
| Profit on Sale of Investments | 0.04 | — |
| Provisions no longer required and Credit balances | 14.12 | 4.61 |
| Bad debts written off, now recovered | — | 88.24 |
| Claims received | 60.97 | 22.42 |
| Income from agriculture | 9.05 | 4.05 |
| Difference in exchange | 290.66 | 221.30 |
| Interest income on investments | — | 0.03 |
| Tarrif Reduction from APGPCL | — | 7.90 |
| Income of earlier years | 4.12 | 9.07 |
| | 5562.10 | 3270.87 |

The Andhra Sugars Limited - Group Consolidated Financial Statements

(Rupees in lakhs)

OPENING AND CLOSING STOCKS

SCHEDULE - 16

| | This year | Previous year |
|--|------------------|----------------------|
| Opening Stock : | | |
| Work-in-process | 1148.27 | 628.08 |
| Finished goods | 7966.24 | 14122.51 |
| | 9114.51 | 14750.59 |
| Closing Stock: | | |
| Work-in-process | 1770.26 | 1148.27 |
| Finished goods | 18548.29 | 7966.24 |
| | 20318.55 | 9114.51 |
| Add: (increase)/decrease in ED on stocks | (450.12) | 348.35 |
| Accretion to /(Decretion in)stocks | 10753.92 | (5287.73) |

PAYMENTS AND BENEFITS TO EMPLOYEES

SCHEDULE-17

| | | |
|--|----------------|---------|
| Salaries, Wages and Bonus | 5639.27 | 5029.91 |
| Contribution to Provident Fund, Gratuity and other funds | 1279.62 | 936.07 |
| Workmen and Staff Welfare Expenses | 303.26 | 281.69 |
| | 7222.15 | 6247.67 |

MANUFACTURING AND OTHER EXPENSES

SCHEDULE-18

| | | |
|--|-----------------|-----------------|
| Stores & Spares consumed (including packing materials) | 3461.32 | 2537.51 |
| Power and Fuel | 11650.06 | 8069.73 |
| Insurance | 145.27 | 101.29 |
| Sugarcane Development Expenses | 172.91 | 93.05 |
| Repairs to Buildings | 263.86 | 248.68 |
| Repairs to Machinery | 2932.99 | 2312.29 |
| Repairs to Other Assets | 414.67 | 387.34 |
| Advertisement and Sales Promotion | 41.23 | 19.70 |
| Handling, Transport & Expenses at Sales Depots | 3200.99 | 2654.24 |
| Commission on Sales | 278.97 | 215.99 |
| Rent | 21.66 | 19.21 |
| Directors' Sitting Fee | 9.45 | 6.76 |
| Managerial Remuneration | 667.05 | 1198.26 |
| Payments to Auditors | 19.70 | 20.12 |
| Miscellaneous Expenses | 820.47 | 687.74 |
| Donations | 106.11 | 128.15 |
| Loss on sale of Assets | 0.81 | 0.36 |
| Loss of cash on theft | 27.06 | — |
| Issue expenses of Shares/Debentures written off | 0.00 | 0.00 |
| Expenses of earlier years | 0.01 | 6.38 |
| Provision for Doubtful debts | 10.79 | — |
| Debit balances written off | — | 0.01 |
| Tools written off | 14.66 | 12.52 |
| Production Expenses | 0.00 | 32.68 |
| Assets written off | 437.55 | 7.53 |
| Difference in Exchange | 53.10 | 56.20 |
| | 24750.69 | 18815.74 |

The Andhra Sugars Limited - Group Consolidated Financial Statements

(Rupees In lakhs)

EXCISE DUTY AND TAXES

| | This year | SCHEDULE-19 Previous year |
|---------------------------|------------------|-------------------------------------|
| Excise Duty | 0.29 | 2.94 |
| Purchase Tax on Sugarcane | 451.88 | 200.68 |
| Rates and Taxes | 207.01 | 158.24 |
| | 659.18 | 361.86 |

INTEREST

SCHEDULE-20

| | | |
|---|----------------|---------|
| On Debentures and fixed period loans | 1327.02 | 1210.63 |
| On Fixed deposits/loans from Whole-time Directors | 330.21 | 259.86 |
| To Banks and on other Accounts | 469.71 | 731.96 |
| | 2126.94 | 2202.45 |

