



# THE ANDHRA SUGARS LIMITED

## 65<sup>th</sup> ANNUAL REPORT

### 2011 - 2012

#### BOARD OF DIRECTORS :

**Dr. Mullapudi Harischandra Prasad**  
Chairman & Managing Director (upto 3.9.2011)

**Dr. B. B. Ramaiah**  
Chairman & Managing Director (from 1.11.2011)

**Sri Justice G. Ramanujam (Retd.)**

**Sri A. Ranga Rao**

**Sri P. Narendranath Chowdary, B.Sc.**  
Managing Director (from 1.4.2012)

**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)**  
Joint Managing Director (from 1.4.2012)

**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

#### COMPANY SECRETARY :

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

**GENERAL MANAGER (FINANCE) & ASST. SECRETARY :**  
**Sri P.V.S.Viswanadha Kumar, F.C.A., F.I.C.W.A.,A.C.S.**

#### BANKERS :

Andhra Bank  
State Bank of India  
State Bank of Hyderabad  
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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**DIRECTORS' REPORT**

To  
The Shareholders

Your Directors have pleasure in presenting this SIXTY FIFTH ANNUAL REPORT along with the audited Statement of Accounts for the year ending 31<sup>st</sup> March, 2012.

**FINANCIAL RESULTS :**

(Rupees in lakhs)

	<b>This Year</b>	Last Year
Sales	<b>75759.55</b>	50499.92
Other Income	<b>1368.32</b>	1487.14
	<b>77127.87</b>	51987.06
Profit for the year	<b>17716.47</b>	8959.42
Depreciation	<b>3932.37</b>	3804.75
Profit after depreciation	<b>13784.10</b>	5154.67
Add: Excess provision of Income Tax credited back	<b>12.21</b>	—
	<b>13796.31</b>	5154.67
Provision for Current Tax	<b>4150.00</b>	1250.00
Provision for Deferred Tax	<b>304.04</b>	283.77
Profit after Tax	<b>9342.27</b>	3620.90
Add: Balance brought forward from last year	<b>7044.20</b>	10124.37
Profit available for appropriation	<b>16386.47</b>	13745.27

**APPROPRIATIONS:**

Transfer to General Reserve	<b>5000.00</b>	5000.00
Proposed Dividend on Equity Shares at Rs.7.00 per share (Last Year Dividend on Equity Shares at Rs. 5.50 per share)	<b>1897.50</b>	1490.89
Tax on distributable profits	<b>276.11</b>	210.18
Balance carried forward to next year	<b>9212.86</b>	7044.20
	<b>16386.47</b>	13745.27

**PERFORMANCE:**

2011-12 has been a significant year for your Company. Profit of Rs. 137.84 crores (after depreciation) has been the highest in the history of the Company. Profit after tax is Rs. 93.42 crores against Rs. 36.21 crores of last year. Sales increased to Rs. 757.59 crores against Rs. 505.00 crores of last year. The overall performance of your Company has been impressive.

**DIVIDENDS:**

A Dividend of Rs. 5.50 per Equity Share was paid for the year 2010-11. Your Directors recommend a Dividend of Rs.7/- per Equity Share (Rs.10/- paid-up Equity Share) for the year 2011-12. The outflow towards Dividend payment including tax on distributable profits would be Rs.21.74 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 31-3-2012, 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 31-3-2012 stands at Rs. 441.10 crores against Rs. 369.42 crores on 31-3-2011.

**REVIEW OF OPERATIONS:**

**SUGAR UNITS:**

The three Sugar Units in aggregate crushed 8,78,167 MTs of cane during the 2011-12 season against 7,54,635 MTs crushed last year. The crushing operations and cane price paid to cane suppliers for the 2011-12 season are:

	SUGAR UNIT – I TANUKU		SUGAR UNIT – II TADUVAI		SUGAR UNIT - III BHIMADOLE	
	Fin. Year 2011-12	Fin. Year 2010-11	Fin. Year 2011-12	Fin. Year 2010-11	Fin. Year 2011-12	Fin. Year 2010-11
<b>(A) Crushing details:</b>						
Total cane crushed (MT)	<b>220481</b>	226653	<b>391839</b>	330730	<b>265847</b>	197252
Total No. of days crushed	<b>90</b>	95	<b>114</b>	112	<b>96</b>	88
Total Sugar produced (MT)	<b>20003</b>	22235	<b>43805</b>	35448	<b>25514</b>	19046
Average Recovery	<b>9.22%</b>	9.45%	<b>11.26%</b>	10.72%	<b>9.70%</b>	9.58%
<b>(B) Cane price:</b>						
Fair & Remunerative price (per M.T.)	<b>1450.00</b>	1391.20	<b>1636.66</b>	1537.20	<b>1462.24</b>	1405.80
Cane price paid (per M.T.)*	<b>2000.00</b>	1900.00	<b>2000.00</b>	1900.00	<b>2000.00</b>	1900.00

\* inclusive of purchase tax incentive price @ Rs. 60/- per MT.

- Cane crush at Sugar Unit-I was marginally less compared to last year as the number of days of crush were lower than last year.
- Sugar Units II & III crushed for more number of days compared to last year consequently crushing a quantity higher than last year.
- Recovery achieved and sugar produced were marginally lower at Sugar Unit-I while it was higher at Sugar Units II & III compared to last year.
- 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 has been better compared to last year.

#### POWER GENERATION :

During the year under report the Co-generation Unit at Taduvai generated 1,80,64,480 Units of Power against 1,67,65,420 Units generated last year.

#### PERFORMANCE OF CHEMICAL DIVISION:

During the year under report the Chemical Divisions put up in an impressive performance. The Caustic Soda Division at Saggonda achieved a turnover of Rs.354.93 crores compared to Rs.263.69 crores achieved last year. Profit after depreciation achieved by this division this year was Rs.105.47 crores against Rs.45.46 crores achieved last year. Performance of the Sulphuric Acid and Superphosphate plants is also better compared to last year.

#### WIND POWER UNITS:

The Power generated at Ramagiri Wind Mills during the year is 22,90,800 Units against 19,24,800 Units generated last year.

The Power generation at the Tamil Nadu Wind Mill operations during the year under report is 2,15,13,009 Units against 2,52,48,980 Units of last year. This Power is being fed into Tamil Nadu State Electricity Board grid.

#### PROJECTS:

Due to the advantage of economy of scale and diversification, your Company continues to focus its strategy on Expansion and Diversification Programmes.

A 400 TPD Caustic Soda Plant using Energy Efficient Technology is in operation at Saggonda. This Plant produces Caustic Soda which is converted into Caustic Soda Flakes and Lye as per the market requirement. At present a 60 TPD Caustic Soda Flaking Plant is in operation which is unable to fully meet the increased demand. Keeping this in view, a new 70 TPD Caustic Soda Flaking Plant is proposed to be set up at Saggonda. The new Plant will use an Energy Efficient design which would consume lesser energy. Orders for equipment have been placed and the Plant is expected to be in operation during the current Financial Year.

Your Company owns 42.28 acres of land in Jawaharlal Nehru Pharamcity Non SEZ area, Parawada, Visakhapatnam. A 100 TPD Hypochlorite Plant is being set up at this site. Site development works, material procurement and equipment fabrication are in progress. The main raw materials, Caustic Soda and Chlorine required for this product will be sourced internally from our Plant at Saggonda. Barring unforeseen circumstances this Plant is expected to be commissioned during the current Financial Year.

As domestic market for Aspirin is not encouraging, your Company focus is to widen the International market base. Keeping this in view the present 1000 TPA Aspirin Plant is being expanded to 2000 TPA. The Committee of AP State Pollution Control Board has conveyed it's preliminary approval of our application. Formal approval is awaited after which necessary steps will be taken to obtain other approvals required.

In addition to Wind Mills established at Kundadam, Annaikulam, Kurichampatti and Surandai in Tamil Nadu and Ramagiri in Andhra Pradesh, 5 MW Wind Turbine Generators at four locations at Palladam in Coimbatore district have been established. These new Turbine Generators have been commissioned during the year under report.

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

**AWARD:**

Your Directors are happy to inform that in appreciation of the achievements in Energy Conservation in the Chlor-Alkali Sector for the year 2011, Government of India, Ministry of Power, was pleased to award the First Prize to your Company's Chemicals & Fertilizers Division at Saggonda.

**CERTIFICATION:**

Your Directors are glad to inform that your Company's Chemicals & Fertilisers Division at Saggonda has received ISO 14001:2004 and ISO 9001L:2008 Certification pertaining to Manufacture and Sale of Caustic Soda Lye and Flakes, Chlorine, Hydrochloric Acid, Sodium Hypochlorite, Hydrogen Gas, Poly Aluminum Chloride and Sulphuric Acid at this Division.

**DEMATERIALISATION OF EQUITY SHARES:**

As of 31<sup>st</sup> March, 2012, Equity Shares representing 41.5% 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 responsible 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 31<sup>st</sup> March, 2012 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.

**DIRECTORS:**

Your Directors report with profound grief the sad demise, on 3-9-2011, of erstwhile Chairman and Managing Director, Dr. Mullapudi Harischandra Prasad, one of the founders of your Company. His demise has been an irreparable loss to the Company. Your Directors place on record the warm appreciation of his invaluable contribution to the growth and prosperity of the Company since inception. We at the Company will keep the lamp he lit glowing and held high.

In terms of Article 116 of the Articles of Association of the Company, Directors Sri V.S.Raju, Dr. Alapaty Appa Rao, Sri M.Narendranath and Sri P. Achuta Ramayya retire by rotation at the 65<sup>th</sup> Annual General Meeting and being eligible, offer themselves for re-appointment.

Dr. B. B. Ramaiah was appointed as Chairman and Managing Director with effect from 1-11-2011. Sri P. Narendranath Chowdary and Sri P. Achuta Ramayya were re-designated as Managing Director and Joint Managing Director respectively with effect from 1-4-2012. Necessary Resolution is being placed for the approval of the shareholders at the ensuing 65<sup>th</sup> Annual General Meeting.

Re-appointment of Sri M. Narendranath, Sri M. Thimmaraja and Sri P. Achuta Ramayya as Joint Managing Directors for a period of 5 years with effect from 1-1-2013 is being placed before the shareholders at the ensuing 65<sup>th</sup> Annual General Meeting for their approval.

**AUDIT COMMITTEE:**

Audit Committee comprises 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.

Your Directors are happy to inform that the Company's Chemicals & Fertilizers Division at Saggonda conforms to the Occupational Health and Safety Management System Standard and has received OHSAS 18001:2007 certification pertaining to Manufacture and Sale of Caustic Soda Lye and Flakes, Chlorine, Hydrochloric Acid, Sodium Hypochlorite, Hydrogen Gas, Poly Aluminum Chloride and Sulphuric Acid at this Division.

**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 remained unclaimed as on 31-3-2012. 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 remained 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 ending 31-3-2012, your subsidiary Company, JOCIL Ltd., posted a profit of Rs. 1860.42 lakhs (before taxation) against Rs. 2845.33 lakhs (before taxation) last year. The Board of this Subsidiary has recommended a Dividend of Rs.5/- per share on the Enhanced Capital of 88,81,150 Equity Shares resulting out of the allotment of Bonus Shares in the ratio 1:1 during the year. Dividend paid last year was Rs.8/- per share on 44,40,575 Equity Shares.

**THE ANDHRA FARM CHEMICALS CORPORATION LIMITED:**

During the year under report 81 MTs of Hydrazine Hydrate was produced against 87 MTs last year. The Company achieved a sales of Rs. 606.20 lakhs against Rs. 725.75 lakhs and incurred a loss of Rs.33.56 lakhs against the loss of Rs. 47.63 lakhs last year.

**HINDUSTAN ALLIED CHEMICALS LIMITED:**

The Directors are on the look out 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 65th 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 ended 31-3-2012. Cost Auditors' Report in respect of Financial Year 2010-11 has been filed with the Ministry of Corporate Affairs on 31-08-2011, i.e., within the stipulated due date of 30-9-2011.

**ACKNOWLEDGEMENT:**

Your Directors wish to place on record their appreciation for 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  
28-07-2012

For and on behalf of the Board  
Dr. B.B. RAMAIAH  
Chairman & Managing Director



## ANNEXURE "A" TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31-03-2012

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 01-04-2011 to 31-03-2012.

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 (upto 3.9.2011)		65	01-08-1968	15578022	91	Partner, Ex-Managing Agency Firm The Andhra Sugars Ltd., 21 Years
2)	Dr. B. B. Ramaiah	Chairman & Managing Director (from 1.11.2011)	B.Sc., (Hons), Sugar Technology M.Sc., (Chemical Technology) M.Sc., (Wisconsin), A.M.P. (Harvard)	58	01-04-1998	34249419	86	Managing Director (Tech.) The Andhra Sugars Ltd., 28 Years
3)	Sri P. Narendranath Chowdary	Joint Managing Director	B.Sc.	45	12-01-1976	17188045	64	Director, The Andhra Sugars Ltd., 8 Years
4)	Sri M. Narendranath	Joint Managing Director	B.Sc., (Ag.)	38	01-01-1998	17212917	63	Managing Director, 24 Years Sree Satyanarayana Spinning Mills Ltd., Tanuku.
5)	Sri M. Thimmaraja	Joint Managing Director	B.Tech., M.B.A. (Florida)	37	01-08-1978	17206070	61	Director, The Andhra Sugars Ltd., 2 ½ Years
6)	Sri P. Achuta Ramayya	Executive Director	B.Com., M.B.A. (New York)	29	01-08-1983	16676494	57	First Appointment
7)	Sri P.S.R.V.K. Ranga Rao	Executive Director	B.Com.	13	01-05-1999	8830054	42	Director, The Andhra Sugars Ltd., 1 ½ Years

\* Employed for the part of the year.

- 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 31.03.2012**

**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:**

**1. Energy conservation measures taken.**

The following energy conservation measures were taken up at Sugar Unit – I, during the financial year ended by 31-03-2012.

- a) Vapour line juice heater was installed on "Set – A" evaporators for primary juice 1<sup>st</sup> stage heating.
- b) Liquid – Liquid heater was installed for primary juice 2<sup>nd</sup> stage heating with condensate.
- c) Installed two stage heating for press juice with 3<sup>rd</sup> vapour and 2<sup>nd</sup> vapour.
- d) Clear juice heating with 1<sup>st</sup> vapour instead of exhaust.
- e) Pan washing with 1<sup>st</sup> vapour instead of exhaust.
- f) R.O. water heating with 2<sup>nd</sup> vapour.

**2. Additional investments and proposals, if any, being implemented for reduction of consumption of energy.**

The following Energy Saving Measures were proposed with an estimated investment of Rs. 116 lakhs and are being implemented during this off-season.

- a) Vapour line juice heater on "Set – B" evaporators for primary juice 1<sup>st</sup> stage heating.
- b) An ejector heat filtrate with clarifier flash.
- c) Tubular heaters for syrup heating with 2<sup>nd</sup> vapour instead of 1<sup>st</sup> vapour.
- d) Molasses conditioning with 1<sup>st</sup> vapour instead of live steam.
- e) Melting B-seed, C-seed and Rori & Powder using syrup & 2<sup>nd</sup> vapour
- f) Heating the condensate in Liquid-Liquid heater using exhaust condensate to as super heated wash water.

**3. Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.**

- a) Energy Saving Measures taken in 2011 off-season have given good results.
  - Comparing to earlier season, about 4768 MTs of extra steam (which is equal to 2649 MTs of bagasse) was supplied to our chemical units.
  - About 735 MTs of bagasse was sent to Sugar Unit-II, Taduvai.
  - M – grade sugar production was increased to 74.35% from 61.23%, which requires 2-3% extra steam. (@ 2% steam, bagasse saving shall be 1% i.e., for 2.2 lakh tonnes cane, bagasse saving is 2200 MTs).

Total bagasse saving is 5584 MTs which generated a revenue of Rs. 61.42 lakhs @ Rs. 1100/- per MT of bagasse.

The reduction in cost of production is nearly about Rs. 21.85 per quintal of sugar produced in 2011-2012 season.

- b) With the steam saving measures proposed for 2012 off-season, the steam saving could be 3.23% on cane. The bagasse saving could be around 1.6% on cane. For the expected cane crush of 2.25 lakhs tonnes in the ensuing season, the net bagasse saving could be 3600 MTs valued at about Rs. 39.6 lakhs considering the bagasse rate @ Rs. 1100/- per MT. Assuming 10% recovery, the reduction in cost of production could be Rs. 17.60 per quintal of Sugar.

### **SUGAR UNIT – III, BHIMADOLE:**

Conservation of Energy:

#### **1. Energy conservation measures taken**

The Following Steam Economy Measures were taken up during 2011 off-season to reduce steam % Cane.

- a) Press juice heating with 1<sup>st</sup> & 2<sup>nd</sup> vapour condensate.
- b) Utilising the heat from the Clarifier flash.
- c) Condensate flash system
- d) Use of 1<sup>st</sup> vapour for pan washing instead of exhaust
- e) 1<sup>st</sup> and 2<sup>nd</sup> body Ammonia ventings for Sugar Drier.
- f) Clear juice heating with 1<sup>st</sup> vapour and Exhaust.

With the above measures, there was a saving of Bagasse around 6000 MTs. During the last cane crushing season 2,65,847 MTs of cane crushed.

#### **2. Additional investments and proposals, if any, being implemented for reduction of consumption of energy.**

The following Steam Economy Measures are being taken up during the present off-Season to reduce the Steam % Cane.

- a) Tubular heater for syrup heating from 60 to 75°C using 2<sup>nd</sup> vapour.
- b) Scalding juice heating from 74 to 85°C by using 3<sup>rd</sup> vapour.
- c) Condensates flash system from exhaust condensate in two stages.
- d) Melting B-Seed & C-Seed and Rori & Powder, using syrup and 2<sup>nd</sup> vapour.
- e) Conversion of evaporator set Quad to Quintuple by adding 1000 m<sup>2</sup> evaporator bodies (2 Nos.) to have extensive vapour bleeding.

#### **3. Impact of the measures at (a) and (b) for reduction of energy consumption and consequent impact on the cost of production of goods.**

With the above proposed steam reduction measures, we expect the steam requirement to get reduced by about 6.95% on Cane. For an expected cane crush of 2.80 lakhs MTs for the ensuing season, the net bagasse saving would be about 9,700 MTs which could generate a revenue of about Rs. 106.70 lakhs @ Rs.1100/- per MT of bagasse. There could be a reduction in cost of production by Rs. 38.00 per Quintal of Sugar.

**CHEMICAL COMPLEX, KOVVUR:**

VFDs are proposed to be installed for pumps and compressors for reducing Auxiliary Power consumption, as the plant is operating at reduced capacity.

**CHEMICAL COMPLEX, SAGGONDA:**

1. Installation of latest technology Caustic Soda Flaking Plant of 70 TPD capacity.
2. Renovation of existing Evaporation plant to reduce steam.
3. 7 Nos of VFDs proposed for various Brine and other pumps.
4. Re-coating of one Electrolyser to reduce power consumption.
5. Membrane replacement with high performance Membranes.

**B. TECHNOLOGY ABSORPTION:**

A new juice sulphitation system using efficient Rotary Furnace and Multi jets have been proposed to be installed under R&D program during the present off-season by taking the Technical know-how from Brazil. This system eliminates the requirement of 7 kg/cm<sup>2</sup> steam for melter and receiver and requirement of 60 HP air blower. Apart from this the new system provides effective sulphitation of juice. This system also eliminates the requirement of a big juice sulphitor and its stirrer.