MINORITY INTEREST

| | As at 31-03-11 | As at 31-03-10 |
|--|---------------------------------|--------------------------|
| Share capital | 212.62 | 212.62 |
| <u>Add:</u> Share in | | |
| General Reserve | 4116.84 | 3667.14 |
| Capital Reserve | 19.00 | 19.00 |
| Securities Premium | 352.45 | 352.45 |
| Provision for dividend (including tax) | 185.67 | 232.86 |
| Profit and loss A/c | 809.76 | 565.69 |
| | 5696.34 | 5049.76 |

Total

NOTES FORMING PART OF THE GROUP ACCOUNTS

1. Basis of preparation:

The Andhra Sugars Limited (ASL), the parent company, has prepared the group consolidated financial statements by consolidating its accounts and those of its subsidiaries viz., JOCIL Limited, The Andhra Farm Chemical Corporation Limited and Hindustan Allied Chemicals Limited in accordance with Accounting Standard-21 “Consolidated Financial Statements” prescribed by Companies (Accounting Standards) Rules, 2006.

Financial Statements of the Subsidiaries used in the consolidation are drawn upto the same reporting date as that of the parent company i.e., year ended 31st March 2011.

2. Principles of consolidation:

The consolidated financial statements of the group are prepared according to the accounting policies as stated in the “Statements on Accounting Policies” in the respective group companies and published separately. The accounting policies of the group companies are uniform except for the method of charging depreciation in respect of some of the items of like assets. It is not practicable to use uniform accounting policies in preparing the consolidated financial statements, and in the opinion of the management, the effect of such differences in the accounting policies is not material.

3. Minority Interest:

| Subsidiary companies | % Voting power held as at 31 st March, 2011 |
|--|---|
| a. JOCIL Limited | 44.97 |
| b. The Andhra Farm Chemicals Corporation Limited | 23.17 |
| c. Hindustan Allied Chemicals Limited | 22.64 |

4. Associates

The Andhra Sugars Limited and its other group companies hold 30.16% of the share capital of The Andhra Petrochemicals Limited (APL), a company incorporated in India, as on 31.3.2011. Therefore APL is treated as an associate, and investment in it is recognised in the accounts using the ‘equity method’ as per which the share of profit of the associate company has been added to the cost of investment, in accordance with the Accounting Standard – 23 “Accounting for Investments in Associates in Consolidated Financial Statements” prescribed by Companies (Accounting Standards) Rules, 2006. The audited accounts of the The Andhra Petrochemicals limited is considered for the purpose of computing the share of profit from associate for the year ended 31st March 2011.

The accounting policies of APL are broadly comparable to those of ASL. The accounts of associate company are drawn upto the same reporting date as the parent entity.

Particulars of investment in Associate Company by Group companies:

| | (Rupees in lakhs) |
|--|-------------------|
| Gross cost of the investment in Associate Company - (including goodwill of Rs. 432.11 lacs) | 3250.39 |
| Less: Dividend received | 232.91 |
| | ----- |
| | 3017.48 |
| Add: Share of post acquisition reserves and surplus | 3372.29 |
| | ----- |
| Carrying value of investment in Associate Company | 6389.77 |
| | ----- |

The Andhra Sugars Limited - Group Consolidated Financial Statements

5. Major components of deferred tax assets and liabilities arising on account of timing differences are:

| Particulars | (Rupees in lakhs) | |
|--|-------------------|-------------|
| | Assets | Liabilities |
| 1. Depreciation | ---- | 9778.86 |
| 2. Amounts disallowed u/s 43 B of Income Tax Act, 1961 | 707.49 | ---- |
| 3. Provision for doubtful debts | 8.39 | ---- |
| 4. Loss as per Income Tax to be carried forward | 17.30 | ---- |
| | 733.18 | 9778.86 |
| Net deferred tax liability | | 9045.68 |