**Form B annexed.**

<b>C. Foreign Exchange Earnings and outgo:</b>	<b>Current Year</b>	<b>Last Year</b>
a) Used (Rs. in lakhs)		
i) Revenue Account	<b>44.16</b>	118.62
ii) Know-how fee and Service	—	—
b) Earned (Rs. In lakhs)		
c) On FOB basis	<b>719.70</b>	226.42

# 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
<b>A) POWER AND FUEL CONSUMPTION</b>											
<b>1. ELECTRICITY</b>											
<b>A) PURCHASED</b>											
UNITS	KWH	<b>8500830</b>	7359503	<b>21071781</b>	19166447	<b>697350</b>	710750	<b>269957087</b>	270187986	<b>313858</b>	383664
TOTAL AMOUNT	RS.	<b>35362258</b>	30256619	<b>76117809</b>	57584033	<b>3258513</b>	3295836	<b>840399849</b>	849738809	<b>2047530</b>	2261538
RATE/UNIT	RS.	<b>4.16</b>	4.11	<b>3.61</b>	3.00	<b>4.67</b>	4.64	<b>3.11</b>	3.14	<b>6.52</b>	5.89
<b>B) OWN GENERATION</b>											
<b>I) THROUGH DIESEL GENERATOR</b>											
UNITS	KWH	<b>55690</b>	98260	—	—	<b>33012</b>	51212	--	--	<b>190592</b>	168128
UNITS PER LTR OF DIESEL OIL	KWH	<b>3.11</b>	3.02	—	—	<b>1.95</b>	2.69	--	--	<b>2.34</b>	2.07
COST/UNIT	RS.	<b>63.06</b>	25.94	—	—	<b>74.77</b>	38.23	--	--	<b>22.77</b>	23.62
<b>II) THROUGH STEAM TURBINE GENERATOR</b>											
UNITS	KWH	<b>9209400</b>	8898900	—	—	<b>18064480</b>	16765420	--	--	<b>8940610</b>	6944540
COST/UNIT	RS.	<b>3.14</b>	2.53	—	—	<b>2.24</b>	1.11	--	--	<b>3.58</b>	2.49
<b>2. COAL</b>											
QUANTITY	MT	<b>519.250</b>	826.900	—	—	—	—	—	—	—	—
TOTAL COST	RS.	<b>1971410</b>	2774607	—	—	—	—	—	—	—	—
AVERAGE RATE	RS.	<b>3796.65</b>	3355.43	—	—	—	—	—	—	—	—
<b>3. FURNACE OIL</b>											
QUANTITY	KL	—	—	<b>241.553</b>	192.311	—	—	<b>81.313</b>	58.462	—	—
TOTAL AMOUNT	RS.	—	—	<b>10139345</b>	7182027	—	—	<b>2953282</b>	1736126	—	—
AVERAGE RATE	RS.	—	—	<b>41975.65</b>	37345.84	—	—	<b>36319.93</b>	29696.88	—	—

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
<b>4. ONGC NATURAL GAS</b>											
QUANTITY	M <sup>3</sup>	<b>3264855</b>	3350743	—	—	—	—	—	—	—	—
TOTAL AMOUNT	RS.	<b>32098507</b>	26004209	—	—	—	—	—	—	—	—
RATE/UNIT (M3)	RS.	<b>9.83</b>	7.76	—	—	—	—	—	—	—	—
<b>5. HUSK AND FIRE WOOD</b>											
QUANTITY	MT	<b>44.590</b>	58.510	<b>1440.510</b>	2261.230	<b>155.530</b>	8.000	<b>6008.940</b>	5384.160	<b>87.730</b>	1170.410
TOTAL COST	RS.	<b>66652</b>	91778	<b>2982820</b>	5427858	<b>350336</b>	12022	<b>14315947</b>	12591526	<b>171022</b>	359163
AVERAGE RATE	RS.	<b>1494.77</b>	1568.59	<b>2070.67</b>	2400.40	<b>2252.53</b>	1502.75	<b>2382.44</b>	2338.62	<b>1949.41</b>	2107.64
<b>6. PURCHASED BAGASSE</b>											
QUANTITY	MT	—	—	—	—	—	—	—	—	—	—
TOTAL COST	RS.	—	—	—	—	—	—	—	—	—	—
AVERAGE RATE	RS.	—	—	—	—	—	—	—	—	—	—
<b>7. CHIPPER DUST</b>											
QUANTITY	MT	—	—	—	—	<b>4.530</b>	557.830	—	—	—	161.000
TOTAL COST	RS.	—	—	—	—	<b>4413</b>	543437	—	—	—	194495
AVERAGE RATE	RS.	—	—	—	—	<b>974.20</b>	974.20	—	—	—	1208.04
<b>8. OTHER INTERNAL GENERATION</b>											
<b>A) BAGASSE</b>											
QUANTITY	MT	<b>69269.940</b>	72695.280	—	—	<b>119573.168</b>	93460.476	—	—	81721.500	57902.950
TOTAL AMOUNT	RS.	—	—	—	—	—	—	—	—	—	—
RATE/UNIT	RS.	—	—	—	—	—	—	—	—	—	—
<b>B) BIOGAS:</b>											
QUANTITY	M3	<b>4531195</b>	3738593	—	—	—	—	—	—	—	—
TOTAL AMOUNT	RS.	—	—	—	—	—	—	—	—	—	—
RATE/UNIT	RS.	—	—	—	—	—	—	—	—	—	—
<b>C) HYDROGEN</b>											
QUANTITY	MT	—	—	<b>144.603</b>	107.600	—	—	<b>1977.467</b>	1961.947	—	—
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 2011-12		PREVIOUS YEAR 2010-11	
		POWER (K.W.H.)	STEAM (M.T.)	POWER (K.W.H.)	STEAM (M.T.)
1. SUGAR (TANUKU)	QTL.	38	0.52	33	0.49
2. ALCOHOL	KL.	157	1.95	182	2.26
3. ETHANOL	KL.	67	0.66	68	0.68
4. ACETIC ACID /ANHYDRIDE MIX	MT.	848	7.05	865	7.17
5. ETHYL ACETATE	MT.	522	6.00	520	6.00
6. ASPIRIN	MT.	2945	11.50	3399	12.19
7. U.H.25	MT.	6561	131.66	6222	132.66
8. M.M.H	MT.	21190	516.30	20960	571.40
9. H.T.P.B	MT.	1430	20.60	1439	24.20
10. POTASSIUM CARBONATE	MT.	286	0.10	347	0.08
11. CAUSTIC SODA LYE AT SAGGONDA	MT.	2421	0.91	2451	0.82
12. LIQUID CHLORINE AT KOVVUR	MT.	304	-	395	-
13. LIQUID CHLORINE AT SAGGONDA	MT.	81	-	58	-
14. HYDROCHLORIC ACID AT KOVVUR	MT.	87	-	57	-
15. HYDROCHLORIC ACID AT SAGGONDA	MT.	28	-	32	-
16. CAUSTIC POTASH LYE AT KOVVUR	MT.	1800	2.35	1840	3.02
17. SULPHURIC ACID AT KOVVUR	MT.	76	0.32	60	0.33
18. SULPHURIC ACID AT SAGGONDA	MT.	70	0.30	72	0.30
19. SUPERPHOSPHATE AT KOVVUR	MT.	34	-	26	-
20. SUGAR (TADUVAI)	QTL.	19	0.41	20	0.46
21. SUGAR (BHIMADOLE)	QTL.	31	0.50	33	0.49

**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 development of indigenous technology for new products and processes, Technology up-gradation, 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	:	<b>115.10</b>
b) Recurring	:	<b>218.99</b>
c) Total	:	<b>334.09</b>
d) Total R&D expenditure	:	<b>0.41%</b>
as percentage of total turnover		



**TECHNOLOGY ABSORPTION ADAPTATION AND INNOVATION:**

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

- a) Introduction of True Seed Pan to make available better environment for seed preparation and to minimise sugar losses and improve product quality.
- b) Studies on recovery of DMA, Ammonia and MMA from the effluents of UDMH/MMH plants.
- c) Process for treating Phenolic effluents is under development to reduce the Phenol and high TDS content.
- d) Studies on improving the product quality of Salicylic are being carried out to reduce the impurities in the finished product.

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

- a) Introduction of True Seed Pan in the Crystallisation process of sugar manufacturing helped in reducing sugar losses and to improve the quality of the product.
- b) The studies will help in reduction of load on ETP and further in recovering the DMA, Ammonia and MMA from effluents, which can be recycled to the process.
- c) The process helps in recovery of Sodium Sulphate as well as Phenol as byproducts and will reduce load on ETP.
- d) Studies will help in improvement of quality of Salicylic Acid.

**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:**

- |   |  |     |
|---|--|-----|
| <ul style="list-style-type: none"> <li>a) Technology imported</li> <li>b) Year of import</li> <li>c) Has technology been fully absorbed</li> <li>d) If not fully absorbed, areas where this has not been taken place, reasons thereof.</li> </ul> |  | NIL |
|---|--|-----|

**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 Ramagiri in Andhra Pradesh and at the villages of Karichampatti, Navanteetha Krishnapuram, Annaikulam, Ayan Surandai, Kuruchimpatti in Tirunalveli District and at Thoppampatti, Eragampatti, Gethelrev, Marathur, Palladam and Kundadam in Tirpur District 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.

The Sugar Industry which is a major segment of the Agricultural economy continues to reel under the pressure of various Government controls. Mandatory stipulation to supply 10% of Sugar output at levy price below cost, release mechanism as per the directions of the Government, fixation of Minimum Cane Price by the Government, imposition of limit on Sugar stock holding by buyers are some of the major factors of concern that continues to be affecting the financial health of the Sugar Industry. Inconsistent export policy, imposition of VAT and acute labour shortage has compounded the problems further. In this scenario there is an urgent need for the Government to initiate necessary measures for the decontrol of the Industry to arrest the fall in the growth of the Sugar sector.

A Committee has been constituted by the Government to examine the issues relating to age old controls over the Sugar Industry. It is hoped that the Committee would soon come out with appropriate measures to free the Industry from the control regime. Ethanol blending programme with petrol was viewed as a value added business opportunity to the Mills. This programme is yet to take off in a big way as the price to be paid for Ethanol is not yet finalized. Another much needed support required from the Government is to provide much needed financial and other assistance to the farmers to go in for mechanization in a big way. This would help them to overcome the labour shortage.

Your Company has been giving constant thrust to Sugarcane Research & Development to help farmers improve the yield per acre and make Cane farming attractive. Research Farms are maintained by your Company where a number of lines of cane bred under this programme are under trial, with some lines showing promising results. To minimize the impact of acute labour shortage, Paved Raw Sugarcane planters are being developed at your Company's Research facility. Planting trials with this plantation on large scale have shown encouraging results. This is the first step towards mechanical harvesting. Work is in progress on Bed Formers too. This will facilitate proper output with mechanical harvesters. Keeping in view the interest of the farmers, your Company has been paying a Cane price higher than the "Fair Remunerative Price" in addition to Incentives and Subsidies to ensure that farmers see cane farming as remunerative as other commercial crops.

#### CHLOR-ALKALI PRODUCTS:

Your Company has an integrated Inorganic Chemical Complex at Kovvur and Saggonda, manufacturing a range of inorganic Chemicals.

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 at Energy Efficient operation to reduce the Power consumption. Your Company's Caustic Soda Plant at Saggonda is operated using an Energy Efficient Technology. Hydrogen and Chlorine, the by-products at Caustic Soda Plant are used to produce value added products.

To be able to operate the Caustic Soda Plant at full capacity utilization of Chlorine is a bottle neck. A Poly Aluminum Chloride Plant is already in operation and a Sodium Hypochlorite Plant is being set up. Other Chlorine based products are being considered in order to utilize maximum Chlorine in-house.

#### **OTHER OPPORTUNITIES:**

As most of your Company's products are used by the Pharma Industry, your Company is looking at Pharma as a business line. Your Company is working on widening the international market base for Aspirin. Your company's Aspirin plant has been upgraded to meet international standards and the required audit certificates received from EDQM. USFDA approval is awaited. Several overseas customers have audited and approved our Aspirin Plant facility and have indicated their willingness to buy our Product. This would enable the Company to venture into the export market in a larger way.

The Wind Generators operating at Surandai Village in Tirunaveli District of Tamil Nadu have earned Carbon Emission Receipts (CER). Your Company has initiated necessary steps for obtaining Carbon Emission Receipts (CER) in respect of generators established at Palladam and Kundadam in Tirpur District.

As a part of the ongoing diversification programme, a Sodium Hypo Chlorite Plant is being set-up at Jawaharlal Nehru Pharmacy Visakhapatnam, where your Company owns land in the non-SEZ area.

#### **POWER:**

Your Company's major segment is the Chlor-Alkali Division, which is a Power intensive operation. The Power availability scenario in the State has been dismal. 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), a gas based Power generating Company located at Vijjeswaram in West Godavari District. The cost of electricity availed from APGPCL is cheaper than that from the grid, giving your Company an advantage to remain competitive in the Chlor Alkali sector. A decision to set up Gas based Power Project at Saggonda and a Gas Turbine combined Heat Power Plant at Tanuku has been put on hold in view of the uncertainty in Gas supply from the Godavari basin.

The Co-generation unit at Taduvai wheeled more power to the Saggonda unit compared to last year in spite of Power interruption. During the current year the Power generation unit at Tanuku achieved grid synchronization. Power generated at this location can now be either exported to the State Electricity Board or could be wheeled to our other units. Looking ahead and keeping in view the Power availability scenario in the country, 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. 196.88 crores (before interest and depreciation) against Rs. 108.43 crores (before interest and depreciation) in last year.

The Fund based working capital limits remain unchanged at Rs. 170 crores.

The gross Fixed Assets of your Company as on 31.3.2012 is Rs. 840.60 crores compared to Rs. 800.33 crores during the previous year 2010-11. Your Company has a net worth of Rs. 468.21 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 2011-12, the Company has availed a deferment loan of Rs. 3.58 crores and the aggregate deferment loan availed as at 31<sup>st</sup> March, 2012 was Rs. 45.63 crores. Repayment will commence from the current Financial Year 2012-13. Your Company has availed interest free loans from the Consortium of Bankers to an extent of Rs. 19.00 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. With the repayment of final instalment in February, 2012 this loan has been repaid in full.

#### **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 continued to be cordial. As on 31.3.2012 your Company's employees strength stands at 2,321.

#### **CAUTIONARY STATEMENT**

Statement 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 these 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 stake-holders in the Company. ASL affirm 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 stake-holders including Shareholders, Employees, Customers, Suppliers, Lenders, Government and other parties having association with ASL

### 2. BOARD OF DIRECTORS

a) As on 31.3.2012, the Board of Directors consisted of 14 Directors.

COMPOSITION AND CATEGORY OF DIRECTORS IS AS FOLLOWS:

Category	Name of the Director
Promoter/Executive Directors	Dr. B.B. Ramaiah Chairman & Managing Director (w.e.f., 1-11-2011)
	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 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)

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

- 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 (upto 3-9-2011)	2	No		-	-	-
Dr. B. B. Ramaiah	4	Yes	3	-	1	1
Sri P. Narendranath Chowdary	4	Yes	7	4	2	-
Sri M. Narendranath	2	No	3	-	-	-
Sri M. Thimmaraja	3	Yes	2	-	3	-
Sri P. Achuta Ramayya	3	Yes	-	-	-	-
Sri P.S.R.V.K. Ranga Rao	3	Yes	-	-	-	-
Sri A. Ranga Rao	4	No	-	-	-	-
Sri Justice G. Ramanujam (Retd.)	-	No	2	-	1	1
Dr. A.V. Rama Rao	4	No	2	-	-	-
Dr. P. Kotaiah	4	No	7	2	3	4
Sri V.S. Raju	3	Yes	2	-	-	2
Dr. Alapaty Appa Rao	2	No	2	-	2	-
Dr. Anumolu Ramakrishna	2	Yes	11	-	10	1
Sri P.A. Chowdary, I.R.S.(Retd.)	3	No	-	-	-	-

Sri V.S.Raju, Member 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 2011-12 AND THE DATES ON WHICH HELD

Sl.No.	Date of Board Meeting
1	02.05.2011
2	28.07.2011
3	29.10.2011
4	28.01.2012

### 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](http://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 other 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 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.

- 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 shall be subject to review by the Audit Committee.

c) NUMBER OF AUDIT COMMITTEE MEETINGS HELD DURING THE FINANCIAL YEAR 2011 -12 AND THE DATES ON WHICH HELD

Sl. No.	Dates of Audit Committee Meeting
1	02.05.2011
2	28.07.2011
3	29.10.2011
4	28.01.2012

d) ATTENDANCE OF THE MEMBERS OF THE AUDIT COMMITTEE AT ITS MEETINGS HELD DURING THE FINANCIAL YEAR 2011-12

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

Executive Director, G.M.(Fin) & Asst. Secretary, Dy.G.M. (Finance)-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.

- e) The Audit Committee considers periodically statement of Related Party Transactions at its meeting.

**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 unlisted subsidiary Companies.
- c) Minutes of the Board Meeting of the unlisted 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 2011-12 are as hereunder:-

Name of Director	Remuneration paid / payable to the Directors			
	Sitting Fees	Salaries & Perquisites	Commission	Total
Dr. M. Harischandra Prasad (upto 3.9.2011)	Rs. Nil	Rs. 2739899	Rs. 12838123	Rs. 15578022
Dr. B. B. Ramaiah	Nil	4129207	30120212	34249419
Sri P. Narendranath Chowdary	Nil	2127939	15060106	17188045
Sri M. Narendranath	Nil	2152810	15060106	17212917
Sri M. Thimmaraja	Nil	2145964	15060106	17206070
Sri P. Achuta Ramayya	Nil	1616388	15060106	16676494
Sri P.S.R.V.K. Ranga Rao	Nil	1300000	7530054	8830054
Sri A. Ranga Rao	160000	Nil	Nil	160000
Sri Justice G. Ramanujam (Retd.)	Nil	Nil	Nil	Nil
Dr. A.V. Rama Rao	80000	Nil	Nil	80000
Dr. P. Kotaiah	160000	Nil	Nil	160000
Sri V. S. Raju	120000	Nil	Nil	120000
Dr. Alapaty Appa Rao	40000	Nil	Nil	40000
Dr. Anumolu Ramakrishna	40000	Nil	Nil	40000
Sri P.A. Chowdary, I.R.S.(Retd.)	60000	Nil	Nil	60000

- Remuneration is fixed and paid to the Managing Directors / 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 Directors /Whole-time Directors relating to their appointment / re-appointment. There is no severance fee.

**7. SHAREHOLDING OF NON-EXECUTIVE DIRECTORS**

As on 31-03-2012 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 2011-12 Company has not issued any convertible instruments.

**8. MANAGEMENT**

- Management Discussion and Analysis forms part of 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 2011-12, four Committee Meetings were held on dates viz., 08.06.2011, 28.07.2011, 29.10.2011 and 28-01-2012. The Company received a total number of 201 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 31-3-2012 no Share Transfers were pending and there were no pending complaints.
- d) ATTENDANCE OF DIRECTORS AT THE SHAREHOLDERS GRIEVANCE COMMITTEE MEETINGS HELD DURING FINANCIAL YEAR 2011-12.

Name of the Director	No. of Meetings attended
Sri Justice G. Ramanujam	--
Sri P. Narendranath Chowdary	4
Sri M. Thimmaraja	4

**11. ANNUAL GENERAL BODY MEETINGS**

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

Financial Year – 1 <sup>st</sup> April to 31 <sup>st</sup> March			
Financial Year	Venue	Date	Time
2008-2009	Registered Office VENKATARAYAPURAM, TANUKU - 534 215 (A.P.)	14-9-2009	3:00 p.m.
2009-2010	-- do --	29-9-2010	3:00 p.m.
2010-2011	-- do --	24-9-2011	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
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 effecting from 12-01-2011.
24-09-2011	---	----

**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”.
- 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.

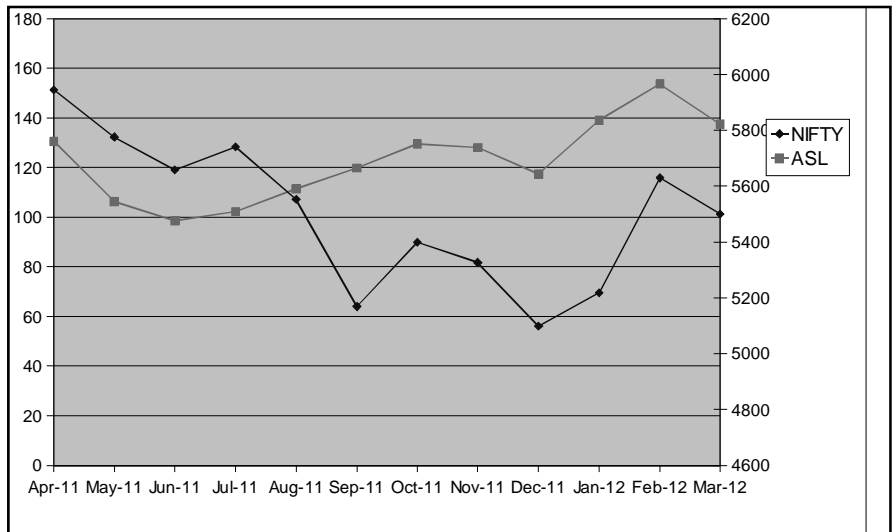
**v. General Shareholder Information**

- (i) Annual General Meeting
  - Date & Time : Thursday, 27<sup>th</sup> September, 2012, 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. The results of every quarter beginning from April are declared within the stipulated time limit as per the provisions of Listing Agreement.
- (iii) Date of book closure : Tuesday, 18<sup>th</sup> September, 2012 to Thursday, 27<sup>th</sup> September, 2012 (both days inclusive)
- (iv) Dividend payment date : 4<sup>th</sup> October, 2012
- (v) Listing on Stock Exchanges : Madras Stock Exchange  
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, 2011	130.50	87.40
May, 2011	106.25	95.50
June, 2011	98.50	81.95
July, 2011	102.25	94.00
August, 2011	111.40	101.05
September, 2011	119.90	95.85
October, 2011	129.40	95.10
November, 2011	128.00	108.00
December, 2011	117.40	98.85
January, 2012	139.00	105.00
February, 2012	153.70	126.25
March, 2012	137.40	124.00

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

**EQUITY SHARE PRICE CHART (NSE)**



- (ix) Registrars & Share Transfer Agents : The share transfer work is carried out in-house at the Company's Registered Office, Venkatarayapuram, Tanuku – 534 215, West Godavari Dist. (A.P.)  
Telephone Nos. 224911 (8 lines) Fax No. 224168  
Email: [elr\\_asltnk@sancharnet.in](mailto:elr_asltnk@sancharnet.in)  
[info.tnk@theandhrasugars.com](mailto:info.tnk@theandhrasugars.com)

- (x) 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 Managing Director and Joint Managing Director. 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 Depositories Act, 1996.

- (xi) (a) Shareholding pattern as on 31<sup>st</sup> March, 2012

Category	No. of Shares held	% of Shareholding
Promoters	12699995	46.85
Institutions, Mutual Funds and Banks	232779	0.86
FII's / OCBs	—	—
NRIs	463893	1.71
Bodies Corporate, Trusts and Clearing Members	2114741	7.80
Public	11595670	42.78
<b>Total</b>	<b>27107078</b>	<b>100.00</b>

(b) Distribution of Shareholding as on 31<sup>st</sup> March, 2012

Shareholding of Nominal value of Rs.	No. of Shareholders	% to total	Share amount in Rs.	% to Total
Upto 5000	12886	83.578	23697670	8.742
5001 to 10000	1026	6.655	11163700	4.118
10001 to 20000	627	4.067	12806160	4.724
20001 to 30000	250	1.621	8764840	3.233
30001 to 40000	120	0.778	5341280	1.970
40001 to 50000	115	0.746	8556180	3.156
50001 to 100000	194	1.258	23424330	8.641
100001 onwards	200	1.297	177316620	65.416
Total	15418	100.00	271070780	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 25<sup>th</sup> 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 31.3.2012, 41.5% 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) Surandai Village,  
Veeranam Region,  
Tirunelveli District,  
Tamilnadu.  
(c) Kundadam Village,  
Tamilnadu  
(d) Palladam 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 Directors 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 31<sup>st</sup> March, 2012, 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 31<sup>st</sup> March, 2012.

Place : TANUKU  
Date : 28-07-2012

Dr. B.B. RAMAIAH  
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 31<sup>st</sup> March, 2012 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.

The Chairman of the Audit Committee could not attend the 64<sup>th</sup> Annual General Meeting of the Company held on 24<sup>th</sup> September 2011 in view of the reason explained in the report on the Corporate Governance; however, one member of the Audit Committee was present.

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, except as stated in Para 3 above.

We state that in respect of investor grievances received during the year ended 31<sup>st</sup> March, 2012, 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 : 28-7- 2012

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 31<sup>st</sup> March 2012, its Statement of Profit and Loss 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.