| 6. CONTINGENT LIABILITIES NOT PROVIDED FOR: | (Rupees in lakhs) | |
|---|--------------------|--------------------|
| | As at 31-3-2011 | As at 31-3-2010 |
| a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for | 1031.41 | 3746.80 |
| b) Outstanding Guarantees to Banks including letter of credit opened with bankers for purchase of material | 42.04 | 573.31 |
| c) Liability on account of membership in Alkali Manufacturers' Association of India, a company limited by Guarantee | 0.01 | 0.01 |
| d) Uncalled liability on partly paid shares held as investments | 24.66 | 24.66 |
| e) Guarantees issued by the company for obligations arising out of events occurred at the Balance Sheet date | 95.00 | 85.00 |
| f) Claims not acknowledged by the Company relating to the following area | | |
| i) Income Tax | 67.73 | 13.46 |
| ii) Excise | 1680.48 | 89.07 |
| iii) Customs | — | 2.92 |
| iv) Service Tax | 92.31 | 62.62 |
| v) Sales Tax | 26.00 | 26.00 |
| vi) State Levies | 171.25 | 193.70 |
| vii) Suppliers and Service contract | 146.56 | 93.63 |
| viii) Labour related | 5.00 | 5.00 |
| ix) Others | 3.36 | 3.24 |

7. In the case of The Andhra Sugars Ltd., under the provisions of "The Levy Sugar Price Equalization Fund Act, 1976" the excess amount collected over the notified levy sale price pursuant to the interim stay granted by the Courts vests in the fund. In a writ petition No: 1534/76 filed by the Company against these provisions, the High Court of Andhra Pradesh has held that provisions of the said Act are not applicable to the excess collections made prior to 15-6-1972, against which the Union Government filed a civil appeal No: 274/79 before the Supreme Court, which is pending.

The Andhra Sugars Limited - Group Consolidated Financial Statements

While admitting the appeal, the Supreme Court granted stay of operation of Judgement of A.P. High Court in W.P.No: 1534/76 and directed the Company to furnish a Bank Guarantee for Rs.9.60 lakhs being the difference in levy Sugar price for the Sugar Season 1969-70. The Bank Guarantee was furnished on 7-12-1979 in favour of Registrar, High Court of Andhra Pradesh. Interest, if any, payable under the said Act, estimated at Rs. 62.66 lakhs (Rs.60.93 lakhs) has not been provided for in the accounts pending final legal decision in the matter. However, an amount of Rs.66.80 lakhs was appropriated during this year against payment of buffer stock subsidy dues, which was protested by the Company.

8. In the case of The Andhra Sugars Ltd., "Sundry Creditors" includes Rs.7.53 lakhs received from State Trading Corporation (STC) towards damages for breach of contract pursuant to the orders of the Appellate Authorities / Arbitrators. Since, further Appeals preferred by the S.T.C. before the higher appellate authorities are pending, the said amount is not recognised as revenue in the year of receipt, pending disposal of final appeal.
9. In the case of The Andhra Sugars Ltd., in the opinion of the management, all the amounts stated under sundry debtors and loans and advances are recoverable at the values at which they are stated.
10. In the case of The Andhra Sugars Ltd., balances in some of the customers accounts are subject to confirmation by and reconciliation with the said parties.
11. In the case of The Andhra Sugars Ltd., disclosures on payments and dues to "suppliers" as defined in Micro, Small and Medium Enterprises Development Act, 2006 ("The Act");

| | 31.03.2011 |
|---|-------------------|
| 1. Amount remaining unpaid, beyond the appointed / agreed date at the end of the year, | Rs. |
| (a) Principal amount of bills to be paid | — |
| (b) Interest due thereon | — |
| 2. (a) Payments made to suppliers, during the year, but beyond appointed / agreed by | 2022554 |
| Interest thereon in terms of Sec. 16 of the Act | 35043 |
| (b) Interest paid along with such payments during the year | — |
| (c) Interest due and payable at the end of the year, on such payments made during the year | 35043 |
| 3. Amount of interest, for the year, u/s. 16 of the Act, including that accrued and remaining unpaid, at the end of the year | 35043 |
| 4. Total amount of interest, u/s. 16 of the Act, including that arising in earlier years, accrued and remaining unpaid at the end of the year | 53801 |

Note: For the purpose of the above details of the status of the suppliers under the Act has been determined, to the extent of and based on information furnished by the respective parties, and has accordingly, been relied upon by the Company and its auditors.