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, Statement of Profit and Loss and Cash-flow Statement dealt with by this report are in agreement with the books of account;
- d. In our opinion, the Balance Sheet, Statement of Profit and Loss 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, 2012, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2012 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 31<sup>st</sup> March, 2012;
  - II. in the case of the Statement of Profit and Loss, 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 : 28- 7- 2012

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.
- 3.5 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 in lakhs	Remarks
1.	Andhra Pradesh State Excise Act	Upto August, 1976	3.58 (establishment charges)	Pending receipt of demand by the Company
2.	Andhra Pradesh State Excise Act	August, 1976 to March, 2012	15.31 (Interest on above)	Pending receipt of demand by the Company

- 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 in lakhs	Forum where dispute is pending
1	Water (Prevention and control of Pollution) Cess Act , 1977	Cess	0.50	Appellate Committee of the Govt. of AP
2	Sales Tax laws in different States	Sales Tax	296.66	Different appellate authorities
3	Income Tax Act, 1961	Income Tax	73.54	Commissioner of Income Tax Appeals
4	Central Excise Act, 1944	Excise Duty	2777.80	Different departmental appellate authorities
5	Service Tax Law	Service Tax	21.22	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 : 28-7-2012

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

**ACCOUNTING POLICIES****1.1 GENERAL :**

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

**1.2 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 up to the date of commissioning of assets are capitalised. Revenue expenses incidental to new projects are capitalized.

**1.3 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 capitalized as part of cost of such assets. All other borrowing costs are charged to revenue.

**1.4 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.

**1.5 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.

**1.6 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.

**1.7 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.

**1.8 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 recognise 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.

**1.9 EXPENDITURE :**

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

**1.10 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, Wind Power Tamilnadu, 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.

**1.11 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 recognised.
- In respect of forward exchange contracts in the nature of hedges

- a) Premium or discount on the contract is amortized over the term of the contract,
- b) Exchange differences on the contract are recognized as profit or loss in the period in which they arise.

**1.12 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 recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

**1.13 CONTINGENT LIABILITIES :**

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

**1.14 INTANGIBLE ASSETS :**

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

Intangible Assets are initially recorded at the consideration paid for acquisition and stated in the Account each year net of Amortised Value. Intangible Assets are amortised over period of 10 Years.

**1.15 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 recognized 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 recognized only if there is a reasonable certainty of realization.

**1.16 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.

**1.17 MISCELLANEOUS EXPENDITURE :**

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



BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2012

(Rs. in lakhs)

Equity & Liabilities	Notes	31-03-2012	31-03-2011
<b>Shareholders Funds</b>			
Share Capital	2	2711.01	2711.01
Reserves and Surplus	3	44110.30	36941.64
		<b>46821.31</b>	39652.65
<b>Non-Current Liabilities</b>			
Long-term Borrowings	4	13612.58	13634.64
Deferred Tax Liability (Net)	5	8201.38	7897.34
Other Long-term liabilities	6	4029.58	3568.18
Long-term Provisions	7	1212.09	1334.93
		<b>27055.63</b>	26435.09
<b>Current Liabilities</b>			
Short-term Borrowings	8	12855.94	10679.30
Trade Payables	9.1	2184.85	2173.51
Other Current Liabilities	9.2	10732.54	11737.89
Short term Provisions	7	10759.77	7748.24
		<b>36533.10</b>	32338.94
<b>TOTAL</b>		<b>110410.04</b>	98426.68
<b>Assets</b>			
<b>Non current Assets</b>			
Fixed Assets			
Tangible Assets	10.1	48664.66	48350.64
In tangible Assets	10.2	51.49	—
Capital Work in Progress		686.38	534.66
		<b>49402.53</b>	48885.30
Non-current Investments	11	7472.26	7521.78
Long term Loans and Advances	12	1094.70	789.41
		<b>8566.96</b>	8311.19
<b>Current Assets</b>			
Inventories	14	30141.04	25024.60
Trade Receivables	13.1	9052.17	5243.65
Cash and Bank Balances	15	2237.64	2279.69
Short term Loans and Advances	12	10973.19	8646.25
Other Current Assets	13.2	36.51	36.00
		<b>52440.55</b>	41230.19
<b>TOTAL</b>		<b>110410.04</b>	98426.68
Summary of Significant Accounting Policies	1		

The accompanying notes are an integral part of the Financial Statements.

Per our report of even date:	FOR AND ON BEHALF OF THE BOARD	
For Brahmayya & Company	Dr. B.B. Ramaiah	Chairman & Managing Director
Chartered Accountants	A. Ranga Rao	Director
Firm Regn. No. 000513S	M. Palachandra	Company Secretary
T.V. RAMANA	P.V.S. Viswanadha Kumar	G.M. (Finance) & Asst. Secretary
Partner		
Membership No. 200523		

Camp : TANUKU  
Date : 28-07-2012

TANUKU  
28-07-2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

PARTICULARS	Notes	(Rs. in lakhs)	
		Current Reporting Period 2011-12	Previous Reporting Period 2010-11
<b>Income</b>			
Revenue from operations (Gross)	16	80613.15	53871.59
Less: Excise duty		4853.60	3371.67
Revenue from operations (Net)		75759.55	50499.92
Other Income	17	1368.32	1487.14
<b>Total Revenue</b>		<b>77127.87</b>	<b>51987.06</b>
<b>Expenses</b>			
Cost of raw materials and components consumed	18	33771.37	25893.90
Purchase of Traded goods		61.12	50.80
[Increase]/ Decrease in Inventories of Finished goods, Work in Progress and Traded goods	19	(5759.32)	(9990.25)
Employee Benefits Expense	20	7146.24	6076.76
Depreciation and Amortisation Expense	21	3932.37	3804.75
Finance Costs	22	2011.33	1904.66
Other Expenses	23	22180.66	19091.77
<b>Profit/(Loss) Before Tax</b>		<b>13784.10</b>	<b>5154.67</b>
<b>Add : Income Tax Excess Provision Credited Back</b>		<b>12.21</b>	<b>---</b>
<b>Less : Tax Expenses</b>			
Current Tax		4150.00	1250.00
Deferred Tax		304.04	283.77
<b>Total Tax Expense</b>		<b>4454.04</b>	<b>1533.77</b>
<b>Profit for the year</b>		<b>9342.27</b>	<b>3620.90</b>
Basic Earning Per Share		34.46	13.36
Diluted Earning Per Share		34.46	13.36
Summary of Significant Accounting Policies	1		

The accompanying notes are an integral part of the Financial Statements.

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. B.B. Ramaiah  
A. Ranga Rao  
M. Palachandra  
P.V.S. Viswanadha Kumar

Chairman & Managing Director  
Director  
Company Secretary  
G.M. (Finance) & Asst. Secretary

Camp : TANUKU  
Date : 28-07-2012

TANUKU  
28-07-2012

## The Andhra Sugars Limited

## Notes Forming Part of Accounts

(Rs. in Lakhs)  
Note - 2

## Share Capital

As At 31st  
March 2012      As At 31st  
March 2011**Authorised Shares :**

28750000 (31st March 2011: 28750000) Equity Shares of Rs.10 /- each	<b>2875.00</b>	2875.00
30000(31st March 2011:30000) 9.5% First Cummulative Redeemable Preference Shares of Rs 100/- each	<b>30.00</b>	30.00
95000 (March 2011:95000) 9.5% Second Cummulative Redeemable Preference Shares of Rs 100/- each	<b>95.00</b>	95.00
<b>Total</b>	<b>3000.00</b>	3000.00

**Issued Shares :**

27113091 (31st March 2011: 27113091) Equity Shares of Rs.10 /- each	<b>2711.31</b>	2711.31
	<b>2711.31</b>	2711.31

**Subscribed and fully paid-up shares :**

27107078 (31st March 2011: 27107078) Equity shares of Rs.10 /- each fully paid-up	<b>2710.71</b>	2710.71
Forfeited amount on 6013 shares of Rs.10/-each, Rs.5/- paid-up	<b>0.30</b>	0.30
<b>Total Subscribed and fully paid-up capital</b>	<b>2711.01</b>	2711.01

**a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

	At 31st March 2012		As At 31st March 2011	
	No.	Rs.	No.	Rs.
<b>Equity Shares</b>				
At the beginning of the period	<b>27107078</b>	<b>2710.71</b>	27107078	2710.71
Add: Fresh Issue during the year	-	-	-	-
Less: Buy Back of Shares during the year	-	-	-	-
<b>Outstanding at the end of the period</b>	<b>27107078</b>	<b>2710.71</b>	27107078	2710.71

**b. Shareholders holding more than 5% shares**

	As At 31st March 2012	As At 31st March 2011
Details of shareholders holding more than 5% shares in the Company	<b>Nil</b>	Nil

Notes Forming Part of Accounts  
RESERVES AND SURPLUS

(Rs. in Lakhs)  
Note - 3

## RESERVES AND SURPLUS

As At 31st  
March 2012

As At 31st  
March 2011

Capital Reserves

Capital Investment Subsidy

45.00

45.00

Forfeited Debentures \*\*

0.30

0.30

Securities Premium Account

1129.40

1129.40

General Reserve

Balance as per the last Financial Statements

28722.74

23722.74

Add : Amount transferred from Surplus Balance in the Statement of  
Profit and Loss

5000.00

5000.00

**Closing Balance**

33722.74

28722.74

**Surplus/ (Deficit) in the Statement of Profit and Loss**

Balance as per the last Financial Statements

7044.20

10124.37

Profit for the year

9342.27

3620.90

Less : **Appropriations**

Proposed Final Equity Dividend

1897.50

1490.89

Tax on Distributed Profits

276.11

210.18

Transfer to General Reserve

5000.00

5000.00

Total Appropriations

7173.61

6701.07

**Net Surplus in Statement of Profit and Loss**

9212.86

7044.20

**Total Reserves and Surplus taken to Balance Sheet**

44110.30

36941.64

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

## Notes Forming Part of Accounts

(Rs. in Lakhs)

## Note - 4

## LONG-TERM BORROWINGS:

	4.1. Non-current portion		4.2. Current maturities	
	As At 31st March 2012	As At 31st March 2011	As At 31st March 2012	As At 31st March 2011
<b>Term Loans</b>				
Indian Rupee loan from banks (secured)	266.05	1308.99	1042.95	3092.20
	-----	-----	-----	-----
	266.05	1308.99	1042.95	3092.20
	-----	-----	-----	-----
<b>Other Loans and advances:</b>				
Deferred sales tax loan (unsecured)	4440.93	4205.60	122.42	--
<b>Deposits (unsecured)</b>				
Deposits from Directors/Related Parties (Refer Note No. 41(C)(V))	7543.35	6939.39	927.50	1078.96
Others	1336.25	1176.66	2240.20	2341.19
Deposits from Hidustan Allied Chemicals Ltd (Subsidiary) (Refer Note No. 41(C)(V))	26.00	4.00	2.00	2.00
	13346.53	12325.65	3292.12	3422.15
	-----	-----	-----	-----
<b>Total Amount</b>	<b>13612.58</b>	13634.64	<b>4335.07</b>	6514.35
	-----	-----	-----	-----
<b>The above amount includes</b>				
Secured borrowings	266.05	1308.99	1042.95	3092.20
Unsecured borrowings	13321.00	12321.65	3292.12	3422.15
Amount disclosed under the head "Other current liabilities"(Note 9.2)	—	—	4335.07	6514.35
	-----	-----	-----	-----
<b>Net Amount</b>	<b>13612.58</b>	13634.64	—	—
	-----	-----	-----	-----

## Term Loans from Banks comprises of :

	<u>Andhra Bank</u>	<u>Indian Bank</u>
a) Loan availed	Rs.1910.00 Lakhs	Rs.958.00 Lakhs
b) No. of installements	11 Quarterly	11 Quarterly
c) Installments commencing from	31.12.2010	31.12.2010
d) Rate of Interest	Base Rate+2.50%	Base Rate+2.50%
e) Installment amount per quarter	Rs.173.64 Lakhs	Rs. 87.10 Lakhs

(The above loans are secured by Exclusive First Charge on Assets created out of the loan)

## Notes Forming Part of Accounts

(Rs. in Lakhs)  
Note - 5

<b>Deferred Tax Liability</b>	<b>As At 31st March 2012</b>	As At 31st March 2011
<b>Deferred Tax Liability</b>		
Fixed assets: Difference between Tax depreciation and depreciation/amortisation charged for the financial reporting	<b>8787.68</b>	8475.00
<b>Gross deferred tax liability</b>	<b>8787.68</b>	8475.00
<b>Deferred tax asset</b>		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	<b>577.60</b>	569.27
Provision for doubtful debts and advances	<b>8.70</b>	8.39
<b>Gross Deferred tax asset</b>	<b>586.30</b>	577.66
<b>Net Deferred Tax Liability</b>	<b>8201.38</b>	7897.34

## Note - 6

## OTHER LONG-TERM LIABILITIES:

	<b>As At 31st March 2012</b>	As At 31st March 2011
Trade payables	—	—
<b>Others</b>		
Trade Deposits	<b>105.92</b>	96.90
Staff Security Deposit	<b>10.50</b>	6.79
Outstanding Liabilities for Others	<b>3913.16</b>	3464.49
<b>Total</b>	<b>4029.58</b>	3568.18

## Note - 7

## PROVISIONS:

	Long-term		Short-term	
	As At 31st March 2012	As At 31st March 2011	As At 31st March 2012	As At 31st March 2011
<b>Provision for employee benefits:</b>				
Provision for Gratuity	<b>988.10</b>	1003.59	<b>173.67</b>	72.44
Provision for leave benefits	<b>223.99</b>	331.34	<b>299.49</b>	107.35
	<b>1212.09</b>	1334.93	<b>473.16</b>	179.79
<b>Other Provisions:</b>	--	--		
Provision for Wealth tax	--	--	<b>13.00</b>	12.00
Provision for Income tax proposed equity dividend	--	--	<b>8100.00</b>	5855.38
Provision for tax on Distributed Profits	--	--	<b>1897.50</b>	1490.89
	--	--	<b>276.11</b>	210.18
			<b>10286.61</b>	7568.45
<b>Total</b>	<b>1212.09</b>	1334.93	<b>10759.77</b>	7748.24

## Notes Forming Part of Accounts

(Rs. in Lakhs)  
Note - 8**SHORT-TERM BORROWINGS:**

	<b>As At 31st March 2012</b>	As At 31st March 2011
Cash credit from Banks (secured)	<b>9865.67</b>	10504.90
Foreign currency loan from banks-Buyers Credit (secured)	<b>2900.07</b>	—
<b>Deposits (unsecured):</b>		
from Others	<b>90.20</b>	174.40
	<b>12855.94</b>	10679.30
<b>The above amount includes</b>		
Secured borrowings	<b>12765.74</b>	10504.90
Unsecured borrowings	<b>90.20</b>	174.40

Cash Credit is 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. Foreign Currency Exposure that are not hedged by derivative Instruments as on 31st March 2012 is amounting to Rs. 2900.07 Lakhs (As at 31st March 2011: Nil).

**OTHER CURRENT LIABILITIES:**

	<b>As At 31st March 2012</b>	As At 31st March 2011
<b>9.1 Trade payables</b>	<b>2184.85</b>	2173.51
	<b>2184.85</b>	2173.51
<b>9.2 Other Liabilities:</b>		
Current maturities of long-term Borrowings (Refer Note No. 4.2 )	<b>4335.07</b>	6514.35
Interest accrued but not due on borrowings	<b>304.29</b>	276.29
Interest accrued and due on borrowings	<b>9.74</b>	15.87
Advance from customers	<b>212.98</b>	282.66
Unpaid Dividend	<b>103.31</b>	98.62
Unpaid matured deposits and interest accrued thereon	<b>40.60</b>	48.10
Unpaid matured debentures includes Interest	<b>8.62</b>	5.63
Accrued Salaries and Benefits	<b>706.17</b>	523.43
Directors' Remuneration Payable (Refer Note No. 41 )	<b>1113.05</b>	294.71
Staff Security Deposits	<b>3.96</b>	14.31
Statutory Dues	<b>1991.73</b>	873.30
Others	<b>1903.02</b>	2790.62
	<b>10732.54</b>	11737.89
<b>Total</b>	<b>12917.39</b>	13911.40

## FIXED ASSETS

(Rupees in lakhs)  
Note - 10

	GROSS BLOCK				DEPRECIATION BLOCK				IMPAIRMENT BLOCK				NET BLOCK	
	Cost as at 31-3-11	Additions during the year	Deductions during the year	Cost as at 31-3-12	Dep. upto 31-3-11	Dep. for 10-12**	Dep. on Dedn	Dep. upto 31-03-12	Impairment upto 31-03-11	Additions during the year	Deductions during the year	Impairment upto 31-03-12	WDV as at 31-3-12	WDV as at 31-3-11
<b>10.1.Tangible Assets:</b>														
1. LAND	3039.97	180.46	---	3220.43	0	0	0	0	0	0	0	0	3220.43	3039.97
2. FACTORY BUILDINGS *	5533.66	19.81	3.43	5550.04	1898.57	150.15	2.95	2045.77	0	0	0	0	3504.27	3635.09
3. PLANT AND MACHINERY	61656.49	1004.37	74.55	62586.31	25686.91	3191.08	66.85	28811.14	268.49	0	20.91	247.58	33527.59	35701.10
4. TRANSPORT EQUIPMENT	2166.16	546.54	105.76	2606.94	1291.64	212.01	90.31	1413.34	0	0	0	0	1193.60	874.52
5. FURNITURE & FITTINGS	301.95	14.19	9.47	306.67	235.65	9.33	5.76	239.22	0	0	0	0	67.45	66.30
6. OFFICE EQUIPMENT	330.52	33.10	40.94	322.68	242.68	23.47	40.46	225.69	0	0	0	0	96.99	87.84
7. TRAMWAYS & RAILWAY SIDING	731.99	---	14.29	717.70	308.00	31.94	12.80	327.14	0	0	0	0	390.56	423.99
8. RENEWABLE ENERGY PLANT: WIND	6272.08	2476.87	---	8748.95	1750.26	334.92	0.00	2085.18	0	0	0	0	6663.77	4521.82
<b>Total:</b>	80032.82	4275.34	248.44	84059.72	31413.70	3952.90	219.13	35147.48	268.49	0	20.91	247.58	48664.66	48350.63
Previous Year Total:	74334.52	8448.64	2750.34	80032.82	29473.23	3825.75	1885.28	31413.70	289.40	0	20.91	268.49	48350.63	44571.89
<b>10.2. Intangible Asset</b>	0.00	52.01	0	52.01	---	0.52	0	0.52	0	0	0	0	51.49	0

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

\*\* Depreciation for the year includes depreciation on impaired assets to the extent of Rs. 20.91 Lakhs and depreciation capitalised to the extent of Rs.0.14 Lakhs.



## Notes Forming Part of Accounts

(Rs. in Lakhs)

## Note - 11

## NON-CURRENT INVESTMENTS:

	As At 31st March 2012	As At 31st March 2011
<b>A) Trade Investments -Quoted</b>		
1 <b><u>Investment in Subsidiary</u></b>		
48,86,500 (31st March 2011:24,43,250 ) fully paid Equity Shares of Rs.10/- each in JOCIL LTD. (Bonus Shares of 24,43,250 (1:1) issued during the year)	<b>441.79</b>	441.79
2 <b><u>Investments in Associate</u></b>		
2,46,27,213 ( 31st March 2011: 2,46,27,213 ) fully paid Equity Shares of Rs.10/- each in The Andhra Petrochemicals Ltd.,	<b>3127.47</b>	3127.47
3 <b><u>Investments in Other Companies</u></b>		
a) 1,40,000 ( 31st March 2011: 1,40,000 ) fully paid Equity Shares of Rs.10/-each in Sree Akkamamba Textiles Ltd.,	<b>1.75</b>	1.75
b) 25,052 ( 31st March 2011: 25,052 )fully paid Equity Shares of Rs.10/- each in Andhra Bank	<b>4.31</b>	4.31
<b>B) Trade Investments -Unquoted</b>		
1 <b><u>Investment in Subsidiaries</u></b>		
a) 3,28,760 ( 31st March 2011: 3,28,760 ) partly paid Equity Shares of Rs.10/- each (Rs.2.50 per share paid up) in Hindustan Allied Chemicals Ltd.,(Unquoted)	<b>2.74</b>	2.74
b) 3,45,700 ( 31st March 2011: 3,45,700) fully paid Equity Shares of Rs.10/- each in The Andhra Farm Chemicals Corpn.Ltd.,(Unquoted)	<b>34.57</b>	34.57
2 <b><u>Investments in Other Companies</u></b>		
96,64,080 ( 31st March 2011: 96,64,080 ) fully paid Equity Shares of Rs.10/- each in Andhra Pradesh Gas Power Corporation Ltd., (Unquoted)	<b>3656.74</b>	3656.74
<b>C) Other Investments</b>		
1 1391 ( 31st March 2011: 1391 )Equity Shares of Rs.10/- each, fully paid-up in Indian Bank (Quoted)	<b>1.27</b>	1.27
2 As at 31st March 2011,1000000 Equity Shares of Rs.10/-each in Agri Business Finance (AP) Ltd., (Unquoted) 100 Less: Calls due 50 (Sold during the year) 50	—	50.00
3 Investments in Govt Securities: National Plan Saving Certificates (lodged with Govt.Departments towards security)	<b>0.52</b>	0.04
4 712110.482 ( 31st March 2011: 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, 1956 )	<b>201.10</b>	201.10
	<b>7472.26</b>	7521.78
<b>All the above investments are long-term investments.</b>		
<b>Aggregate amount of unquoted investments</b>	<b>3694.57</b>	3694.09
<b>Aggregate amount of quoted investments</b>	<b>3777.69</b>	3777.69
	<b>7472.26</b>	7471.78
<b>Aggregate market value of quoted investments</b>	<b>8254.57</b>	14041.00
<b>Aggregate amount of diminution in value of investments</b>	—	—

## Notes Forming Part of Accounts

(Rs. in Lakhs)