The Andhra Sugars Limited - Group Consolidated Financial Statements

12. In the case of JOCIL Limited, disclosures required under the Micro, Small & Medium Enterprises Development Act, 2006.

| Details | Amount (Rs.) |
|--|----------------------------|
| | As on 31-3-2011 |
| i) Principal and Interest overdue | Nil |
| ii) Interest paid on delayed payments during 2010-11 | Nil |
| iii) Interest due on principal amounts paid beyond due dates | Nil |
| iv) Interest accrued but not due | Nil |
| v) Total Interest due but not paid | Nil |

The above details were prepared based on information furnished by the respective suppliers and available with the Company regarding their status under Micro, Small & Medium Enterprises Development Act, 2006. The said information to the extent furnished by the suppliers has been relied upon by the Company and its auditors for the said purpose.

13. In the case of The Andhra Sugars Ltd., Loans and Advances in the nature of loans given to subsidiary Hindustan Allied Chemicals Limited as per Clause 32 of the Listing Agreement is Rs. NIL as on 31.3.2011. The investment in the Equity Shares of the Company is Nos. 328760.
14. In the case of The Andhra Sugars Ltd., closing stock units of Wind Farm at Ramagiri and power generation unit at Taduvai as per the books of the Company and as confirmed by the AP GENCO is subject to reconciliation, to the extent of Rs. 11.83 lakhs due to certain matters pending before Honourable High Court of Andhra Pradesh.
15. In the case of JOCIL Limited, Cash at scheduled Banks in Fixed Deposits includes:
- Rs. 38,00,000 (previous year Rs. 35,00,000) deposited towards maintenance of liquid assets under provisions of the companies (Acceptance of Deposits) Rules, 1975.
 - Rs. 7,77,232 (previous year Rs. 46,66,377) towards margin money for Bank Guarantees and Foreign Letters of Credit.
 - Rs. 16,59,014 (previous year Rs. 10,69,623) on account of unclaimed dividends.
16. In the case of The Andhra Sugars Ltd., Earnings in foreign exchange on FOB basis is Rs. 226.42 Lakhs (previous year Rs. 467.00 Lakhs)
17. In the case of JOCIL Limited, Foreign exchange earnings on exports during the year calculated FOB basis Rs. 36,59,13,419 (Previous year - Rs. 44,61,48,528).
18. Disclosure as required by Accounting Standard-18 (AS-18) "Related Party Disclosures" issued by The Institute of Chartered Accountants of India are given in Annexure - I.

The Andhra Sugars Limited - Group Consolidated Financial Statements

19. Segment information:

Particulars disclosed pursuant in Accounting Standard -17 "Segment Reporting" are given in Annexure – II.

20. General:

Figures have been rounded off to the nearest thousand.

Previous year figures have been regrouped wherever necessary.

Per our report of even date:
For Brahmayya & Company
Chartered Accountants
Firm Regn. No. 000513S
T.V.RAMANA
Partner
Membership No. 200523

FOR AND ON BEHALF OF THE BOARD
Dr. Mullapudi Harischandra Prasad
Dr. B.B. Ramaiah
A. Ranga Rao
M. Palachandra

Chairman & Managing Director
Managing Director (Tech.)
Director
Company Secretary

Camp : TANUKU
Date : 28-07-2011

TANUKU
28-07-2011

GROUP CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR 2010-11

(Rupees in lakhs)