Note - 12

## LOANS &amp; ADVANCES :

	Non-Current		Current	
	As At 31st March 2012	As At 31st March 2011	As At 31st March 2012	As At 31st March 2011
<b>Capital Advances</b>				
Secured, considered good	---	---	---	---
Unsecured, considered good	<b>582.55</b>	402.70	---	---
	-----	-----	-----	-----
<b>(A)</b>	<b>582.55</b>	402.70		
	-----	-----		
<b>Security Deposit</b>				
Secured, considered good	---	---	---	---
Unsecured, considered good	<b>497.78</b>	382.98	<b>137.90</b>	170.53
Doubtful	---	---	---	---
	-----	-----	-----	-----
	<b>497.78</b>	382.98	<b>137.90</b>	170.53
	-----	-----	-----	-----
Provision for doubtful security deposit	---	---	---	---
	-----	-----	-----	-----
<b>(B)</b>	<b>497.78</b>	382.98	<b>137.90</b>	170.53
	-----	-----	-----	-----
<b>Loans and advances to Related Parties (note 41)</b>			<b>500.46</b>	700.00
Unsecured, considered good			-----	-----
<b>(C)</b>			<b>500.46</b>	700.00
			-----	-----
<b>Advances recoverable in cash or kind</b>				
Secured, considered good			---	---
Unsecured, considered good			<b>1697.50</b>	1122.32
Doubtful			<b>1.03</b>	1.03
			-----	-----
			<b>1698.53</b>	1123.35
			-----	-----
Provision for doubtful advances			<b>11.82</b>	10.82
			-----	-----
<b>(D)</b>			<b>1686.71</b>	1112.53
			-----	-----
<b>Other Loans and Advances</b>				
Excise Duty paid in advance (including Cenvat credit pending utilisation)			<b>613.35</b>	990.75
Advance payment of Direct Taxes			<b>7810.91</b>	5527.92
Income Tax deducted at source			<b>85.76</b>	80.31
Income Tax Refund Receivable			<b>0.96</b>	0.96
Prepaid expenses	<b>14.37</b>	---	<b>74.51</b>	63.25
Balances with statutory/ government authorities	---	3.73	<b>62.63</b>	---
	-----	-----	-----	-----
<b>(E)</b>	<b>14.37</b>	3.73	<b>8648.12</b>	6663.19
	-----	-----	-----	-----
<b>Total [A+B+C+D+E]</b>	<b>1094.70</b>	789.41	<b>10973.19</b>	8646.25
	-----	-----	-----	-----

## Notes Forming Part of Accounts

(Rs. in Lakhs)

Note - 13.1

## TRADE RECEIVABLES:

	Non-Current		Current	
	As At 31st March 2012	As At 31st March 2011	As At 31st March 2012	As At 31st March 2011
Secured, considered good				
Unsecured, considered good				
Less than 6 Months from the due date for Payment:			<b>8946.32</b>	5078.81
More than 6 Months from the due date for Payment:			<b>105.85</b>	164.84
Doubtful			<b>15.02</b>	15.02
			<b>9067.19</b>	5258.67
Provision for doubtful receivables			<b>15.02</b>	15.02
			<b>9052.17</b>	5243.65
<b>Total</b>			<b>9052.17</b>	5243.65

Note - 13.2

## OTHER ASSETS:

	Non-Current		Current	
	As At 31st March 2012	As At 31st March 2011	As At 31st March 2012	As At 31st March 2011
Non-current bank balances				
<b>Unamortised expenditure</b>				
Others				
Interest accrued on fixed deposits			<b>36.51</b>	36.00
Interest accrued on investments			---	---
Others			---	---
<b>Total [A+B+C]</b>			<b>36.51</b>	36.00

Note - 14

## INVENTORIES (valued at lower of cost and net realizable value)

	As At 31st March 2012	As At 31st March 2011
Raw materials and components at Cost	<b>3671.97</b>	4251.74
Work-in-progresss		
: At Cost	<b>279.72</b>	227.42
: At Estimated Realisable Value	---	---
Finished goods		
: At Cost	<b>9284.21</b>	7709.90
: At Estimated Realisable Value	<b>13392.43</b>	9259.34
Crops under cultivation	....	2.00
Stores and spares at Cost (includes in transit Rs. 55. 68 lakhs) (31 March 2011: Rs . 3.11 lakhs)	<b>3453.36</b>	3527.77
Loose tools	<b>32.31</b>	30.79
Others	<b>27.04</b>	15.64
<b>Total</b>	<b>30141.04</b>	25024.60

## Notes Forming Part of Accounts

(Rs. in Lakhs)

Note - 15

**CASH & BANK BALANCES :**

	Non-Current		Current	
	As At 31st March 2012	As At 31st March 2011	As At 31st March 2012	As At 31st March 2011
<b><u>Cash and Cash Equivalents :</u></b>				
Balances with Banks:				
On current accounts			<b>849.58</b>	1396.24
Deposits with original maturity of less than 3 months			---	---
On unpaid dividend account			<b>103.31</b>	98.62
Cheques/drafts on hand			<b>763.01</b>	592.87
Cash on hand			<b>10.63</b>	4.61
			<b>1726.53</b>	2092.34
<b><u>Other Bank Balances :</u></b>				
Deposits with original maturity for more than 12 months -	-	-	-	-
For more than 3 months but less than 12 months	-	-	-	-
Margin money deposit			<b>511.11</b>	187.35
			<b>511.11</b>	187.35
<b>Total</b>			<b>2237.64</b>	2279.69

Note - 16

**REVENUE FROM OPERATIONS :**

	This Year	Previous Year
<b>Sale of products:</b>		
Finished goods	<b>76165.07</b>	50168.94
Traded goods	<b>93.27</b>	86.02
Sale of services	<b>26.17</b>	24.24
<b>Other operating revenue</b>		
Freight and Sales Expenses Recovered	<b>1909.04</b>	1943.45
Subsidy Received on Superphosphate Sales	<b>2067.34</b>	1645.70
Export Premium on Sugar	<b>351.56</b>	—
Processing and Job Work income	<b>0.70</b>	3.24
<b>Revenue from operations (gross)</b>	<b>80613.15</b>	53871.59
Less: Excise Duty	<b>4853.60</b>	3371.67
<b>Revenue from operations (net)</b>	<b>75759.55</b>	50499.92

## Notes Forming Part of Accounts

(Rs. in lakhs)

Note - 16.1

## DETAILS OF PRODUCTS SOLD:

	This Year	Previous Year
<b>Finished goods sold</b>		
Sugar	19123.93	8503.66
Molasses	159.13	—
Industrial Alcohol & Ethanol	2672.01	1973.76
Acetic Acid	112.12	93.76
Acetic Anhydride	185.31	162.57
Ethyl Acetate	—	4.35
Aspirin	1272.80	855.27
Caustic Soda	26235.47	17544.05
Caustic Potash	4429.94	3354.72
Chlorine	2188.72	2611.13
Hydrochloric Acid	3142.12	3554.78
Sodium Hypochlorite	1441.05	1012.59
Hydrogen Gas	1092.98	761.12
Sulphuric Acid	6979.41	4569.54
Superphosphate	1494.70	1023.62
UH25	1287.39	1223.43
Mono Methyl Hydrazine	339.35	270.38
HTPB	563.42	434.79
Wind Power	622.42	720.17
Cattle Feed	489.81	433.43
Potassium Carbonate	1114.01	454.66
Poly Aluminium Chloride	423.47	40.00
Liquid Hydrogen	86.55	—
Others	708.96	567.16
	-----	-----
	<b>76165.07</b>	50168.94
	-----	-----
<b>Traded goods sold</b>	<b>93.27</b>	86.02
	-----	-----
<b>Details of services rendered</b>	<b>26.17</b>	24.24
	-----	-----

## Notes Forming Part of Accounts

(Rs. in Lakhs)

**OTHER INCOME :****Interest Income on**

Bank deposits

Others

**Dividend income on**

Investments in Subsidiary (Jocil Ltd.)

Investments in Associate (The Andhra Petrochemicals Ltd.)

Long-term Investments

Rent received

Net gain on Sale of Long-term Investments

Net gain on Sale of Assets

Other non-operating income #

This Year

Previous Year

203.77

45.08

93.48

55.99

195.46

244.33

246.27

---

4.28

4.11

72.86

49.44

5.00

---

25.35

16.46

521.86

1071.73

1368.32

1487.14

**# Other Non-operating Income includes :**

Carbon Credits from Wind Mills

Unclaimed Balance credited back

Excess Provision in earlier years credited back

Difference In Exchange-(Net)

Claims received

Income not relating to this year

Income from Agriculture (Net)

Misc. Scrap Sales

This Year

Previous Year

45.05

---

---

0.72

3.84

---

---

16.78

60.96

48.60

0.60

4.12

2.50

9.05

408.91

992.46

521.86

1071.73

**Total****Note - 18****Cost of Raw material consumed**

Inventory at the beginning of the year

Add: Purchases

This Year

Previous Year

4251.74

2674.42

33191.60

27471.22

37443.34

30145.64

3671.97

4251.74

Less: Inventory at the end of the year

Cost of Raw Material Consumed

33771.37

25893.90

**Details of Raw material consumed**

Sugarcane

Phenol

Sulphur

Rockphosphate

Salt

Potassium Chloride

Extractions for Cattle feed

Other Rawmaterials

This Year

Previous Year

17936.64

14820.05

738.65

549.26

4754.86

2989.21

1488.91

1180.01

3811.92

2984.60

2820.78

1921.51

337.43

313.09

1882.19

1136.18

**Details of Inventory :****Total**

33771.37

25893.90

**Raw Materials**

Sugar Cane

Phenol

Sulphur

Rockphosphate

Salt

Potassium Chloride

Extractions for Cattle feed

Other Rawmaterials

This Year

Previous Year

162.58

150.91

551.52

1275.17

1637.95

1069.40

722.82

164.44

387.82

1444.54

17.44

49.63

191.84

97.65

**Total**

3671.97

4251.74

## Notes Forming Part of Accounts

(Rs. in Lakhs)  
Note - 19**(Increase)/ Decrease in Inventories****This Year** Previous Year**Increase/  
Decrease  
2011-2012****Inventories at the End of the year**

Work-in-Progress	<b>279.73</b>	227.42	<b>(52.31)</b>
Finished Goods	<b>22676.25</b>	16969.24	<b>(5707.01)</b>
	<b>22955.98</b>	17196.66	<b>(5759.32)</b>

**Inventories at the beginning of the year**

2010-2011

Work-in-Progress	<b>227.42</b>	216.97	(10.45)
Finished Goods	<b>16969.24</b>	6989.44	(9979.80)
	<b>17196.66</b>	7206.41	(9990.25)

**Details of Purchase of Traded goods****This Year** Previous YearAcetic Anhydride **61.12** 50.80**Details of Inventory****Unit** **This Year** Previous Year**Work-in-progress**

Sugar		<b>130.08</b>	131.97
Molasses		<b>0.23</b>	1.21
Sulphuric Acid		<b>44.74</b>	4.69
Caustic Potash		<b>40.30</b>	13.92
Caustic Soda		<b>16.61</b>	13.22
Aspirin		<b>47.77</b>	51.04
Potassium Carbonate		—	11.38

**Total****279.73** 227.42**Finished goods**

Sugar	MT	<b>20583.49</b>	15187.17
Molasses	MT	<b>558.65</b>	646.14
Sulphuric Acid	MT	<b>76.37</b>	35.07
Superphosphate	MT	<b>115.38</b>	262.53
Caustic Soda	MT	<b>113.32</b>	228.49
Caustic Potash	MT	<b>357.14</b>	145.38
Chlorine	MT	<b>2.19</b>	11.38
Sodium Hypochlorite	MT	<b>1.19</b>	1.30
Hydrochloric acid	MT	<b>2.92</b>	5.85
Industrial Alcohol & Ethanol	KL	<b>42.57</b>	91.36
Acetic acid	MT	<b>14.59</b>	0.99
Acacetic anhydride	MT	<b>24.09</b>	29.63
Ehyl acetate	MT	<b>1.53</b>	—
Aspirin	MT	<b>290.69</b>	104.02
Organic Derivatives of hydrzine or of hydroxyl amine	MT	<b>17.11</b>	38.66
HTPB	MT	<b>62.31</b>	22.87
Hydrogen Gas	CU.MTR	<b>0.15</b>	0.37
Potassium Carbonate	MT	<b>134.53</b>	110.13
Poly Aluminium Chloride	MT	<b>17.32</b>	9.33
Others		<b>260.71</b>	38.57

**Total****22676.25** 16969.24

## Notes Forming Part of Accounts

(Rs. in Lakhs)

**Employee Benefit Expense**

	<b>This Year</b>	Previous Year
Salaries, Wages and Bonus	<b>5905.46</b>	4706.20
Contribution to Provident and other fund	<b>549.91</b>	481.51
Gratuity expense	<b>416.04</b>	512.17
Staff welfare expenses	<b>274.83</b>	376.88
	-----	-----
<b>Total</b>	<b>7146.24</b>	6076.76
	-----	-----

**Note - 21****Depreciation and Amortization Expense**

	<b>This Year</b>	Previous Year
Depreciation of Tangible Assets	<b>3931.85</b>	3804.75
Amortization of Intangible Assets	<b>0.52</b>	—
	-----	-----
<b>Total</b>	<b>3932.37</b>	3804.75
	-----	-----

**Note - 22****Finance Costs**

	<b>This Year</b>	Previous Year
Interest	<b>1971.91</b>	1883.10
Other Borrowing Costs	<b>39.42</b>	21.56
	-----	-----
<b>Total</b>	<b>2011.33</b>	1904.66
	-----	-----



## Notes Forming Part of Accounts

(Rs. in Lakhs)

## Note - 23

<b>Other Expenses</b>	<b>This Year</b>	Previous Year
Consumption of stores and spares	<b>2020.87</b>	1561.31
Increase of Excise Duty on Inventory	<b>252.09</b>	377.99
Power and fuel	<b>10386.52</b>	9833.13
Insurance	<b>99.87</b>	78.18
Sugarcane Development Expenses	<b>143.74</b>	172.91
Rent	<b>12.10</b>	11.07
Rates and Taxes	<b>720.73</b>	641.46
Repairs and maintenance		
Plant and machinery	<b>3258.83</b>	2377.81
Buildings	<b>244.91</b>	226.97
Others	<b>625.11</b>	406.72
Advertising and sales promotion	<b>58.54</b>	35.33
Handling, Transport & Expenses at Sales Depots	<b>2800.54</b>	2138.08
Sales Commission	<b>59.17</b>	57.49
Donations	<b>235.02</b>	31.01
Directors' sitting fees	<b>6.60</b>	5.40
Payment to auditors (Refer details below)	<b>20.33</b>	15.50
Exchange differences (net)	<b>137.04</b>	—
Bad debts/advances written off	—	0.01
Provision for doubtful debts and advances	<b>1.00</b>	10.79
Bank Charges	<b>90.37</b>	66.48
Assets written off	<b>19.28</b>	435.77
Stores & Spares written off	<b>274.08</b>	2.24
Miscellaneous expenses	<b>713.92</b>	606.12
	-----	-----
<b>Total</b>	<b>22180.66</b>	19091.77
	-----	-----
<b>Payment to Auditors</b>	<b>This Year</b>	Previous Year
<b>As Auditor</b>	<b>10.00</b>	7.00
For Taxation Matters	<b>3.60</b>	1.60
For Limited review & Other Certifications	<b>4.15</b>	4.00
For Reimbursement of expenses	<b>0.84</b>	1.01
<b>As Cost Auditors</b>	<b>1.30</b>	1.30
Fee for Certification	<b>0.25</b>	0.25
For Reimbursement of expenses	<b>0.19</b>	0.34
	-----	-----
<b>Total</b>	<b>20.33</b>	15.50
	-----	-----

## Notes Forming Part of Accounts

(Rs. in Lakhs)

Note - 24

As at 31-3-2012	As at 31-3-2011
--------------------	--------------------

<b>24</b>	Estimated amount of contracts remaining to be executed on Capital Account and not provided for	<b>2810.57</b>	811.71
<b>25</b>	a) Uncalled liability on partly paid shares held as Investments	<b>24.66</b>	24.66
	b) Liability on account of membership in Alkali Manufacturers' Association of India, a Company limited by Guarantee	<b>0.01</b>	0.01
	c) Other Commitments in respect of sale contracts	<b>1260.43</b>	1678.72
<b>26</b>	Claims against the Company not acknowledged as debts relating to the following areas :		
	i) Excise	<b>2777.80</b>	1589.78
	ii) Service Tax	<b>21.22</b>	92.31
	iii) Sales Tax	<b>26.00</b>	26.00
	iv) Income Tax	<b>73.53</b>	67.73
	v) State Levies	<b>180.00</b>	171.25
	vi) Suppliers and Service Contract	<b>170.11</b>	146.56
	vii) Labour related	<b>5.00</b>	5.00
	viii) Others	<b>21.22</b>	92.31
<b>27</b>	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	<b>1563.04</b>	1616.61
	(b) On letter of Credit opened with banker for purchase of Material	<b>4417.47</b>	383.15

Note - 26

Note - 27

(c) 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.

While admitting the appeal, the Supreme Court granted stay of operation of Judgment 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.

**Note - 28**

28. "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.

**Note - 29**

29. 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.

**Note - 30**

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

	<b>31.03.2012</b>
	<b>Rs.in Lakhs</b>
1. Amount remaining unpaid, beyond the appointed / agreed date at the end of the year.	
(a) Principal amount of bills to be paid	<b>0</b>
(b) Interest due thereon	<b>0</b>
2. (a) Payments made to suppliers, during the year, but beyond appointed / agreed by	<b>140.02</b>
Interest thereon in terms of Sec. 16 of the Act	<b>0.14</b>
(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	<b>0.14</b>
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	<b>0.14</b>
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	<b>0.14</b>

Note: For the purpose of the above details of the status of the supplier's 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.

**Note - 31**

31. 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.0.46 lakhs as on 31.3.2012. (Maximum balance outstanding during the year is Rs. 11.02 lakhs ). The investment in the Equity Shares of the Company is Nos. 328760.

**Note - 32**

32. 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 APGENCO is subject to reconciliation, to the extent of Rs.11.83 lakhs due to certain matters pending before Honourable High Court of Andhra Pradesh.

## Notes Forming Part of Accounts

(Rs. in Lakhs)

## Note - 33

**33. Comparison between consumption of Imported and Indigenous Raw Materials during the year**

	This Year		Previous Year	
	Value	Percentage	Value	Percentage
Imported	5092.83	15	5913.50	23
Indigenous	28678.54	85	19980.40	77
	-----	-----	-----	-----
	33771.37	100	25893.90	100
	-----	-----	-----	-----

## Note -34

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

	This Year		Previous Year	
	Value	Percentage	Value	Percentage
Imported	802.32	15	393.19	9
Indigenous	4716.73	85	4031.24	91
	-----	-----	-----	-----
	5519.05	100	4424.43	100
	-----	-----	-----	-----

## Note - 35

**35. Value of Imports made by the company during the year calculated on C.I.F. basis**

	This year	Previous Year
Capital Goods	15.22	8.83
Components and spare parts	880.96	337.30
Raw - materials	7449.07	6602.77
	-----	-----
	8345.25	6948.90
	-----	-----

## Note - 36

	This year	Previous Year
<b>36. Earnings in foreign exchange on FOB basis:</b>	<b>719.70</b>	226.42

## Note - 37

**37. Expenditure incurred in foreign currency:**

	This year	Previous Year
Books and Periodicals	2.95	1.07
Foreign travel (excluding tickets purchased in India)	6.76	11.90
Delegation fee	0.10	1.29
Professional charges	5.53	2.19
Consultation Fee	22.23	11.08
Sales Expenses	1.44	13.02
Bank Charges	1.50	2.39
Managerial remuneration (Medical expenses to Whole-time Directors)	3.65	91.09

**38. During the year the Company has incurred the following expenditure towards R&D (Charged to appropriate heads)**

	<b>This year</b>	<b>Note - 38</b> Previous Year
<u>Sugar Cane R &amp; D</u>		
a) Capital Expenditure	<b>106.95</b>	19.92
b) Revenue Expenditure (charged to appropriate heads)	<b>119.47</b>	203.46
<u>General R &amp; D</u>		
a) Capital Expenditure	<b>8.15</b>	4.37
b) Revenue Expenditure (charged to appropriate heads)	<b>99.52</b>	72.81
	<b>334.09</b>	300.56

**39. Revenue expenditure does not include the following, which formed part of the cost of capital equipment internally manufactured for captive usage.**

	<b>This year</b>	<b>Notes - 39</b> Previous Year
Salaries, Wages and Bonus	<b>51.77</b>	23.86
Contribution to Provident, Gratuity and other funds	<b>5.12</b>	2.19
Workmen and Staff Welfare Expenses	<b>2.96</b>	1.21
Power and Fuel	<b>6.12</b>	3.08
Insurance	<b>0.05</b>	0.02
Repairs to Buildings	<b>0.11</b>	0.03
Repairs to P & M	<b>1.44</b>	0.32
Miscellaneous Expenses	<b>0.08</b>	0.03
Depreciation	<b>0.14</b>	0.09
	<b>67.79</b>	30.83

## Notes Forming Part of Accounts

(Rs. in Lakhs)

Note - 40

**40. DISCLOSURES REQUIRED BY ACCOUNTING STANDARD-15 (REVISED)- EMPLOYEE BENEFITS**

	Gratuity	Compensated Absences
<b>a) Reconciliation for present value of obligations</b>		
Present value of obligations as at beginning of year	1977.11	438.21
Interest Cost	158.17	24.97
Current Service Cost	157.61	96.72
Benefits paid	182.10	107.35
Acturial loss on obligation	201.75	70.07
Present value of obligations as at end of year	2312.54	522.62
<b>b) Reconciliation for Fair Value of Plan Assets</b>		
Fair value of plan assets at beginning of year	901.08	
Expected return on plan assets	100.13	
Contributions	331.66	
Benefits paid	182.10	
Acturial gain on plan assets	0	
Fair value of plan assets at the end of year	1150.77	
<b>c) Expenses recognised in Statement of Profit &amp; Loss</b>		
Current Service cost	157.61	96.72
Interest Cost	158.17	24.97
Expected return on plan assets	100.13	0
Net Acturial loss recognised in the year	201.75	70.07
Expenses to be Recognised in Statement of Profit & Loss	417.40	191.76
<b>d) Net Liability recognised in the Balance Sheet</b>		
Present value of obligations as at the end of year	2312.54	522.62
Fair value of plan assets as at the end of the year	1150.77	0
Funded status	1161.77	0
Net Liability recognised in the Balance Sheet	1161.77	522.62
<b>e) Acturial Assumptions</b>		
	31/03/2012	31/03/2011
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%	7.50%
Mortality	LIC 94-96	LIC 94-96
	Mortality Rates	Mortality Rates