| | 2010-2011 | 2009-2010 |
|---|------------------|-------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit before Tax and extra-ordinary items | 8021.81 | 13205.36 |
| ADJUSTMENTS FOR: | | |
| Depreciation | 4501.79 | 4019.35 |
| Assets written off | 437.85 | 7.56 |
| Interest (Net) | 1961.80 | 1924.98 |
| Impairment provision reversed credited to P&L a/c | — | — |
| Profit/Loss on sale of assets(Net) | (77.46) | (34.81) |
| Dividends received | (249.46) | (213.21) |
| Loss on conversion/sale of investments | 0.04 | — |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES | 14596.29 | 18909.23 |
| Trade and other receivables | (3594.34) | (412.43) |
| Inventories | (15726.29) | 5303.11 |
| Trade payables | 3905.58 | (1691.34) |
| CASH GENERATED FROM OPERATIONS | (818.76) | 22108.57 |
| Direct taxes paid | (2338.52) | (4247.20) |
| Refund of taxes | — | — |
| NET CASH FROM OPERATING ACTIVITIES.... A | (3157.28) | 17861.37 |
| B. CASH FLOW FROM INVESTING ACTIVITIES: | | |
| Purchase of Fixed Assets(Including Capital Work-in-progress, unallocated capital expenditure) | (7504.67) | (5678.75) |
| Sale of Fixed assets | 498.29 | 57.04 |
| Sale of investments | 0.15 | 0.08 |
| Purchase of investments | (208.04) | (37.54) |
| Interest received | 183.61 | 277.46 |
| Deposits/Withdrawal of Inter corporate advances | — | 250.00 |
| Dividends received | 5.14 | 17.75 |
| NET CASH USED IN INVESTING ACTIVITIES....B | (7025.52) | (5113.96) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from borrowings/loans | 14197.09 | (9675.19) |
| Dividends paid | (1555.09) | (1786.21) |
| Interest paid | (2145.41) | (2202.45) |
| NET CASH FROM FINANCING ACTIVITIES.....C | 10496.59 | (13663.85) |
| INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C) | 313.79 | (916.44) |
| Cash and Cash equivalents as on 01.4.2010 | 2485.55 | 3401.99 |
| Cash and Cash equivalents as on 31.3.2011 | 2799.34 | 2485.55 |
| | 313.79 | (916.44) |

Per our report of even date:
For Brahmayya & Company
Chartered Accountants
Firm Regn. No. 000513S
T.V. RAMANA
Partner
Membership No. 200523

FOR AND ON BEHALF OF THE BOARD
Dr. Mullapudi Harischandra Prasad
Dr. B.B. Ramaiah
A. Ranga Rao
M. Palachandra

Chairman & Managing Director
Managing Director (Tech.)
Director
Company Secretary

Camp : TANUKU
Date : 28-07-2011

TANUKU
28-07-2011

ANNEXURE – I

Particulars disclosed pursuant to “Accounting Standard -18 Related Party Disclosures”

(A) LIST OF RELATED PARTIES:

1) Key Management Personnel: (Viz., Whole-time Directors)

The Andhra Sugars Limited

Dr. Mullapudi Harischandra Prasad
Dr. B.B.Ramaiah
Sri P.Narendranath Chowdary
Sri M.Narendranath
Sri M.Thimmaraja
Sri P.Achuta Ramayya
Sri P.S.R.V.K.Ranga Rao

JOCIL Limited

Sri J. Murali Mohan

The Andhra Farm Chemicals Corporation Limited

Sri P. V. Krishna Rao

2) Relatives of Key Management Personnel:

| | |
|----------------------------|---|
| Sri B.V.V.S.Ramesh Kumar | Son of Dr. B.B.Ramaiah |
| Smt. M.Chandramathi Devi | Wife of Dr.M.Harischandra Prasad |
| Sri CH. Ravanamba | Sister of Dr.M.Harischandra Prasad |
| Smt. J.Gangabhavani Devi | Sister of Dr.M.Harischandra Prasad |
| Smt. Y.Rajeswari Devi | Sister of Dr.M.Harischandra Prasad |
| Smt. J.Anantha Lakshmi | Daughter of Dr.M.Harischandra Prasad |
| Smt. N.V.Ramanamma | Daughter of Dr.M.Harischandra Prasad |
| Smt. R.Akkamamba | Daughter of Dr.M.Harischandra Prasad |
| Smt. Y.Narayanamma | Daughter of Dr.M.Harischandra Prasad |
| Smt. M.Narayanamma | Wife of Sri M.Narendranath |
| Smt. G.Jayashree | Daughter of Sri M.Narendranath |
| Smt. G.Anuradha | Daughter of Sri M.Narendranath |
| Sri M.Vikram Prasad | Son of Sri M.Narendranath |
| Smt. M.Renuka | Wife of Sri M.Thimmaraja |
| Smt. G. Devi | Daughter of Sri M.Thimmaraja |
| Sri M.Mrutyumjaya Prasad | Son of Sri M.Thimmaraja |
| Smt. P.Jhansi Jayalakshmi | Wife of Sri P.Narendranath Chowdary |
| Kum. P.A.L.Satyavathi Devi | Daughter of Sri P.Narendranath Chowdary |
| Smt. S.B.Ranganayaki | Sister of Sri P.Narendranath Chowdary |

The Andhra Sugars Limited - Group Consolidated Financial Statements

| | |
|--------------------------------|---------------------------------------|
| Smt. E.Rama Lakshmi | Sister of Sri P.Narendranath Chowdary |
| Smt. J.Akkamamba | Sister of Sri P.Narendranath Chowdary |
| Smt. J.Usha Rani | Sister of Sri P.Narendranath Chowdary |
| Smt. N.Anantha Lakshmi | Sister of Sri P.Narendranath Chowdary |
| Smt. M.Kamala Devi | Sister of Sri P.Narendranath Chowdary |
| Kum. P Archana | Daughter of Sri P.V.Krishn Rao |
| Sri P.V.Rayudu | Son of Sri P.V.Krishna Rao |
| Sri P.Ravi | Son of Sri P.V.Krishna Rao |
| Smt. P.Sesha Shailaja | Wife of Sri P.Achuta Ramayya |
| Smt. P.Divya Atchamamba | Daughter of Sri P.Achuta Ramayya |
| Kum. P.Sruthi Rajeswari | Daughter of Sri P.Achuta Ramayya |
| Smt. P.Sujatha | Mother of Sri P.S.R.V.K.Ranga Rao |
| Smt. P.Usha Lakshmi | Wife of Sri P.S.R.V.K.Ranga Rao |
| Kum. P.Meghana Sri Sai Sujatha | Daughter of Sri P.S.R.V.K.Ranga Rao |
| Chy.P.P. Sri Narendrarayudu | Son of Sri P.S.R.V.K.Ranga Rao |
| Smt. J.Sunitha Mohan | Wife of Sri J.Murali Mohan |
| Kum. J. Namrata | Daughter of J.Murali Mohan |
| Smt. V.Indira | Sister of Sri J.Murali Mohan |

3) Entities in which Key Management Personnel and/or their relatives have significant influence :

Jaya Industries
Jayalakshmi Fertilisers
Jayalakshmi Estates
Jaya Agro Chemicals
Jayalakshmi Chemical Enterprises
S P V K R M Trust, Dommeru
Sree Akkamamba Textiles Limited
Sree Satyanarayana Spinning Mills Limited
Mullapudi Venkatarayudu Eye Centre
Mullapudi Kamala Devi Cardio Vascular Centre
Sree Mullapudi Venkataramanamma Memorial Hospital
Sree Mullapudi Thimmaraju Memorial Library and Cultural Centre
Royal Printing Works

4) Associate:

The Andhra Petrochemicals Limited

The Andhra Sugars Limited - Group Consolidated Financial Statements

(B) TRANSACTIONS WITH THE RELATED PARTIES:

(Corresponding figures related to 31st March, 2010)

(Rupees in lakhs)