**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 (upto 3-9-2011)  
 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:**

Sri B.V.V.S.Ramesh Kumar	Son of Dr. B.B.Ramaiah
Smt. M.Chandramathi Devi (upto 10-3-2012)	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. 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
Smt. E.Rama Lakshmi	Sister of Sri P.Narendrnath Chowdary
Smt. J.Akkamamba	Sister of Sri P.Narendrnath Chowdary
Smt. J.Usha Rani	Sister of Sri P.Narendrnath Chowdary
Smt. N.Anantha Lakshmi	Sister of Sri P.Narendrnath Chowdary
Smt. M.Kamala Devi	Sister of Sri P.Narendrnath Chowdary
Smt. M.Satyanarayanamma	Sister of Sri P.Narendrnath Chowdary
Smt. N.Anantha Lakshmi	Sister of Sri P.Narendrnath Chowdary
Smt. J.Anantha Lakshmi	Sister of Sri M.Narendranath
Smt. N.V.Ramanamma	Sister of Sri M.Narendranath
Smt. Y.Narayanamma	Sister of Sri M.Narendranath
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.Mrutyamjaya Prasad	Son of Sri M.Thimmaraja
Smt. Archana	Daughter of Sri P.V.Krishna 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

Kum. P.Divya Atchmamba	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 Srisai 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:**

(Rs. in lakhs)

(Corresponding figures related to 31<sup>st</sup> March, 2011)

	Subsidiary Companies	Entities in which KMP or their relatives have significant influence	Associate Company	Key Management Personnel	Relatives of Key Management Personnel
<b><u>Purchase of Goods from</u></b>	<b>27.97</b>	<b>1455.43</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
	(170.89)	(5472.62)	(0.00)	(38.00)	(23.15)
AFCC LTD.,	<b>157.03</b>				
JOCIL	<b>4.28</b>				
APL			<b>2.30</b>		
Dr. B.B.Ramaiah				<b>18.54</b>	
Sri P.Narendranath Chowdary				<b>0.53</b>	
Sri P.Achuta Ramayya				<b>4.64</b>	
APGPCL		<b>4689.78</b>			
Jaya Industries		<b>379.96</b>			
SMVM Hospital		<b>3.29</b>			
SPVKRM Trust		<b>2.46</b>			
Sarvaraya Sugars Ltd.,		<b>225.60</b>			
Sree Akkamamba Textiles Ltd.,		<b>1.86</b>			
Sree Satyanarayana Spinning Mills Ltd.,		<b>2.19</b>			
Smt. J.Akkamamba					<b>4.74</b>
Smt. M.Chandramathi Devi (late)					<b>2.08</b>
Smt. P.Sujatha					<b>8.36</b>
Smt. S.B.Ranganayaki					<b>4.36</b>
Sri B.V.V.S.Ramesh Kumar					<b>9.43</b>
<b><u>Purchase of Fixed Assets from</u></b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
<b><u>Loans/ Intercorporate loans given to</u></b>	<b>0.00</b>	<b>500.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
	(700.00)	(0.00)	(0.00)	(0.00)	(0.00)
Sree Akkamamba Textiles Ltd.,		<b>500.00</b>			
<b><u>Services Rendered by</u></b>	<b>0.00</b>	<b>0.20</b>	<b>0.00</b>	<b>4.87</b>	<b>0.00</b>
	(0.03)	(3.21)	(0.00)	(14.36)	(1.47)
JOCIL Ltd.,	<b>0.13</b>				
Sri Mullapudi Thimmaraja				<b>3.73</b>	
Sri Mullapudi Mrutyumjaya Prasad					<b>1.55</b>
Royal Printing Works				<b>13.97</b>	
SMVM Hospital		<b>6.95</b>			
<b><u>Sale of Goods to</u></b>	<b>328.32</b>	<b>272.64</b>	<b>15.22</b>	<b>0.00</b>	<b>0.00</b>
	(854.33)	(658.13)	(50.28)	(0.00)	(0.00)
JOCIL Ltd.,	<b>1021.61</b>				
AFCC LTD.,	<b>85.42</b>				
APL			<b>61.45</b>		
Jayalakshmi Fertilisers		<b>1054.91</b>			
Sarvaraya Sugars Ltd.,		<b>65.22</b>			
Sri M.Narendranath				<b>3.40</b>	
<b><u>Sale of Fixed Assets to</u></b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

**The Andhra Sugars Limited**  
**(Rs. in lakhs)**

	Subsidiary Companies	Entities in which KMP or their relatives have significant influence	Associate Company	Key Management Personnel	Relatives of Key Management Personnel
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
<b>Services Rendered to</b>	<b>0.27</b>	<b>0.00</b>	<b>0.13</b>	<b>0.00</b>	<b>0.00</b>
JOCIL Ltd.,	(8.58)	(0.00)	(3.10)	(0.00)	(0.00)
APL	<b>0.55</b>		<b>0.77</b>		
<b>Interest Paid to</b>	<b>0.73</b>	<b>0.03</b>	<b>0.00</b>	<b>81.38</b>	<b>154.52</b>
Hindustan Allied Chemicals Ltd.,	(0.65)	(0.00)	(0.00)	(308.86)	(499.99)
Dr. Mullapudi Harishchandra Prasad	<b>3.20</b>			<b>28.00</b>	
Dr. B.B.Ramaiah				<b>43.71</b>	
Sri P.Narendranath Chowdary				<b>122.42</b>	
Sri M.Narendranath				<b>33.42</b>	
Sri M.Thimmaraja				<b>42.38</b>	
Sri P.Achuta Ramayya				<b>14.17</b>	
Sri P S R V K Ranga Rao				<b>2.11</b>	
Sugarfield Constructions P Ltd.,		<b>0.11</b>			
Dr. B.B.Ramaiah (HUF)					<b>1.05</b>
Smt. E.Rama Lakshmi					<b>0.56</b>
Smt. N.Anantha Lakshmi					<b>1.00</b>
Smt. G.Anuradha					<b>5.83</b>
Smt. G.Devi					<b>9.60</b>
Smt. G.Jayashree					<b>7.84</b>
Smt. J.Anantha Lakshmi					<b>13.50</b>
Smt. J.Gangabhavani Devi					<b>0.07</b>
Smt. J.Usha Rani					<b>39.68</b>
Smt. J.Akkamamba					<b>12.30</b>
Smt. K.Rama Lakshmi					<b>31.53</b>
Smt. M.Kamala Devi					<b>44.07</b>
Sri M.Mrutyumjaya Prasad					<b>13.70</b>
Smt. M.Narayanamma					<b>15.53</b>
Smt. M.Renuka					<b>24.13</b>
Sri M.Vikram Prasad					<b>9.44</b>
Smt. N.V.Ramanamma					<b>25.15</b>
Kum. P.A.L.Satyavathi Devi					<b>41.01</b>
Sri P S R V K Ranga Rao (HUF)					<b>25.50</b>
Sri P.Achuta Ramayya (HUF)					<b>28.58</b>
Kum. P.Divya Atchmamba					<b>10.57</b>
Smt. P.Jhansi Jayalakshmi					<b>46.07</b>
Kum. P.Meghana Srisai Sujatha					<b>4.45</b>
Sri P.Narendranath Chowdary (HUF)					<b>20.52</b>
Chy. P.P.Sri Narendrarayudu					<b>2.60</b>
Smt. P.Sesha Shailaja					<b>17.17</b>
Kum. P.Sruthi Rajeswari					<b>10.35</b>
Smt. P.Sujatha					<b>56.52</b>
Smt. P.Usha Lakshmi					<b>5.26</b>
Sri P.V.Krishna Rao					<b>2.73</b>
Smt. S.B.Ranganayaki					<b>28.54</b>
Smt. M.Chandramathi Devi					<b>21.11</b>
Smt. Y.Narayanamma					<b>3.90</b>

The Andhra Sugars Limited

(Rs. in lakhs)

	Subsidiary Companies	Entities in which KMP or their relatives have significant influence	Associate Company	Key Management Personnel	Relatives of Key Management Personnel
<b>Remuneration (including Comn.) paid to</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1269.41</b>	<b>1.36</b>
	(0.00)	(0.00)	(0.00)	(573.79)	(2.92)
Dr. Mullapudi Harishchandra Prasad				155.78	
Dr. B.B.Ramaiah				342.49	
Sri P.Narendranath Chowdary				171.88	
Sri M.Narendranath				172.13	
Sri M.Thimmaraja				172.06	
Sri P.Achuta Ramayya				166.77	
Sri P.S.R.V.K.Ranga Rao				88.30	
Sri M.Vikram Prasad					4.53
<b>Donations Paid to</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
	(0.00)	(30.00)	(0.00)	(0.00)	(0.00)
SMVM MEDICAL TRUST			230.00		
<b>Dividend Paid to</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
	(0.00)	(70.48)	(0.00)	(188.62)	(336.65)
Dr. Mullapudi Harishchandra Prasad				32.96	
Dr. B.B.Ramaiah				12.54	
Sri P.Narendranath Chowdary				20.84	
Sri M.Narendranath				30.74	
Sri M.Thimmaraja				26.32	
Sri P.Achuta Ramayya				23.38	
Sri P.S.R.V.K.Ranga Rao				31.92	
Sri M.Thimmaraja (HUF)					10.22
Sri M.Narendranath (HUF)					1.03
Smt. M.Chandramathi Devi					20.66
Smt.Ch.Ravanamba					2.79
Smt. J.Gangabhavani Devi					2.11
Smt. J.Anantha Lakshmi					14.33
Smt. K.Rama Lakshmi					14.76
Smt. N.V.Ramanamma					6.17
Smt. Y.Narayanamma					16.18
Sri B.V.V.S.Ramesh Kumar					3.05
Smt. P.Jhansi Jayalakshmi					35.51
Sri P.V.Krishna Rao					10.72
Smt. S.B.Ranganayaki					21.24
Smt. E.Rama Lakshmi					4.65
Smt. J.Akkamamba					6.90
Smt. J.Usha Rani					28.67
Smt. M.Kamala Devi					28.69
Smt. M.Satyanarayanamma					18.72
Smt. N.Anantha Lakshmi					2.77
Kum. P.A.L.Satyavathi Devi					26.02
Smt. M.Narayanamma					5.86
Smt. G.Anuradha					4.74
Smt. G.Jayashree					1.69
Sri M.Vikram Prasad					8.57
Smt. M.Renuka					4.94
Smt. G.Devi					4.21
Sri M.Mrutyumjaya Prasad					6.03

The Andhra Sugars Limited

(Rs. in lakhs)

	Subsidiary Companies	Entities in which KMP or their relatives have significant influence	Associate Company	Key Management Personnel	Relatives of Key Management Personnel
Smt. P.Sesha Shailaja					10.66
Kum. P.Divya Atchmamba					1.86
Kum. P.Sruthi Rajeswari					0.72
Smt. P.Sujatha					38.41
Smt. P.Usha Lakshmi					0.40
Kum. P.Meghana Srisai Sujatha					0.18
Chy. P.P.Sri Narendrarayudu					0.09
Sree Akkamamba Textiles Ltd.,		15.10			
S M V M Hospital		44.51			
Thimmaraja Investmet & Finance Co. (P) Ltd.,		5.68			
Sree Harischandra Prasad Investment & Finance Co. (P) Ltd.,		5.39			
<b>Dividend Received from</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
	(244.33)	(2.80)	(0.00)	(0.00)	(0.00)
JOCIL LTD	195.46				
SREE AKKAMAMBA TEXTILES LTD.,		2.80			
APL			246.27		
<b>Interest Received on IC Loan</b>	<b>3.99</b>	<b>16.83</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
	(18.46)	(0.00)	(0.00)	(0.00)	(0.00)
JOCIL LTD	21.10				
Sree Akkamamba Textiles Ltd.,		23.12			
<b>C) BALANCES AS AT 31-03-2012:</b>					
<b>i) Share Capital held by the Company, in</b>	<b>479.10</b>	<b>3658.49</b>	<b>3137.47</b>	<b>0.00</b>	<b>0.00</b>
	(479.10)	(3658.49)	(3127.47)	(0.00)	(0.00)
JOCIL LTD.,	441.79				
AFCC LTD.,	34.57				
HINDUSTAN ALLIED CHEMICALS LTD	2.74				
APL		3127.47			
SREE AKKMBA TEXT. LTD.,		1.75			
APGPCL		3656.74			
<b>ii) RECEIVABLES</b>					
<b>TRADE DUES :</b>	<b>187.63</b>	<b>304.88</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
	(2.46)	(42.42)	(0.00)	(0.00)	(0.00)
HINDUSTAN ALLIED CHEMICALS LTD	0.46				
AFCC LTD.,	5.71				
Jayalakshmi Fertilisers		82.42			
S M V M Hospital		0.09			
<b>iii) Share Capital of the Company held by</b>	<b>0.00</b>	<b>154.20</b>	<b>0.00</b>	<b>373.92</b>	<b>671.21</b>
	(0.00)	(140.96)	(0.00)	(377.23)	(673.32)
DR. B.B.Ramaiah				25.08	
Sri P.Narendranath Chowdary				41.68	
Sri M.Narendranath				115.10	
Sri M.Thimmaraja				81.47	
Sri P.Achuta Ramayya				46.75	
Sri P.S.R.V.K.Ranga Rao				63.84	
Sri M.Thimmaraja (HUF)					20.45

The Andhra Sugars Limited

(Rs. in lakhs)

Sri M.Narendranath (HUF)

2.06

	Subsidiary Companies	Entities in which KMP or their relatives have significant influence	Associate Company	Key Management Personnel	Relatives of Key Management Personnel
Smt. J.Anantha Lakshmi					28.66
Smt. N.V.Ramanamma					12.35
Smt. Y.Narayanamma					32.36
Sri B.V.V.S.Ramesh Kumar					6.10
Smt. P.Jhansi Jayalakshmi					71.01
Sri P.V.Krishna Rao					21.43
Smt. S.B.Ranganayaki					42.48
Smt. E.Rama Lakshmi					9.30
Smt. J.Akkamamba					13.81
Smt. J.Usha Rani					57.34
Smt. M.Kamala Devi					57.38
Smt. M.Satyanarayanamma					37.43
Smt. N.Anantha Lakshmi					5.54
Kum. P.A.L.Satyavathi Devi					52.03
Smt. M.Narayanamma					11.71
Smt. G.Anuradha					9.48
Smt. G.Jayashree					3.37
Sri M.Vikram Prasad					17.15
Smt. M.Renuka					34.66
Smt. G.Devi					8.43
Sri M.Mrutyumjaya Prasad					12.07
Smt. P.Sesha Shailaja					21.32
Kum. P.Divya Atchmamba					3.72
Kum. P.Sruthi Rajeswari					1.43
Smt. P.Sujatha					76.81
Smt. P.Usha Lakshmi					0.80
Kum. P.Meghana Srisai Sujatha					0.36
Chy. P.P.Sri Narendrarayudu					0.17
Sree Akkamamba Textiles Ltd.,		30.19			
S M V M Hospital		89.03			
The Mullapudi Investment & Finance co. (P) Ltd.,		12.85			
Thimmaraja Investmet & Finance Co. (P) Ltd.,		11.35			
Sree Harischandra Prasad Investment & Finance Co. (P) Ltd.,		10.78			
<b>iv) Loans/ Intercorporate loans received from</b>	<b>0.00</b> (0.00)	<b>0.00</b> (0.00)	<b>0.00</b> (0.00)	<b>0.00</b> (0.00)	<b>0.00</b> (0.00)
<b>v ) PAYABLES :</b>					
<b>Fixed Deposits :</b>	<b>28.00</b> (6.00)	<b>1.00</b> (0.00)	<b>0.00</b> (0.00)	<b>2785.50</b> (3180.35)	<b>5684.35</b> (4838.00)
Hindustan Allied Chemicals Ltd	<b>28.00</b>				
Dr. B.B.Ramaiah				<b>360.00</b>	
Sri P.Narendranath Chowdary				<b>1166.65</b>	
Sri M.Narendranath				<b>564.50</b>	
Sri M.Thimmaraja				<b>533.75</b>	
Sri P.Achuta Ramayya				<b>140.60</b>	
Sri P S R V K Ranga Rao				<b>20.00</b>	
Sugarfield Constructions P Ltd.,		<b>1.00</b>			
Dr. B.B.Ramaiah (HUF)					<b>10.00</b>
Smt. E.Rama Lakshmi					<b>5.55</b>
Smt. N.Anantha Lakshmi					<b>10.00</b>

	Subsidiary Companies	Entities in which KMP or their relatives have significant influence	Associate Company	Key Management Personnel	Relatives of Key Management Personnel
Smt. G.Anuradha					59.70
Smt. G.Devi					96.00
Smt. G.Jayashree					76.30
Smt. J.Anantha Lakshmi					131.50
Smt. J.Usha Rani					399.50
Smt. J.Akkamamba					124.80
Smt. K.Rama Lakshmi					310.35
Smt. M.Kamala Devi					440.60
Sri M.Mrutyumjaya Prasad					137.25
Smt. M.Narayanamma					170.65
Smt. M.Renuka					324.05
Sri M.Vikram Prasad					96.20
Smt. N.V.Ramanamma					257.40
Kum. P.A.L.Satyavathi Devi					409.90
Sri P S R V K Ranga Rao (HUF)					255.75
Sri P.Achuta Ramayya (HUF)					275.30
Kum. P.Divya Atchmamba					109.10
Smt. P.Jhansi Jayalakshmi					463.65
Kum. P.Meghana Srisai Sujatha					42.20
Sri P.Narendranath Chowdary (HUF)					202.85
Chy. P.P.Sri Narendrarayudu					25.30
Smt. P.Sesha Shailaja					167.05
Kum. P.Sruthi Rajeswari					105.90
Smt. P.Sujatha					570.95
Smt. P.Usha Lakshmi					50.00
Sri P.V.Krishna Rao					25.95
Smt. S.B.Ranganayaki					284.60
Smt. Y.Narayanamma					46.00
<b>Trade dues :</b>	<b>16.61</b>	<b>53.95</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
	(0.00)	(144.81)	(0.00)	(0.00)	(0.00)
Jaya Industries		11.74			
APGPCL		411.96			
Sarvaraya Sugars Ltd.,		0.82			
S M V M Hospital		3.21			
<b>Interest on Fixed Deposits :</b>	<b>0.66</b>	<b>0.02</b>	<b>0.00</b>	<b>73.07</b>	<b>138.16</b>
	(0.14)	(0.00)	(0.00)	(70.29)	(114.43)
Hindustan Allied Chemicals Ltd	0.66				
Dr. B.B.Ramaiah				8.48	
Sri P.Narendranath Chowdary				22.75	
Sri M.Narendranath				12.04	
Sri M.Thimmaraja				11.70	
Sri P.Achuta Ramayya				3.09	
Sri P S R V K Ranga Rao				0.47	
Sugarfield Constructions P Ltd.,		0.02			
Dr. B.B.Ramaiah (HUF)					0.24
Smt. E.Rama Lakshmi					0.12
Smt. N.Anantha Lakshmi					0.22

(Rs. in lakhs)

	Subsidiary Companies	Entities in which KMP or their relatives have significant influence	Associate Company	Key Management Personnel	Relatives of Key Management Personnel
Smt. G.Anuradha					1.38
Smt. G.Devi					2.26
Smt. G.Jayashree					1.79
Smt. J.Anantha Lakshmi					2.90
Smt. J.Usha Rani					9.74
Smt. J.Akkamamba					3.03
Smt. K.Rama Lakshmi					7.33
Smt. M.Kamala Devi					10.67
Sri M.Mrutyumjaya Prasad					3.34
Smt. M.Narayanamma					4.00
Smt. M.Renuka					6.68
Sri M.Vikram Prasad					2.27
Smt. N.V.Ramanamma					5.97
Kum. P.A.L.Satyavathi Devi					9.97
Sri P S R V K Ranga Rao (HUF)					6.32
Sri P.Achuta Ramayya (HUF)					6.67
Kum. P.Divya Atchamamba					2.61
Smt. P.Jhansi Jayalakshmi					11.23
Kum. P.Meghana Srisai Sujatha					0.97
Sri P.Narendranath Chowdary (HUF)					4.87
Chy. P.P.Sri Narendrarayudu					0.58
Smt. P.Sesha Shailaja					4.02
Kum. P.Sruthi Rajeswari					2.53
Smt. P.Sujatha					13.84
Smt. P.Usha Lakshmi					1.18
Sri P.V.Krishna Rao					0.61
Smt. S.B.Ranganayaki					6.88
Smt. Y.Narayanamma					1.08
<b>Remuneration (including Commission) : 0.00</b>		<b>0.00</b>	<b>0.00</b>	<b>1113.05</b>	<b>0.14</b>
	(0.00)	(0.00)	(0.00)	(294.71)	(0.37)
Dr. Mullapudi Harishchandra Prasad					128.38
Dr. B.B.Ramaiah					302.40
Sri P.Narendranath Chowdary					151.68
Sri M.Narendranath					151.68
Sri M.Thimmaraja					151.68
Sri P.Achuta Ramayya					151.23
Sri P.S.R.V.K.Ranga Rao					76.00
Sri M.Vikram Prasad (Remuneration only)					0.35

**42. 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 Brahmaya & Company  
Chartered Accountants  
Firm Regn. No. 000513S  
T.V. RAMANA  
Partner  
Membership No. 200523

FOR AND ON BEHALF OF THE BOARD

Dr. B.B. Ramaiah  
A. Ranga Rao  
M. Palachandra  
P.V.S. Viswanadha Kumar

Chairman & Managing Director  
Director  
Company Secretary  
G.M. (Finance) & Asst. Secretary

Camp : TANUKU  
Date : 28-07-2012

TANUKU  
28-07-2012

**CASH FLOW STATEMENT FOR THE YEAR**

(Rs. in lakhs)