| PARTICULARS | Entities in which KMP or their relatives have significant influence | Associate Company | Key Management Personnel | Relatives of Key Management Personnel |
|---|---|-------------------|--------------------------|---------------------------------------|
| Purchase of Goods from | 5580.54 | 0.00 | 38.00 | 23.15 |
| | (218.09) | (0.13) | (26.70) | (8.82) |
| Services Rendered by | 3.21 | 0.00 | 14.36 | 2.04 |
| | (0.00) | (0.00) | (12.73) | (2.04) |
| Sale of Goods to | 658.13 | 50.28 | 0.00 | 0.00 |
| | (604.57) | (23.39) | (4.25) | (0.00) |
| Sale of Fixed Assets to | 0.00 | 0.00 | 0.00 | 0.00 |
| | (0.00) | (0.00) | (0.00) | (0.00) |
| Services Rendered to | 0.00 | 3.10 | 0.00 | 0.00 |
| | (0.01) | (0.50) | (0.09) | (0.00) |
| Interest Paid to | 0.00 | 0.00 | 314.58 | 556.11 |
| | (0.00) | (15.53) | (263.00) | (442.55) |
| Interest Received from | 0.00 | 0.00 | 0.00 | 0.00 |
| | (0.00) | (41.54) | (0.00) | (0.00) |
| Remuneration (including Commission) paid to | 0.00 | 0.00 | 667.05 | 5.15 |
| | (0.00) | (0.00) | (1192.23) | (0.00) |
| Donations Paid to | 30.00 | 0.00 | 0.00 | 0.00 |
| | (40.00) | (0.00) | (0.00) | (0.00) |
| Dividend Paid to | 70.48 | 0.00 | 200.22 | 364.32 |
| | (84.57) | (0.00) | (227.85) | (403.84) |
| Dividend Received from | 2.80 | 0.00 | 0.00 | 0.00 |
| | (1.40) | (0.00) | (0.00) | (0.00) |
| Balances as at 31-03-2011 | | | | |
| a) Share Capital held by the Company | 3658.49 | 3127.47 | 0.00 | 0.00 |
| | (1.75) | (3054.83) | (0.00) | (0.00) |
| b) Receivables- Trade dues from | 42.42 | 0.00 | 0.00 | 0.00 |
| | (44.13) | (0.00) | (0.00) | (0.00) |
| c) Share Capital of the Company held by | 140.96 | 0.00 | 399.94 | 729.87 |
| | (140.96) | (0.00) | (379.16) | (676.28) |
| d) Fixed Deposits Received from | 0.00 | 0.00 | 3241.88 | 5415.80 |
| | (0.00) | (0.00) | (2422.59) | (4283.05) |
| e) Loans/ Intercorporate loans given to | 0.00 | 0.00 | 0.00 | 0.00 |
| | (0.00) | (250.00) | (0.00) | (0.00) |
| f) Payables : - Trade dues | 3.99 | 0.00 | 0.00 | 0.00 |
| | (40.42) | (0.00) | (0.00) | (0.00) |
| - Interest on F D's. | 0.00 | 0.00 | 70.79 | 125.18 |
| | (0.00) | (0.00) | (59.63) | (102.46) |
| - Remuneration (including Commission) | 0.00 | 0.00 | 360.82 | 0.48 |
| | (0.00) | (0.00) | (1015.93) | (0.00) |

STATEMENT SHOWING SEGMENT-WISE ANALYSIS AS ON 31-03-2011

| Description | SUGARS | | AUSASA | | RCGRDA | | USMAAS | | SA4 | | MS | |
|-------------------|--------|---|--------|---|--------|---|--------|---|-----|---|----|---|
| | 4 | a | 4 | a | 4 | a | 4 | a | 4 | a | 4 | a |
| Land | 4 | a | 4 | a | 4 | a | 4 | a | 4 | a | 4 | a |
| Plant & machinery | 4 | a | 4 | a | 4 | a | 4 | a | 4 | a | 4 | a |
| Intangible assets | 4 | a | 4 | a | 4 | a | 4 | a | 4 | a | 4 | a |
| Trade receivables | 4 | a | 4 | a | 4 | a | 4 | a | 4 | a | 4 | a |
| Other receivables | 4 | a | 4 | a | 4 | a | 4 | a | 4 | a | 4 | a |
| Inventory | 4 | a | 4 | a | 4 | a | 4 | a | 4 | a | 4 | a |
| Prepaid expenses | 4 | a | 4 | a | 4 | a | 4 | a | 4 | a | 4 | a |
| Other assets | 4 | a | 4 | a | 4 | a | 4 | a | 4 | a | 4 | a |
| Trade payables | 4 | a | 4 | a | 4 | a | 4 | a | 4 | a | 4 | a |
| Other payables | 4 | a | 4 | a | 4 | a | 4 | a | 4 | a | 4 | a |
| Provisions | 4 | a | 4 | a | 4 | a | 4 | a | 4 | a | 4 | a |
| Other liabilities | 4 | a | 4 | a | 4 | a | 4 | a | 4 | a | 4 | a |
| Capital | 4 | a | 4 | a | 4 | a | 4 | a | 4 | a | 4 | a |
| Reserves | 4 | a | 4 | a | 4 | a | 4 | a | 4 | a | 4 | a |
| Total | 4 | a | 4 | a | 4 | a | 4 | a | 4 | a | 4 | a |

Notes:

1. The Company and its subsidiaries have disclosed Business Segment as the Primary Segments. Segments have been identified taking into account the nature of Products, the different risks and returns, the organisation structure and internal reporting system.
2. The Operations of the Parent Company and its subsidiaries predominantly relate to manufacture of Sugar, Caustic Soda, Soaps, Industrial Chemicals comprising mainly fatty acids, Industrial alcohol, Acetic acid, Sulphuric Acid and its related products and Liquid propellants.
3. The business segments that are disclosed under "Others" comprise Fertilizers, Bulk Drugs, Edible oils and Transportation receipts etc.
4. All the Group companies operate predominantly in the Indian markets and have no production facilities outside India. Hence there are no separately reportable Geographical segments.
5. Inter segment transfers are priced at market rates.

STATEMENT REGARDING SUBSIDIARY COMPANIES AS ON 31-03-2011

(Rupees in lakhs)

| Name of the Subsidiary Company | JOCIL Ltd. | The Andhra Farm Chemicals Corporation Limited | Hindustan Allied Chemicals Limited |
|--------------------------------|------------|---|------------------------------------|
| 1. Capital | 444.11 | 45.00 | 10.63 |
| 2. Reserves | 11568.69 | 335.43 | 78.99 |
| 3. Total Assets | 23790.21 | 494.32 | 51.78 |
| 4. Total Liabilities | 11922.82 | 113.92 | 13.09 |
| 5. Investments | 145.40 | 0.03 | --- |
| 6. Total Income | 38616.88 | 730.84 | 63.26 |
| 7. Profit before taxation | 2845.33 | -47.63 | 62.96 |
| 8. Provision for Tax | 916.53 | --- | 13.00 |
| 9. Profit after Taxation | 1928.80 | -32.94 | 59.30 |
| 10. Proposed Dividend | 355.25 | --- | --- |

BANK PARTICULARS

To
The Company Secretary,
The Andhra Sugars Limited,
Venkatarayapuram
TANUKU - 534 215

Date :

| | |
|----------------------------|-------|
| FOR OFFICE USE ONLY | |
| Ref. No. : | _____ |
| Date : | _____ |

Dear Sir,

Sub : Payment of Dividend (Year 2010-2011) (Electronic Clearing Service / Bank Particulars)

ECS MANDATE

* I Wish to participate in the Electronic Clearing Service and give below the details of my bank account, to which you may electronically credit the payment due to me against the reference folio number mentioned below:

1. Name of the First Holder (In Block Letters) : _____
2. Regd. Folio No. :

| | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|
3. Bank & Branch Name & Address : _____

4. Account Number
(As appearing on your Cheque Book) : _____
5. Ledger Folio Number
(As appearing on your Cheque Book) : _____
6. Account Type :
(Saving Bank / Current / Cash Credit A/c) : _____
7. 9 Digit Code number of the Bank & Branch :
appearing on the MICR Cheque issued by the Bank. (Please attach a photocopy of cheque for verifying the accuracy of the MICR Code Number)

| | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|

BANK MANDATE

* **I do not wish to opt for ECS facility** and therefore request the following Bank details to be incorporated on the Dividend Warrant.

- Bank Name : _____
- Branch Name & Address : _____

- A/c Type (SB / Current / Cash Credit) : _____
- A/c Number (as mentioned in Cheque Book) : _____

(* Strike out which is not applicable)

I hereby declare that the particulars given above are correct and complete. I undertake to inform of any subsequent changes in the above particulars. If the ECS payment transaction is delayed or not effected for any reasons beyond the control of the Company, I would not hold the Company responsible.

Signature of the first named shareholder : X _____

Name : _____

Address : _____

Note : In case of shares held in demat form, the above particulars for ECS facility / bank particulars have to be provided to your Depository Participant (DP), quoting your Client ID No. to them.

(Attn. Page No. 5)

THE ANDHRA SUGARS LIMITED
E-MAIL REGISTRATION FORM
(exclusively for Shareholders holding shares in physical form)

To
Company Secretary
The Andhra Sugars Limited
Venkatarayapuram
TANUKU – 534215
West Godavari District.
Andhra Pradesh

Dear Sir,

Sub: **Registration of E-mail**

Regd. Folio No. :

Name of First Shareholder : _____

Name(s) of Joint Shareholder(s) : _____

E-mail ID to be registered : _____

Date:

Signature of the first named Shareholder : X _____

Note: 1. On registration of e-mail, all the communications, including the Annual Reports, will be sent at the said registered e-mail.

2. Shareholders are requested to keep the Company informed of any change in their e-mail address.