	2011- 2012	2010- 2011
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax from continuing operations	<b>13784.10</b>	5158.67
<b>Adjustments for</b>		
Depreciation/amortisation on continuing operation	<b>3932.37</b>	3804.75
Impairment/other write off on tangible/intangible assets	<b>19.28</b>	435.77
Loss/[profit] on sale of fixed assets	<b>(25.35)</b>	(16.46)
Wealth Tax	<b>5.00</b>	....
Net gain on sale of current investments	<b>(5.00)</b>	....
Interest expense	<b>1971.91</b>	1883.10
Interest income	<b>(297.25)</b>	(101.07)
Dividend income	<b>(446.01)</b>	(248.43)
<b>Operating profit before working capital changes</b>	<b>18939.05</b>	10916.33
<b><u>Movements in working capital:</u></b>		
Increase/[decrease] in trade payables	<b>11.34</b>	(600.44)
Increase/[decrease] in long-term provisions	<b>(122.84)</b>	219.95
Increase/[decrease] in short-term provisions	<b>293.37</b>	....
Increase/[decrease] in other current liabilities	<b>(1005.34)</b>	2347.85
Increase/[decrease] in other long-term liabilities	<b>461.39</b>	413.23
Decrease/[increase] in trade receivables	<b>(3808.52)</b>	(1070.89)
Decrease/[increase] in inventories	<b>(5116.44)</b>	(11909.07)
Decrease/[increase] in long-term loans and advances	<b>(125.44)</b>	....
Decrease/[increase] in short-term loans and advances	<b>(38.50)</b>	....
Decrease/[increase] in other current assets	<b>(0.51)</b>	....
Cash generated from/[used in] operations	<b>9487.56</b>	316.96
Direct taxes paid [net of refunds]	<b>4185.61</b>	1179.3
<b>Net cash flow from/[used in] operating activities (A)</b>	<b>5301.95</b>	(862.34)
<b><u>Cash flows from investing activities</u></b>		
Purchase of fixed assets, including intangible assets, CWIP and capital advances	(4656.61)	(5306.39)
Proceeds from sale of fixed assets	<b>33.23</b>	436.39
Proceeds of non-current investments	<b>55.00</b>	0.01
Purchase of non-current investments	<b>(0.48)</b>	....
Purchase of current investments	....	(112.64)
Proceeds from sale/maturity of current investments	....	....
Interest received	<b>297.25</b>	101.07
Dividends received from subsidiary company	<b>195.46</b>	248.43
Dividends received from Long- term investments	<b>250.55</b>	....
<b>Net cash flow from/[used in] investing activities (B)</b>	<b>(3825.60)</b>	(4633.13)



**Cash flows from financing activities**

Proceeds from long term borrowings	....	2046.59
Repayment of long term borrowings	<b>(22.06)</b>	....
Proceeds from short term borrowings	<b>2176.64</b>	7764.75
Interest paid	<b>(1971.91)</b>	(1883.10)
Dividends paid on equity shares	<b>(1490.89)</b>	(1355.35)
Tax on equity dividend paid	<b>(210.18)</b>	(184.54)
<b>Net cash flow from/[used in] in financing activities [C]</b>	<b>(1518.40)</b>	6388.35
Net increase/[decrease] in cash and cash equivalents (A+B+C)	<b>(42.05)</b>	892.88
Cash and cash equivalents at the beginning of the year	<b>2279.69</b>	1386.81
<b>Cash and cash equivalents at the end of the year</b>	<b>2237.64</b>	2279.69

**Components of cash and cash equivalents**

Cash on hand	<b>10.63</b>	4.61
Cheques/drafts on hand	<b>763.01</b>	592.87
With banks on current account	<b>849.58</b>	1396.24
Margin Money deposit accounts	<b>511.11</b>	187.35
unpaid dividend accounts*	<b>103.31</b>	98.62
<b>Total cash and cash equivalents (Note 15)</b>	<b>2237.64</b>	2279.69

(Previous year figures are regrouped wherever necessary)

Per our report of even date:	FOR AND ON BEHALF OF THE BOARD	
For Brahmayya & Company	Dr. B.B. Ramaiah	Chairman & Managing Director
Chartered Accountants	A. Ranga Rao	Director
Firm Regn. No. 000513S	M. Palachandra	Company Secretary
T.V. RAMANA	P.V.S. Viswanadha Kumar	G.M. (Finance) & Asst. Secretary
Partner		
Membership No. 200523		

Camp : TANUKU	TANUKU
Date : 28-07-2012	28-07-2012

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

**JOCIL LIMITED**

1. The Andhra Sugars Limited held 48,86,500 Equity Shares of Rs.10/- each fully paid-up out of the total paid-up shares of 88,81,150 amounting to Rs. 8,88,11,500/-.
2. The Subsidiary Company earned a profit of Rs.18,60,42,444/- for the year ended 31<sup>st</sup> March, 2012 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.33,56,492/- for the year ended 31<sup>st</sup> March, 2012 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.5,83,112/- for the year ended 31<sup>st</sup> March, 2012 and no part of this dealt with in the Holding Company's Accounts.

Since the accounting year of the Subsidiary Companies coincides 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  
28-07-2012

Dr. B.B. Ramaiah  
A. Ranga Rao  
M. Palachandra  
P.V.S.Viswanadha Kumar

Chairman & Managing Director  
Director  
Company Secretary  
G.M.( Finance) & Asst. Secretary

## 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, 2012, and the Consolidated Statement of Profit and Loss 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, 2012
- b) the Consolidated Statement of Profit and Loss 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 Statement of Profit and Loss 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 : 28-7-2012

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 31<sup>st</sup> MARCH, 2012**

(Rupees in lakhs)

<b>Equity &amp; Liabilities</b>	Notes	<b>As at 31-03-2012</b>	As at 31-03-2011
<b>Shareholders Funds</b>			
Share Capital	2	<b>2711.01</b>	2711.01
Reserves and Surplus	3	<b>54708.77</b>	46434.33
		<b>57419.78</b>	49145.34
<b>Minority Interest</b>			
		<b>6068.58</b>	5696.34
<b>Non-Current Liabilities</b>			
Long-term Borrowings	4	<b>13586.58</b>	13536.70
Deferred Tax Liability (Net)	5	<b>9349.40</b>	9045.68
Other Long-term liabilities	6	<b>4039.94</b>	3577.31
Long-term Provisions	7	<b>1330.01</b>	1236.89
		<b>28305.93</b>	27396.58
<b>Current Liabilities</b>			
Short-term Borrowings	8	<b>15863.96</b>	14313.55
Trade Payables	9.1	<b>2973.68</b>	5935.82
Other Current Liabilities	9.2	<b>11809.65</b>	12936.75
Short term Provisions	7	<b>14097.88</b>	10660.06
		<b>44745.17</b>	43846.18
<b>TOTAL</b>		<b>136539.46</b>	126084.44
<b>Assets</b>			
<b>Non-current Assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	10.1	<b>56786.23</b>	55122.44
In tangible Assets	10.2	<b>51.49</b>	0.07
Capital Work-in-Progress		<b>827.05</b>	1801.59
Good Will		<b>....</b>	191.98
		<b>57664.77</b>	57116.08
Non-current Investments	11	<b>10909.96</b>	10054.23
Long-term Loans and Advances	12	<b>1630.46</b>	945.77
Other Non-Current assets	13.2	<b>12.28</b>	0.94
		<b>12552.70</b>	11000.94
<b>Current Assets</b>			
Inventories	14	<b>35390.55</b>	31952.82
Trade Receivables	13.1	<b>14101.52</b>	9693.31
Cash and Bank Balances	15	<b>2479.11</b>	2799.34
Short-term Loans and Advances	12	<b>14311.03</b>	13483.64
Other Current Assets	13.2	<b>39.78</b>	38.31
		<b>66321.99</b>	57967.42
<b>TOTAL</b>		<b>136539.46</b>	126084.44
Summary of significant accounting policies	1		

The accompanying notes are an integral part of the Financial Statements.

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. B.B. Ramaiah  
A. Ranga Rao  
M. Palachandra  
P.V.S. Viswanadha Kumar

Chairman & Managing Director  
Director  
Company Secretary  
G.M. (Finance) & Asst. Secretary

Camp : TANUKU  
Date : 28-07-2012

TANUKU  
28-07-2012

The Andhra Sugars Limited - Group Consolidated Financial Statements

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012

(Rupees in lakhs)

PARTICULARS	Notes	Current Reporting Period 2011-12	Previous Reporting Period 2010-11
<b>Income</b>			
Revenue from operations (Gross)	16	123348.31	96480.86
Less: Excise duty		9105.76	6959.05
Revenue from operations (Net)		114242.55	89521.81
Other Income	17	1608.57	874.70
<b>Total Revenue</b>		<b>115851.12</b>	<b>90396.51</b>
<b>Expenses</b>			
Cost of raw materials consumed	18	61421.77	53817.07
Purchase of traded goods		61.12	50.80
[Increase]/Decrease in Inventories of finished goods, Work-in-Progress and traded goods	19	(5584.78)	(11204.04)
Employee Benefits expense	20	9008.06	7889.20
Depreciation and amortisation expense	21	4832.16	4501.79
Finance Costs	22	2343.74	2126.94
Other expenses	23	28149.30	25192.94
<b>Profit/(Loss) Before Tax</b>		<b>15619.75</b>	<b>8021.81</b>
Profit from Associate		905.24	1069.21
Add : Income Tax Refund		12.49	....
Less : Tax expenses			
Current tax		4750.00	2073.73
Deferred tax		305.51	355.61
<b>Total tax expense</b>		<b>5055.51</b>	<b>2429.34</b>
<b>Profit/(Loss) for the year</b>		<b>11481.97</b>	<b>6661.68</b>
<b>Less:</b>			
<b>Minority Interest</b>		<b>557.90</b>	<b>879.44</b>
<b>Profit/(Loss) After Minority Interest</b>		<b>10924.07</b>	<b>5782.24</b>
<b>Basic Earning Per Share</b>		<b>40.30</b>	<b>21.33</b>
<b>Diluted Earning Per Share</b>		<b>40.30</b>	<b>21.33</b>

Summary of Significant Accounting policies 1

The accompanying notes are an integral part of the Financial Statements.

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

FOR AND ON BEHALF OF THE BOARD

Dr. B.B. Ramaiah  
A. Ranga Rao  
M. Palachandra  
P.V.S. Viswanadha Kumar

Chairman & Managing Director  
Director  
Company Secretary  
G.M. (Finance) & Asst. Secretary

Camp : TANUKU  
Date : 28-07-2012

TANUKU  
28-07-2012

## The Andhra Sugars Limited - Group Consolidated Financial Statements

### NOTES FORMING PART OF THE GROUP CONSOLIDATED 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 up to the same reporting date as that of the parent company i.e., year ended 31<sup>st</sup> March 2012.

#### 1.1 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.

#### 1.2 Minority Interest:

Subsidiary companies	% Voting power held as at 31 <sup>st</sup> March, 2012
a. JOCIL Limited	44.97
b. The Andhra Farm Chemical Corporation Limited	23.17
c. Hindustan Allied Chemicals Limited	22.64

#### 1.3 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 31.3.2012. Therefore APL is treated as an associate, and investment in it is recognized 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 31<sup>st</sup> March 2012.

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

Particulars of investment in Associate Company by Group companies:

(Rs. In lacs)

Gross cost of the investment in Associate company - (including goodwill of Rs. 432.11 lacs )	3250.39
Less: Dividend received	556.17
	<hr/>
	2694.22
Add: Share of post acquisition reserves and surplus	4277.53
	<hr/>
Carrying value of investment in associate company	6971.75
	<hr/>

**1.4 Major components of deferred tax assets and liabilities arising on account of timing differences are:**

Particulars	(Rs. in lakhs)	
	Assets	Liabilities
1. Depreciation		10128.72
2. Amounts disallowed u/s 43 B of Income-Tax Act, 1961	741.19	
3. Provision for Doubtful debts	8.70	
4. Loss as per Income Tax to be carried forward	29.43	
	-----	-----
	779.32	10128.72
	-----	-----
Net deferred tax liability:		9349.40

**1.5 CONTINGENT LIABILITIES NOT PROVIDED FOR**

	As at 31-3-2012	As at 31-3-2011
a) Estimated amount of contracts remaining to be executed in capital account.	6846.76	1031.41
b) Uncalled liability on partly paid shares held as investments	24.66	42.04
c) Liability on account of membership in Alkali Manufacturers Association of India, a Company Limited by guarantee	0.01	0.01
d) Claim against the Company not admitted	1260.43	24.66
e) Guarantees issued for obligations arising out of events occurred at the Balance Sheet date	1563.04	95.00
f) On letter of credit opened with banker for purchase of Material	4762.05	3270.68
g) Claims not acknowledged by the Company relating to the following area		
i) Income Tax	141.89	67.73
ii) Excise 2945.41	1680.48	
iii) Service Tax	21.22	92.31
iv) Sales Tax	26.00	26.00
v) State Levies	192.41	171.25
vi) Suppliers and Service contract	173.59	146.56
vii) Labour related	5.00	5.00
viii) Others	3.48	3.36

**1.6** 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.

**1.7** Segment information:

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

The Andhra Sugars Limited - Group Consolidated Financial Statements

Notes Forming Part of Consolidated Accounts

(Rs. in lakhs)

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Note-2

Share Capital	As At 31st March 2012	As At 31st March 2011
<b>Authorised Shares :</b>		
28750000 (31st March 2011: 28750000) Equity shares of Rs.10 /- each	2875.00	2875.00
30000(31st March 2011:30000) 9.5% First Cumulative Redeemable Preference Shares of Rs 100/- each.	30.00	30.00
95000 (March 2011:95000) 9.5% Second Cumulative Redeemable Preference Shares of Rs 100/- each.	95.00	95.00
	<b>3000.00</b>	3000.00
<b>Issued Shares :</b>		
27113091 (31st March 2011: 27113091) Equity shares of Rs.10 /- each	2711.31	2711.31
	<b>2711.31</b>	2711.31
<b>Subscribed and fully paid-up shares :</b>		
27107078 (31st March 2011: 27107078) Equity shares of Rs.10 /- each fully paidup	2710.71	2710.71
Forfeited amount on 6013 shares of Rs.10/-each, Rs.5/-paid-up	0.30	0.30
<b>Total issued, subscribed and fully paid-up capital</b>	<b>2711.01</b>	2711.01
<b>Reconciliation of the shares outstanding at the beginning and at the end of the reporting period</b>		
<b>Equity Shares (No.s)</b>		
At the beginning of the period	27107078	27107078
Issued during the period - Bonus issue	....	....
Add: Forfeited Shares	....	....
Outstanding at the end of the period	<b>27107078</b>	27107078

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Note-3

RESERVES AND SURPLUS	As At 31st March 2012	As At 31st March 2011
<b>Capital Reserve</b>		
Capitalization of Bonus Shares	52.35	....
Capital Redemption Reserve	3.84	3.84
Forfeited Debentures	0.30	0.30
Capital Subsidy	66.82	66.82
Securities Premium Reserve	1560.70	1560.70
<b>General Reserve</b>		
Balance as per the last Financial Statements	33906.02	28355.71
Add : Amount transferred from Surplus Balance in the Statement Of Profit And Loss	5994.36	5550.30
Less: Amount utilised towards issue of fully paid up Bonus shares in JOCIL Ltd.	444.06	0.00
<b>Closing Balance</b>	<b>39456.32</b>	33906.01
<b>Surplus/(Deficit) In The Statement Of Profit And Loss</b>		
Balance as per the last Financial Statements	10896.66	12916.25
Profit/(Loss) for the year	10018.83	4713.03
Profit/(Loss) from Associate	905.24	1069.21
Less : Appropriations		
Proposed Final Equity Dividend	2141.86	1686.38
Tax on Distributed Profits	315.76	241.89
Transfer to General Reserve	5794.67	5550.30
Dividend from Associate	....	323.26
Total Appropriations	<b>8252.28</b>	7801.83
<b>Net Surplus In Statement Of Profit And Loss</b>	<b>13568.45</b>	10896.66
<b>Total Reserves And Surplus Taken To Balance Sheet</b>	<b>54708.77</b>	46434.33



The Andhra Sugars Limited - Group Consolidated Financial Statements

Notes Forming Part of Consolidated Accounts

(Rs. in lakhs)

Note-4

4	LONG TERM BORROWINGS:	As At 31st	As At 31st	As At 31st	As At 31st
		March 2012	March 2011	March 2012	March 2011
		4.1 Long - Term		4.2 Current Maturity	
	<b>Term Loans</b>				
	Indian Rupee Loans from banks (Secured)	266.05	1309.00	1042.95	3467.20
		266.05	1309.00	1042.95	3467.20
	<b>Other Loans and advances:</b>				
	Deferred sales tax loan (unsecured)	4440.93	4111.65	161.40	201.32
	<b>Deposits (unsecured)</b>				
	Deposits from Directors / Related Parties	7543.35	6939.39	927.50	1078.96
	Deposits from Others	1336.25	1176.66	2240.20	2341.19
		13320.53	12227.70	3329.10	3621.47
	<b>Total Amount</b>	<b>13586.58</b>	<b>13536.70</b>	<b>4372.05</b>	<b>7088.67</b>
	<b>The above amount includes</b>				
	Secured borrowings	266.05	1309.00	1042.95	3467.20
	Unsecured borrowings	13320.53	12227.70	3329.10	3621.47
	Amount disclosed under the head "other current liabilities"(note 10)	---	---	4372.05	7088.67
	<b>Net Amount</b>	<b>13586.58</b>	<b>13536.70</b>	<b>---</b>	<b>---</b>

Note-5

5	Deferred Tax Liability ( Net )	As At 31st	As At 31st
		March 2012	March 2011
	<b>Deferred Tax Liability</b>		
	Fixed Assets : Difference Between Tax Depreciation and Depreciation / Amortisation charged for the Financial reporting	10128.72	9778.86
	<b>Gross Deferred tax Liability</b>	<b>10128.72</b>	<b>9778.86</b>
	<b>Deferred Tax Asset</b>		
	Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purpose on payment basis	741.19	733.18
	Provision for doubtful Debts and advances	8.70	
	Loss as per Income tax to be Carried forward	29.43	
	<b>Gross Deferred tax Asset</b>	<b>779.32</b>	<b>733.18</b>
	<b>Net Deferred Tax Liability /( Asset)</b>	<b>9349.40</b>	<b>9045.68</b>

Note-6

6	OTHER LONG TERM LIABILITIES:	As At 31st	As At 31st
		March 2012	March 2011
	Trade payables	---	---
	<b>Total</b>	<b>---</b>	<b>---</b>
	<b>Others</b>		
	Outstanding Liabilities for Trade Payables for others	3914.25	3464.50
	Staff Security Deposits	10.50	6.79
	Trade Deposits	105.92	96.90
	Deposits Payable-Contractors	9.27	9.12
	<b>Total</b>	<b>4039.94</b>	<b>3577.31</b>

The Andhra Sugars Limited - Group Consolidated Financial Statements

Notes Forming Part of Consolidated Accounts

(Rs. in lakhs)

Note-7

7	PROVISIONS	Long Term		Short Term	
		As At 31st March 2012	As At 31st March 2011	As At 31st March 2012	As At 31st March 2011
	<b>Provision for employee benefits:</b>				
	Provision for gratuity	1048.36	985.21	125.84	112.85
	Provision for leave benefits	281.65	251.68	358.12	297.06
		<b>1330.01</b>	1236.89	<b>483.96</b>	409.91
	<b>Other Provisions:</b>	-	-	---	4.00
	Provision for Fringe Benefit	-	-	---	---
	Provision for Wealth tax	-	-	13.00	12.00
	Provision for Income tax	-	-	11143.31	8305.88
	proposed equity dividend	-	-	2141.86	1686.38
	Provision for tax on Distributed Profits	-	-	315.75	241.89
		-	-	<b>13613.92</b>	10250.15
	<b>Total</b>	<b>1330.01</b>	1236.89	<b>14097.88</b>	10,660.06

Note-8

8	SHORT-TERM BORROWINGS	As At 31st March 2012	As At 31st March 2011
	Cash credit from Banks ( Secured)	12301.08	13832.16
	Foreign Currency loan from banks - Buyers Credit ( Secured )	2900.07	
	Deposits (unsecured)		
	: from Directors	48.59	35.59
	: from Others	614.22	445.80
	<b>Total</b>	<b>15863.96</b>	14313.55
	<b>The above amount includes</b>		
	Secured borrowings	15201.15	13832.16
	Unsecured borrowings	662.81	481.39

Note-9

9	Other Current Liabilities:	As At 31st March 2012	As At 31st March 2011
	<b>9.1) Trade payables</b>	<b>2973.68</b>	5935.82
	<b>Total</b>	<b>2973.68</b>	5935.82
	<b>9.2) Other Liabilities:</b>		
	Current maturities of long term borrowings	4372.05	7088.67
	Interest accrued but not due on borrowings	328.85	291.78
	Interest accrued and due on borrowings	10.20	....
	Advance from customers	281.45	318.55
	Unpaid dividend	121.24	115.85
	Unpaid matured deposits And interest accrued thereon	40.60	48.10
	Unpaid matured debentures	8.62	5.63
	Accrued Salaries and Benefits	825.11	765.35
	Directors Remuneration Payable	1116.80	360.85
	Staff Security Deposits	3.96	30.29
	Statutory Dues	2773.36	2272.18
	Others	1927.41	1639.50
		<b>11809.65</b>	12936.75
	<b>Total</b>	<b>14783.33</b>	18872.57

**Note - 10**

FIXED ASSETS		GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK	
		Cost as at 31-3-11	Additions during the year	Deductions during the year	Cost as at 31-3-12	Dep. upto 31-3-11	Dep. for 11-12	Dep. Dedn. for 11-12	Dep.Upto 31-3-12	WDV AS AT 31-3-11	WDV AS AT 31-3-12
<b>10.1. Tangible Assets:</b>											
1) Land	3127.93	180.46	0.00	3308.39	0	0	0	0.00	3308.39	3127.93	
2) Buildings	6474.82	210.98	3.43	6682.37	2391.62	190.29	2.95	2578.96	4103.41	4083.20	
3) Plant and Machinery	74607.25	3025.45	76.63	77556.07	32790.75	4012.44	89.74	36713.45	40842.62	41816.50	
4) Vehicles and Materials Handling Equipment	2374.74	550.63	105.76	2819.61	1438.54	233.32	93.25	1578.61	1241.00	936.20	
5) Furniture & Fittings	485.64	29.67	13.50	501.81	360.75	23.47	9.71	374.51	127.30	124.89	
6) Office Equipment	330.52	51.77	46.30	335.99	242.68	29.17	45.03	226.82	109.18	87.84	
7) Tramways and Railway Sidings	731.99	0	14.29	717.70	308.00	31.94	12.80	327.14	390.56	423.99	
8) Renewable Energy Plant: Wind Farr	6272.08	2476.87	0.00	8748.95	1750.26	334.92	0.00	2085.18	6663.77	4521.82	
<b>TOTAL</b>	94404.97	6525.83	259.91	100670.89	39282.60	4855.55	253.48	43884.67	56786.23	55122.37	
<b>10.2. Intangible Assets:</b>											
	3.25	52.01	0.00	55.26	3.18	0.59	0.00	3.77	51.49	0.07	
<b>GRAND TOTAL</b>	94408.22	6577.84	259.91	100726.15	39285.78	4856.14	253.48	43888.44	56837.72	55122.44	
Previous year (Rupees in lakhs)	86866.28	10308.85	2766.91	94408.22	36682.78	4525.27	1922.27	39285.78	55122.44	50183.50	

The Andhra Sugars Limited - Group Consolidated Financial Statements

Notes Forming Part of Consolidated Accounts

(Rs. in lakhs)

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Note-11

Non-current Investments	As At 31st March 2012	As At 31st March 2011
<b>A) Trade Investment -- Quoted</b>		
<b>1) Investment in Associate</b> 2,56,35,194 ( 31st March 2011 : '2,56,35,194 ) fully paid Equity shares of Rs.10/- each in The Andhra Petrochemical Ltd.,	<b>6971.75</b>	6066.51
<b>2) Investment in Other Companies</b>		
a)1,40,000 ( 31st March 2011: 1,40,000) fully paid Equity Shares of Rs.10/- each in Sree Akkamamba Textiles Ltd.,	<b>1.75</b>	1.75
'b)38,704 ( 31st March 2011: 25,052) fully paid Equity Shares of Rs.10/- each in Andhra Bank	<b>7.48</b>	7.48
<b>B) Trade Investment --Un- Quoted</b>		
96,64,080 (31st March 2011 : 96,64,080 ) fully paid Equity shares of Rs.10/- each in Andhra Pradesh Gas Power Corporation Ltd.,	<b>3,656.74</b>	3656.74
<b>C) Other Investments</b>		
1) 1391(31st March 2011: 1391) Equity Shares of Rs.10/- each , fully paid up in Indian Bank (Quoted)	<b>1.27</b>	1.27
'2) As at 31st March 2011 , 100000Equity Shares of Rs.10/- each in Agri Business Finance (AP) Ltd., (Un Quoted)	<b>10.00</b>	60.00
3) 200 Equity Shares of Rs. 10 each fully Paid -Up in The Industrial Finance Corporation of India	<b>0.05</b>	0.04
4) 11,360 Equity Shares of Rs.10 each fully paid up in Industrial Development Bank of India	<b>9.23</b>	9.23
<b>3)Investment in Govt Securities :-</b>		
a) National Plan Saving Certificates (lodged with Govt. Department towards Security)	<b>0.59</b>	0.00
b) 500Bonds of rural Electrification Corpooration Ltd.,	<b>50.00</b>	50.11
<b>4) 7,12,110.482 (31st March 2011 : 7,12,110.482) 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 )</b>	<b>201.10</b>	201.10
<b>Total</b>	<b>10909.96</b>	10054.23
Aggregate amount of un quoted Investments	<b>3726.56</b>	3776.08
Aggregate amount of quoted investments	<b>7183.40</b>	6,278.15
<b>Total</b>		
Aggregate Market Value of quoted investments	<b>8516.67</b>	14355.55
Aggregate amount of Diminution in Value of Investment		

The Andhra Sugars Limited - Group Consolidated Financial Statements

Notes Forming Part of Consolidated Accounts

(Rs. in lakhs)

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Note-12

Loans and advances	Non - Current		Current	
	As At 31st March 2012	As At 31st March 2011	As At 31st March 2012	As At 31st March 2011
<b>Capital Advances</b>				
Secured, considered good				
Unsecured, considered good	<b>929.52</b>	541.16	<b>0.57</b>	
(A)	<b>929.52</b>	541.16	<b>0.57</b>	---
<b>Security Deposit</b>				
Secured, considered good				
Unsecured, considered good	<b>520.45</b>	404.61	<b>137.90</b>	171.55
Doubtful				
(B)	<b>520.45</b>	404.61	<b>137.90</b>	171.55
<b>Loans and advances to related parties</b>				
Unsecured, considered good			<b>500.46</b>	700.00
(C)	---	---	<b>500.46</b>	700.00
<b>Advances recoverable in cash or kind</b>				
Secured, considered good				
Unsecured, considered good			<b>1703.56</b>	2562.75
Doubtful			<b>1.03</b>	0.03
Provision for doubtful advances			<b>11.82</b>	0.03
(D)	---	---	<b>1692.77</b>	2562.75
<b>Other Loans and Advances</b>				
Excise Duty Paid in Advance (Including Cenvat Credit Pending Utilisation )			<b>666.35</b>	1411.90
Advances to Trade Payables			<b>120.93</b>	94.56
MAT Credit			<b>8.64</b>	9.33
Advance Income-tax	<b>68.36</b>		<b>10895.10</b>	8070.94
Income Tax Deducted at Source			<b>85.76</b>	199.69
Income Tax Refund Receivable			<b>0.96</b>	0.98
Prepaid expenses	<b>14.37</b>		<b>123.84</b>	104.08
Balances with statutory/government authorities	<b>97.77</b>		<b>67.05</b>	90.22
Others			<b>10.69</b>	67.64
(E)	<b>180.50</b>	---	<b>11979.32</b>	10049.34
<b>Total [A+B+C+D+E]</b>	<b>1630.46</b>	945.77	<b>14311.03</b>	13483.64

The Andhra Sugars Limited - Group Consolidated Financial Statements

Notes Forming Part of Consolidated Accounts

(Rs. in lakhs)

13.1 Trade receivable and other assets

Note-13.1

Trade receivables	Non-current		Current	
	As At 31st March 2012	As At 31st March 2011	As At 31st March 2012	As At 31st March 2011
Secured, considered good				
Unsecured, considered good				
Less than 6 Months from the due date for payment			8948.56	9470.97
more than 6 Months from the due date for payment			419.22	222.34
Doubtful			15.02	15.02
			9382.80	9708.33
Provision for doubtful receivables			15.02	15.02
(A)	---	---	9367.78	9693.31
<b>Other receivables</b>				
Secured, considered good				
Unsecured, considered good			4733.74	---
Doubtful				---
Provision for doubtful receivables				---
(B)	---	---	4733.74	---
<b>Total [A+B]</b>	---	---	14101.52	9693.31

13.2

Note-13.2

Other Assets	Non - Current		Current	
	As At 31st March 2012	As At 31st March 2011	As At 31st March 2012	As At 31st March 2011
<b>Unsecured, considered good unless stated otherwise</b>				
Non-current bank balances				
[A]	---	---	---	---
Unamortized expenditure				
Unamortized Preliminary Expenses	0.94	0.94		
[B]	0.94	0.94	---	---
<b>Others</b>				
Interest accrued on fixed deposits			39.40	38.31
IT Refund Receivable	11.34		0.38	
Others				
[C]	11.34	---	39.78	38.31
<b>Total [A+B+C]</b>	12.28	0.94	39.78	38.31

The Andhra Sugars Limited - Group Consolidated Financial Statements

Notes Forming Part of Consolidated Accounts

(Rs. in lakhs)

Note-14

14 Inventories (valued at lower of cost and net realizable value)	As At 31st March 2012	As At 31st March 2011
Raw materials and components at Cost	4969.43	6831.19
Work-in-progress		
: At Cost	1630.45	1770.26
: At Estimated Realisable Value		
Finished goods		
: At Cost	10880.83	7709.90
: At Estimated Realisable Value	13392.43	10838.39
Traded goods		
Stores and spares at Cost	4438.08	4764.47
Loose tools	50.43	30.79
Others	28.90	7.82
<b>Total</b>	<b>35390.55</b>	<b>31952.82</b>

Note-15

15 Cash and bank balances	Non-current		Current	
	As At 31st March 2012	As At 31st March 2011	As At 31st March 2012	As At 31st March 2011
<b>Cash and Cash Equivalents :</b>				
Balances with Banks:				
On current accounts			989.78	1866.69
On unpaid dividend account			120.61	98.62
Cheques/drafts on hand			763.81	592.70
Cash on hand			13.96	6.74
<b>[A]</b>	---	---	<b>1888.16</b>	<b>2564.75</b>
<b>Other Bank Balances :</b>				
Deposits with original maturity for more than 12 months				
Deposits with original maturity for more than 3 months but less than 12 months				
Margin money deposit			590.95	234.59
<b>[B]</b>	---	---	<b>590.95</b>	<b>234.59</b>
<b>Total</b>	---	---	<b>2479.11</b>	<b>2799.34</b>

MINORITY INTEREST	As at 31-03-12	As at 31-03-11
Share capital	412.32	212.62
Add: Share in		
General Reserve	4566.54	4116.84
Capital Reserve	19.00	19.00
Securities Premium	352.45	352.45
provision for dividend(including tax)	232.09	185.67
Statement of Profit and loss	486.18	809.76
<b>Total</b>	<b>6068.58</b>	<b>5696.34</b>

The Andhra Sugars Limited - Group Consolidated Financial Statements

Notes Forming Part of Consolidated Accounts

(Rs. in lakhs)

Note-16

16	Revenue from operations	This Year	Previous Year
	<b>Sale of products:</b>		
	Finished goods	118173.33	91756.91
	Traded goods	93.27	86.02
	Sale of services	392.24	537.59
	<b>Other operating revenue</b>		
	Freight & Sale Expenses Recovered	1909.04	1943.45
	Subsidy Received on Super phosphate Sales	2067.34	1645.70
	Export Premium on Sugars	351.56	---
	Processing & Job Work Income	361.53	511.19
	<b>Revenue from operations (gross)</b>	<b>123348.31</b>	<b>96480.86</b>
	Less: Excise Duty	9105.76	6959.05
	<b>Revenue from operations (net)</b>	<b>114242.55</b>	<b>89521.81</b>

Note-17

17	Other Income	This Year	Previous Year
	<b>Interest income on</b>		
	Bank deposits	267.49	125.55
	Others	75.30	55.99
	<b>Dividend income on</b>		
	Long-term investments	457.47	249.45
	Rent received	74.71	51.03
	Net gain on sale of Long Term investments	5.00	0.04
	Net gain on sale of Assets	25.69	77.96
	Other non-operating income #	702.91	314.68
	<b>Total</b>	<b>1608.57</b>	<b>874.70</b>

# Other non-operating income includes :	This Year	Previous Year
Unclaimed balance Credited Back	0.72	....
Excess Provision In Earlier Years Credited Back	3.84	14.12
Claims Received	63.07	60.97
Difference In Exchange-(Net)	81.67	225.25
Weighment Charges Received	3.71	....
Income not relating to this year	0.60	4.12
Income from Agriculture (Net)	2.50	9.05
Carbon Credits from Wind Mills	75.14	0.00
Misc.Scrap Sales	471.24	0.00
Misc. Receipts	0.42	1.17
<b>Total</b>	<b>702.91</b>	<b>314.68</b>

Note-18

18	Cost of raw material consumed	This Year	Previous Year
	Inventory at the beginning of the year	6831.19	2760.77
	Add: Purchases	60422.96	59107.54
	Less: Sale of raw material	862.95	1220.05
	Less: Inventory at the end of the year	4969.43	6831.19
	<b>Cost of raw material consumed</b>	<b>61421.77</b>	<b>53817.07</b>



Note-19

19	(Increase)/decrease in inventories	This Year	Previous Year
<b>Inventories at the end of the year</b>			
	Traded goods	139.80	1770.26
	Work in progress	(5724.58)	18548.29
	Finished goods	(5584.78)	20318.55
<b>Inventories at the beginning of the year</b>			
	Traded goods	(621.99)	1148.27
	Work in progress	(10582.05)	7966.24
	Finished goods	(11204.04)	9114.51

Details of purchase of traded goods	This Year	Previous Year
Acetic Anhydride	61.12	50.80
<b>Total</b>	<b>61.12</b>	<b>50.80</b>

Note-20

20	Employee benefit expense	This Year	Previous Year
	Salaries, wages and bonus	7434.67	6306.32
	Contribution to provident and other fund	834.49	771.70
	Gratuity expense	420.36	507.92
	Staff welfare expenses	318.54	303.26
	<b>Total</b>	<b>9008.06</b>	<b>7889.20</b>

Note-21

21	Depreciation and amortization expense	This Year	Previous Year
	Depreciation of tangible assets	4831.58	4501.14
	Amortization of intangible assets	0.58	0.65
	<b>Total</b>	<b>4832.16</b>	<b>4501.79</b>

The Andhra Sugars Limited - Group Consolidated Financial Statements

Notes Forming Part of Consolidated Accounts

(Rs. in lakhs)

Note-22

22	<b>Finance Costs</b>	<b>This Year</b>	Previous Year
	Interest	<b>2289.72</b>	1657.23
	Other Borrowing Costs	<b>54.02</b>	469.71
	<b>Total</b>	<b>2343.74</b>	2126.94

Note-23

23	<b>Other expenses</b>	<b>This Year</b>	Previous Year
	Consumption of stores and spares	<b>4021.79</b>	3461.32
	Increase/(decrease) of excise duty on inventory	<b>269.11</b>	450.12
	Power and fuel	<b>12117.06</b>	11650.06
	Sugarcane development Expenses	<b>143.74</b>	172.91
	Rent	<b>24.20</b>	21.66
	Rates and taxes	<b>782.97</b>	659.18
	Insurance	<b>166.38</b>	145.27
	Repairs and maintenance		
	Plant and machinery	<b>3865.05</b>	2932.99
	Buildings	<b>298.85</b>	263.86
	Others	<b>633.29</b>	414.67
	Advertising and sales promotion	<b>65.82</b>	41.23
	Handling Transport & Expenses	<b>3310.43</b>	3200.99
	Sales commission	<b>699.90</b>	278.97
	Bank Charges	<b>90.37</b>	----
	Traveling Expenses	<b>1.80</b>	----
	Legal and professional fees	<b>0.31</b>	----
	Directors' sitting fees	<b>13.59</b>	9.45
	Payment to auditors (Refer details below)	<b>25.12</b>	19.70
	Exchange differences (net)	<b>137.04</b>	53.10
	Donations	<b>285.57</b>	106.11
	Assets Written off	<b>20.12</b>	437.55
	Stores & Spare written off	<b>286.57</b>	14.66
	Provision for doubtful debts and advances	<b>1.00</b>	10.79
	Loss on sale of fixed assets (net)	----	0.81
	Miscellaneous expenses	<b>889.22</b>	847.54
	<b>Total</b>	<b>28149.30</b>	25192.94

<b>Payment to Auditors</b>	<b>This Year</b>	Previous Year
<b>As Auditor</b>	<b>12.15</b>	8.85
For Taxation Matters	<b>4.68</b>	3.25
For Limited review & Other Certification	<b>4.85</b>	4.00
For Reimbursement of Expenses	<b>0.85</b>	1.01
<b>As Cost Auditors</b>	<b>2.15</b>	2.00
Fee for Certification	<b>0.25</b>	0.25
For Reimbursement of Expenses	<b>0.19</b>	0.34
<b>Total</b>	<b>25.12</b>	19.70

**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 (upto 3-9-2011)  
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 (upto 10-3-2012)	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. 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
Smt. E.Rama Lakshmi	Sister of Sri P.Narendrnath Chowdary
Smt. J.Akkamamba	Sister of Sri P.Narendrnath Chowdary
Smt. J.Usha Rani	Sister of Sri P.Narendrnath Chowdary
Smt. N.Anantha Lakshmi	Sister of Sri P.Narendrnath Chowdary
Smt. M.Kamala Devi	Sister of Sri P.Narendrnath Chowdary
Smt. M.Satyanarayanamma	Sister of Sri P.Narendrnath Chowdary
Smt. N.Anantha Lakshmi	Sister of Sri P.Narendrnath Chowdary
Smt. J.Anantha Lakshmi	Sister of Sri M.Narendranath
Smt. N.V.Ramanamma	Sister of Sri M.Narendranath
Smt. R.Akkamamba	Sister of Sri M.Narendranath
Smt. Y.Narayanamma	Sister of Sri M.Narendranath

## The Andhra Sugars Limited - Group Consolidated Financial Statements

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.Mrutyamjaya Prasad	Son of Sri M.Thimmaraja
Smt. Archana	Daughter of Sri P.V.Krishna 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
Kum. P.Divya Atchmamba	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 srisai 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. V.Indira	Sister of Sri J.Murali Mohan
smt. J.Sunitha Mohan	Wife of Sri J.Murali Mohan
Kum. J. Namrata	Daughter of J.Murali Mohan

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

Jaya Industries  
Jayalakshmi Fertilisers  
Jayalakshmi Estate  
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 P Ltd.,  
Sri Pendyala Venkata Krishna Rao Memorial Trust  
Sree Mullapudi Kamala Devi Cardio Vascular center  
Sree Mullapudi Thimmaraju Memorial Library  
Andhra Pradesh Gas Power Corporation Limited  
The Mullapudi Investment & Finance Co. (P) Ltd.,  
Thimmaraju Investmet & Finance Co. (P) Ltd.,  
Sree Harichandra Prasad Investment & Finance Co. (P) Ltd.,

### 4) Associate:

The Andhra Petrochemicals Limited

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**(B) TRANSACTIONS WITH THE RELATED PARTIES:**

(Corresponding figures related to 31<sup>st</sup> March, 2011)

(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	<b>5305.15</b> (5580.54)	<b>2.30</b> (0.00)	<b>23.72</b> (38.00)	<b>28.96</b> (23.15)
Services Rendered by	<b>6.95</b> (3.21)	<b>0.00</b> (0.00)	<b>17.70</b> (14.36)	<b>2.12</b> (2.04)
Sale of Goods to	<b>1120.13</b> (658.13)	<b>61.45</b> (50.28)	<b>3.40</b> (0.00)	<b>0.00</b> (0.00)
Sale of Fixed Assets to	<b>0.00</b> (0.00)	<b>0.00</b> (0.00)	<b>0.00</b> (0.00)	<b>0.00</b> (0.00)
Services Rendered to	<b>0.00</b> (0.00)	<b>0.77</b> (3.10)	<b>0.00</b> (0.00)	<b>0.00</b> (0.00)
Interest Paid to	<b>0.11</b> (0.00)	<b>0.00</b> (0.00)	<b>290.64</b> (314.58)	<b>593.46</b> (556.11)
Interest Received from	<b>23.12</b> (0.00)	<b>0.00</b> (0.00)	<b>0.00</b> (0.00)	<b>0.00</b> (0.00)
Remuneration (including Commission) paid to	<b>0.00</b> (0.00)	<b>0.00</b> (0.00)	<b>1371.64</b> (667.05)	<b>6.76</b> (5.15)
Donations Paid to	<b>235.00</b> (30.00)	<b>0.00</b> (0.00)	<b>0.00</b> (0.00)	<b>0.00</b> (0.00)
Dividend Paid to	<b>77.10</b> (70.48)	<b>0.00</b> (0.00)	<b>179.40</b> (200.22)	<b>364.27</b> (364.32)
Dividend Received from	<b>2.80</b> (2.80)	<b>246.27</b> (0.00)	<b>0.00</b> (0.00)	<b>0.00</b> (0.00)
<b>Balances as at 31-03-2012</b>				
a) Share Capital held by the Company, in	<b>3658.49</b> (3658.49)	<b>3127.47</b> (3127.47)	<b>0.00</b> (0.00)	<b>0.00</b> (0.00)
b) Receivables- Trade dues from	<b>82.51</b> (42.42)	<b>0.00</b> (0.00)	<b>0.00</b> (0.00)	<b>0.00</b> (0.00)
c) Share Capital of the company held by	<b>154.20</b> (140.96)	<b>0.00</b> (0.00)	<b>376.07</b> (399.94)	<b>675.41</b> (729.87)
d) Fixed Deposits Received from	<b>1.00</b> (0.00)	<b>0.00</b> (0.00)	<b>2834.09</b> (3241.88)	<b>5823.19</b> (5415.80)
e) Loans/ Intercorporate loans given to	<b>500.00</b> (0.00)	<b>0.00</b> (0.00)	<b>0.00</b> (0.00)	<b>0.00</b> (0.00)
f) Payables : - Trade dues	<b>427.73</b> (3.99)	<b>0.00</b> (0.00)	<b>0.00</b> (0.00)	<b>0.00</b> (0.00)
- Interest on F D's.	<b>0.02</b> (0.00)	<b>0.00</b> (0.00)	<b>59.04</b> (70.79)	<b>146.04</b> (125.18)
- Remuneration (including Commission)	<b>0.00</b> (0.00)	<b>0.00</b> (0.00)	<b>1190.58</b> (360.82)	<b>0.35</b> (0.48)

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ANNEXURE-II  
(RS. IN LAKHS)

STATEMENT SHOWING SEGMENT WISE ANALYSIS AS ON 31.03.2012

Description	SUGARS		CAUSTIC SODA		POWER GENERATION		INDUSTRIAL CHEMICALS		SOAP		OTHERS		ELIMINATIONS		CONSOLIDATED	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
REVENUE:																
External sales	18975.17	8204.66	36188.91	26904.21	1166.96	1358.05	28800.42	24339.23	22858.92	22446.08	6252.17	6269.58			114242.55	89521.81
Inter-segment sales	3169.66	716.14	2805.10	1838.70	3887.03	2302.18	15271.09	14079.17	0.00	0.00	86.47	47.46	25219.35	18983.65		
Total revenue	22144.83	8920.80	38994.01	28742.91	5053.99	3660.23	44071.51	38418.40	22858.92	22446.08	6338.64	6317.04	25219.35	18983.65	114242.55	89521.81
RESULT:																
Segment result before Interest, Extra-ordinary items	604.74	-1034.94	12468.19	6754.37	207.03	367.06	5895.15	4819.03	882.57	1383.02	2046.23	1640.45			22103.91	13928.99
Unallocated corporate expenses less Income															4545.73	3956.34
Operating Profit															17566.68	9983.61
Interest expenses															2289.72	2126.94
Interest income															342.79	165.14
Profit before tax															15619.75	8021.81
Provision for current and deferred tax															5055.51	2429.34
Net profit after tax															11481.97	6661.66
OTHER INFORMATION:																
Segment Assets	34725.65	28026.22	33896.13	35713.80	9313.29	13245.74	20915.41	15087.83	4645.96	6013.63	5437.38	3866.19			108910.69	101955.82
Unallocated Corporate Assets															27628.77	24128.62
Total Assets	11260.75	3635.75	5145.31	7060.56	205.46	508.48	4089.97	2829.28	160.52	197.65	1523.33	220.24			136539.46	126084.44
Segment Liabilities	410.04	1986.97	727.98	6263.64	2626.79	10.03	845.96	1432.19	1217.02	181.67	750.06	434.36			22385.34	14454.38
Unallocated Corporate Liabilities															50665.76	56788.38
Total Liabilities	831.65	764.74	2011.33	1940.64	912.72	92.15	634.44	564.27	182.55	91.03	262.41	222.44	2.94	2.48	73051.10	71242.76
Capital expenditure															6577.85	10308.86
Depreciation															4832.16	4501.79
Non-cash Expenditure other than depreciation															0.00	0.00

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.

**GROUP CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR 2011-12**

(Rupees in lakhs)

	2011- 2012	2010- 2011
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax and extra-ordinary items	15619.75	8021.81
ADJUSTMENTS FOR:		
Depreciation	4832.14	4501.79
Assets written off	20.12	437.85
Interest (Net)	1946.94	1961.80
Profit/Loss on sale of assets(Net)	(25.69)	(77.46)
Profit/Loss on sale of investments	(5.00)	—
Dividends received	(457.47)	(249.46)
Wealth Tax	5.00	(0.04)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	21935.79	14596.29
Trade and other receivables	(3217.92)	(3594.34)
Inventories	(3437.71)	(15726.29)
Trade payables	(1119.13)	3905.58
Other current liabilities & provsions	(544.72)	—
Short term loans & other current assets	(166.84)	—
CASH GENERATED FROM OPERATIONS	13449.48	(818.76)
Direct taxes paid	4639.58	(2338.52)
<b>NET CASH FROM OPERATING ACTIVITIES.... A</b>	<b>8809.90</b>	<b>(3157.28)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets (Including Capital Work-in-progress, unallocated capital expenditure)	(6035.50)	(7504.67)
Sale of Fixed assets	33.68	498.29
Sale of investments	55.00	0.15
Purchase of investments	(0.48)	(208.04)
Interest received	345.98	183.61
Deposits/Withdrawal of Inter corporate advances	(22.00)	—
Dividends received	262.01	5.14
<b>NET CASH USED IN INVESTING ACTIVITIES....B</b>	<b>(5361.31)</b>	<b>(7025.52)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings/loans	384.96	14197.09
Dividends paid	(1860.85)	(1555.09)
Interest paid	(2292.93)	(2145.41)
<b>NET CASH FROM FINANCING ACTIVITIES.....C</b>	<b>(3768.82)</b>	<b>10496.59</b>
<b>INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(320.23)</b>	<b>313.79</b>
Cash and Cash equivalents as on 01.4.2011	2799.34	2485.55
Cash and Cash equivalents as on 31.3.2012	2479.11	2799.34
	<b>(320.23)</b>	<b>313.79</b>

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. B.B. Ramaiah  
A. Ranga Rao  
M. Palachandra  
P.V.S. Viswanadha Kumar

Chairman & Managing Director  
Director  
Company Secretary  
G.M. (Finance) & Asst. Secretary

Camp : TANUKU  
Date : 28-07-2012

TANUKU  
28-07-2012

**STATEMENT REGARDING SUBSIDIARY COMPANIES AS ON 31-03-2012**

(Rupees in lakhs)

Name of the Subsidiary Company	JOCIL Ltd.	The Andhra Farm Chemicals Corporation Limited	Hindustan Allied Chemicals Limited
1. Capital	888.16	45.00	10.63
2. Reserves	11858.91	312.26	83.29
3. Total Assets	22236.69	472.26	46.29
4. Total Liabilities	9635.01	115.03	2.37
5. Investments	145.40	0.03	50.00
6. Total Income	39405.36	606.75	6.12
7. Profit before taxation	1860.42	(33.56)	5.83
8. Provision for Tax	610.05	(10.39)	1.81
9. Profit after Taxation	1250.37	(23.17)	4.30
10. Proposed Dividend	444.06	—	—





## 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 FIFTH Annual General Meeting of THE ANDHRA SUGARS LIMITED will be held at the Registered Office of the Company, Venkatarayapuram, Tanuku on Thursday the 27<sup>th</sup> day of September 2012 at 3.00 P.M. to transact the following business:

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2012 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 2011-12.
3. To appoint a Director in place of Sri V. S. Raju who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Dr. Alapaty Appa Rao who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Sri M. Narendranath who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint a Director in place of Sri P. Achuta Ramayya who retires by rotation and being eligible offers himself for re-appointment.
7. To appoint Auditors for the year 2012-13 and fix their remuneration. The present Auditors of the Company, M/s Brahmayya and Co., Chartered Accountants, Vijayawada retire at this Annual General Meeting and are eligible for re-appointment.

#### SPECIAL BUSINESS:

8. To consider and if thought fit, to pass, with or without modification(s), the following as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 269, 198, 309, 310, 311 and other applicable provisions of the Companies Act, 1956 (Act) read with Schedule XIII to the said Act or any statutory modification or re-enactment of the said Act and such other approvals as may be required the consent of the Company be and is hereby accorded to the appointment of Dr. B. B. Ramaiah as Managing Director of the Company for a period of five years with effect from 1-11-2011 on the following terms and conditions:-

Dr. B.B. Ramaiah is not subject to retirement by rotation during the tenure of his office as Managing Director from 1-11-2011 to 31-10-2016.

1. **Salary** : Rs. 2,00,000/- per month.
2. **Commission:** Upto 2% of the net profits of the Company subject to the overall ceiling stipulated in Sections 198 and 309 of the Companies Act, 1956.
3. **Perquisites** : (i) Housing – if required, free furnished residential accommodation with all facilities and amenities including Gas, Electricity, Water, Furniture/Fittings etc., the monetary value of which may be evaluated as per Rule 3 of the Income-Tax Rules, 1962. The expenditure incurred by the Company on Gas, Electricity, Water and Furnishings shall be subject to a ceiling of 10% of the Salary. In case where the Company does not provide accommodation, House Rent Allowance shall be paid at the rate of 50% of the Salary. (ii) Medical reimbursement of the expenses incurred for the treatment in India / abroad for self and family, (iii) Leave Travel Concession – for himself and his family as per the rules of the Company,

(iv) Club Fees, (v) Personal Accident Insurance, (vi) Provident Fund, Company's contribution towards Provident Fund at 12% of his salary or any rate applicable from time to time, (vii) Superannuation Fund – Company's contribution towards Superannuation Fund as per the rules of the Company, such contribution together with Company's contribution shall not exceed 27% of the salary as laid down under the Income tax Rules, 1962 or such other ceiling as may be prescribed from time to time, (viii) Gratuity – not exceeding ½ a month's salary for each completed year of service, (ix) Leave – entitled to one month's leave, as per the rules of the Company on full pay for every 11 months of service. Encashment of leave at the end of tenure will not be included in computation of ceiling on perquisites, (x) Telephone – one or more free telephone facility at the residence for the use of Company's business, (xi) Car – one or more use of Company's car on Company's business with driver and all expenses of maintenance, repairs and cost of petrol. (provision of Car for use of Company's business and telephone at residence will not be considered as perquisites), (xii) any other perquisites that may be allowed as per the guidelines issued by the Central Government from time to time.

The above perquisites including salary and commission shall be subject to the overall ceiling of remuneration stipulated under Section 309 of the Companies Act, 1956 read with Schedule XIII thereto or any statutory modification thereof.

Company's contribution to Provident Fund and Superannuation Fund and Gratuity payable at the end of the tenure to the extent these either singly or together are not taxable under the Income-tax Act shall not be included in the computation of limits for the perquisites aforesaid.

“RESOLVED FURTHER THAT the Board be and is hereby authorised to alter and vary the terms and conditions of the above salary and perquisites in such manner as may be agreed to between Dr. B.B.Ramaiah, Managing Director and the Board.”

“RESOLVED FURTHER THAT in the event of loss or inadequacy of profit in any financial year of the Company during the term of his Office as Managing Director, the remuneration and perquisites set out above be paid or granted to Dr. B. B. Ramaiah as minimum remuneration stipulated in Section II of Part II of Schedule XIII of the said Act or such other amount and perquisites as may be provided in the said Schedule XIII as may be amended from time to time or any equivalent statutory re-enactment(s) thereof.”

9. To consider and if thought fit, to pass, with or without modification(s), the following as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 198,309,310,311 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII of Companies Act, 1956 or any statutory modification(s) or re-enactment of the said Act consent of the Company be and is hereby accorded for the payment to Dr. B.B.Ramaiah, Managing Director a revised salary of Rs.3,00,000/- per month with effect from 1-4-2012 to 31-10-2016.

“RESOLVED FURTHER THAT the commission of 2% on net profit, perquisites and other terms and conditions as mentioned in the Resolution No.8 above remain the same.

10. To consider and if thought fit, to pass, with or without modification(s), the following as a Special Resolution:

“RESOLVED THAT subject to the provisions of Sections 269, 198, 309, 310, 311 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 and any statutory modification or re-enactment of the said Act, consent of the Company be and is hereby accorded to the re-designation of Sri P. Narendranath Chowdary as Managing Director with effect from 1-4-2012 to 11-1-2016.”

Sri P. Narendranath Chowdary is not subject to retirement by rotation during the tenure of his office as Managing Director from 1-4-2012 to 11-1-2016

“RESOLVED FURTHER THAT the consent of the Company be and is hereby also accorded payment to Sri P. Narendranath Chowdary the following remuneration with effect from 1-4-2012 to 11-1-2016.

1. **Salary** : Rs. 3,00,000/- per month.
2. **Commission**: Upto 2% of net Profits of the Company subject to the overall ceiling stipulated in Section 309 of the Companies Act, 1956.
3. **Perquisites** : (i) Housing – if required, free furnished residential accommodation with all facilities and amenities including Gas, Electricity, Water, Furniture/Fittings etc., the monetary value of which may be evaluated as per Rule 3 of the Income-Tax Rules, 1962. The expenditure incurred by the Company on Gas, Electricity, Water and Furnishings shall be subject to a ceiling of 10% of the Salary. In case where the Company does not provide accommodation, House Rent Allowance shall be paid at the rate of 50% of the Salary. (ii) Medical reimbursement of the expenses incurred for the treatment in India / abroad for self and family, (iii) Leave Travel Concession – for himself and his family as per the rules of the Company, (iv) Club Fees, (v) Personal Accident Insurance, (vi) Provident Fund, Company’s contribution towards Provident Fund at 12% of his salary or any rate applicable from time to time, (vii) Superannuation Fund – Company’s contribution towards Superannuation Fund as per the rules of the Company, such contribution together with Company’s contribution shall not exceed 27% of the salary as laid down under the Income tax Rules, 1962 or such other ceiling as may be prescribed from time to time, (viii) Gratuity – not exceeding ½ a month’s salary for each completed year of service, (ix) Leave – entitled to one month’s leave, as per the rules of the Company on full pay for every 11 months of service. Encashment of leave at the end of tenure will not be included in computation of ceiling on perquisites, (x) Telephone – one or more free telephone facility at the residence for the use of Company’s business, (xi) Car – one or more use of Company’s car on Company’s business with driver and all expenses of maintenance, repairs and cost of petrol. (provision of Car for use of Company’s business and telephone at residence will not be considered as perquisites), (xii) any other perquisites that may be allowed as per the guidelines issued by the Central Government from time to time.

The above perquisites including salary and commission shall be subject to the overall ceiling of remuneration stipulated under Section 309 of the Companies Act, 1956 read with Schedule XIII thereto or any statutory modification thereof.

Company’s contribution to Provident Fund and Superannuation Fund and Gratuity payable at the end of the tenure to the extent these either singly or together are not taxable under the Income-tax Act shall not be included in the computation of limits for the perquisites aforesaid.

“RESOLVED FURTHER THAT the Board be and is hereby authorised to alter and vary the terms and conditions of the above salary and perquisites in such manner as may be agreed to between Sri P. Narendranath Chowdary, Managing Director and the Board.”

“RESOLVED FURTHER THAT in the event of loss or inadequacy of profit in any financial year of the Company during the term of his Office as Managing Director, the remuneration and perquisites set out above be paid or granted to Sri P. Narendranath Chowdary as minimum remuneration stipulated in Section II of Part II of Schedule XIII of the said Act or such other amount and perquisites as may be provided in the said Schedule XIII as may be amended from time to time or any equivalent statutory re-enactment(s) thereof.”

11. To consider and if thought fit, to pass, with or without modification(s), the following as a Special Resolution:

“RESOLVED THAT subject to the provisions of Sections 269, 198, 309, 310, 311 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 and any statutory modification or re-enactment of the said Act, consent of the Company be and is hereby accorded to the re-designation of Sri P. Achuta Ramayya as Joint Managing Director with effect from 1-4-2012 to 31-12-2012”.

“RESOLVED FURTHER THAT the consent of the Company be and hereby also accorded to the payment to Sri P. Achuta Ramayya the revised remuneration as under with effect from 1-4-2012 to 31-12-2012.”

1. **Salary** : Rs.1,50,000/- per month.
2. **Commission** : Upto 1.25% of net profit of the Company.
3. **Perquisites** : Housing/HRA, Medical Reimbursement, LTC, Club Fee, Personal Accident Insurance, Provident Fund, Super Annuation Fund, Gratuity, Telephone, Car, etc. and other terms and conditions as approved by the General Body earlier will remain the same upto 31-12-2012.

12. To consider and if thought fit, to pass, with or without modification(s), the following as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 198, 309, 310, 311 and other applicable provisions, read with Schedule XIII of the Companies Act, 1956 or any Statutory modification or re-enactment of the said Act, consent of the Company be and is hereby accorded for the payment to Sri M. Narendranath, Joint Managing Director the revised remuneration with effect from 1-4-2012 upto 31-12-2012 as under.

1. **Salary** : Rs.1,50,000/- per month.
2. **Commission** : Upto 1.25% of net profit of the Company.
3. **Perquisites**: Housing/HRA, Medical Reimbursement, LTC, Club Fee, Personal Accident Insurance, Provident Fund, Super Annuation Fund, Gratuity, Telephone, Car, etc. and other terms and conditions as approved by the General Body earlier will remain the same upto 31-12-2012.

13. To consider and if thought fit, to pass, with or without modification(s), the following as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 269, 198, 309, 310, 311 and other applicable provisions of the Companies Act, 1956 (Act) read with Schedule XIII to the said Act or any statutory modifications or any re-enactment of the Act and such other approvals as may be required Sri M. Narendranath be and is hereby re-appointed as Joint Managing Director of the Company for a period of five years with effect from 1-1-2013 on the following terms and conditions:-

Sri M. Narendranath is subject to retirement by rotation during the tenure of his office as Joint Managing Director from 1-1-2013 to 31-12-2017.

1. **Salary** : Rs. 1,50,000/- per month.
2. **Commission**: Upto 1.25% of the net profits of the Company subject to the overall ceiling stipulated in Sections 198 and 309 of the Companies Act, 1956
3. **Perquisites** : (i) Housing – if required, free furnished residential accommodation with all facilities and amenities including Gas, Electricity, Water, Furniture/Fittings etc., the monetary value of which may be evaluated as per Rule 3 of the Income-Tax Rules, 1962. The expenditure incurred by the Company on Gas, Electricity, Water and Furnishings shall be subject to a ceiling of 10% of the Salary. In case where the Company does not provide accommodation, House Rent Allowance shall be paid at the rate of 50% of the Salary. (ii) Medical reimbursement of the expenses incurred for the treatment in India / abroad for self and family, (iii) Leave Travel Concession – for himself and his family as per the rules of the Company, (iv) Club Fees, (v) Personal Accident Insurance, (vi) Provident Fund, Company's contribution towards Provident Fund at 12% of his salary or any rate applicable from time to time, (vii) Superannuation Fund – Company's contribution towards Superannuation Fund as per the rules of the Company, such contribution together with Company's contribution shall not exceed 27% of the salary as laid down under the Income tax Rules, 1962 or such other ceiling as may be prescribed from time to time, (viii) Gratuity – not exceeding ½ a month's salary for each completed year of service, (ix) Leave – entitled to one month's leave, as per the rules of the Company on full pay for every 11 months of service. Encashment of leave at the end of tenure will not be included in computation of ceiling on perquisites, (x) Telephone – one or more free telephone facility at the residence for the use of Company's business, (xi) Car – one or more use of Company's car on Company's business with driver and all expenses of maintenance, repairs and cost of petrol. (provision of Car for use of Company's business and telephone at residence will not be considered as perquisites), (xii) any other perquisites that may be allowed as per the guidelines issued by the Central Government from time to time.

The above perquisites including salary and commission shall be subject to the overall ceiling of remuneration stipulated under Section 309 of the Companies Act, 1956 read with Schedule XIII thereto or any statutory modification thereof.

Company's contribution to Provident Fund and Superannuation Fund and Gratuity payable at the end of the tenure to the extent these either singly or together are not taxable under the Income-tax Act shall not be included in the computation of limits for the perquisites aforesaid.

"RESOLVED FURTHER THAT the Board be and is hereby authorised to alter and vary the terms and conditions of the above salary and perquisites in such manner as may be agreed to between Sri M. Narendranath, Joint Managing Director and the Board."

"RESOLVED FURTHER THAT in the event of loss or inadequacy of profit in any financial year of the Company during the term of his Office as Joint Managing Director, the remuneration and perquisites set out above be paid or granted to Sri M. Narendranath as minimum remuneration stipulated in Section II of Part II of Schedule XIII of the said Act or such other amount and perquisites as may be provided in the said Schedule XIII as may be amended from time to time or any equivalent statutory re-enactment(s) thereof."

14. To consider and if thought fit, to pass, with or without modifications, the following as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 309, 310, 311 and other applicable provisions, read with Schedule XIII of the Companies Act, 1956 or any Statutory modification or re-enactment of the said Act, consent of the Company be and is hereby accorded for the payment to Sri M. Thimmaraja, Joint Managing Director the revised remuneration with effect from 1-4-2012 to 31-12-2012 as under.

- 1 **Salary** : Rs.1,50,000/- per month.
- 2 **Commission** : Upto 1.25% of net profit of the Company.
- 3 **Perquisites** : Housing/HRA, Medical Reimbursement, LTC, Provident Fund, Super Annuation Fund, Gratuity, Telephone, Car, etc. and other terms and conditions as approved by the General Body earlier will remain the same upto 31-12-2012.

15. To consider and if thought fit, to pass, with or without modification(s), the following as a Special Resolution:

"RESOLVED THAT pursuant to provisions of Sections 269, 198, 309, 310, 311 and other applicable provisions of the Companies Act, 1956 (Act) read with Schedule XIII to the said Act or any statutory modification or any re-enactment of the Act and such other approvals as may be required Sri M. Thimmaraja be and is hereby re-appointed as Joint Managing Director of the Company for a period of five years with effect from 1-1-2013 on the following terms and conditions:-

Sri M. Thimmaraja is not subject to retirement by rotation during the tenure of his office as Joint Managing Director from 1-1-2013 to 31-12-2017.

1. **Salary** : Rs. 1,50,000/- per month.
2. **Commission**: Upto 1.25% of the net profits of the Company subject to the overall ceiling stipulated in Sections 198 and 309 of the Companies Act, 1956
3. **Perquisites** : (i) Housing – if required, free furnished residential accommodation with all facilities and amenities including Gas, Electricity, Water, Furniture/Fittings etc., the monetary value of which may be evaluated as per Rule 3 of the Income-Tax Rules, 1962. The expenditure incurred by the Company on Gas, Electricity, Water and Furnishings shall be subject to a ceiling of 10% of the Salary. In case where the Company does not provide accommodation, House Rent Allowance shall be paid at the rate of 50% of the Salary. (ii) Medical reimbursement of the expenses incurred for the treatment in India / abroad for self and family, (iii) Leave Travel Concession – for himself and his family as per the rules of the Company, (iv) Club Fees, (v) Personal Accident Insurance, (vi) Provident Fund, Company's contribution towards Provident Fund at 12% of his salary or any rate applicable from time to time, (vii) Superannuation Fund

– Company's contribution towards Superannuation Fund as per the rules of the Company, such contribution together with Company's contribution shall not exceed 27% of the salary as laid down under the Income tax Rules, 1962 or such other ceiling as may be prescribed from time to time, (viii) Gratuity – not exceeding ½ a month's salary for each completed year of service, (ix) Leave – entitled to one month's leave, as per the rules of the Company on full pay for every 11 months of service. Encashment of leave at the end of tenure will not be included in computation of ceiling on perquisites, (x) Telephone – one or more free telephone facility at the residence for the use of Company's business, (xi) Car – one or more use of Company's car on Company's business with driver and all expenses of maintenance, repairs and cost of petrol. (provision of Car for use of Company's business and telephone at residence will not be considered as perquisites), (xii) any other perquisites that may be allowed as per the guidelines issued by the Central Government from time to time.

The above perquisites including salary and commission shall be subject to the overall ceiling of remuneration stipulated under Section 309 of the Companies Act, 1956 read with Schedule XIII thereto or any statutory modification thereof.

Company's contribution to Provident Fund and Superannuation Fund and Gratuity payable at the end of the tenure to the extent these either singly or together are not taxable under the Income-tax Act shall not be included in the computation of limits for the perquisites aforesaid.

“RESOLVED FURTHER THAT the Board be and is hereby authorised to alter and vary the terms and conditions of the above salary and perquisites in such manner as may be agreed to between Sri M. Thimmaraja, Joint Managing Director and the Board.”

“RESOLVED FURTHER THAT in the event of loss or inadequacy of profit in any financial year of the Company during the term of his office as Joint Managing Director, the remuneration and perquisites set out above be paid or granted to Sri M. Thimmaraja as minimum remuneration stipulated in Section II of Part II of Schedule XIII of the said Act or such other amount and perquisites as may be provided in the said Schedule XIII as may be amended from time to time or any equivalent statutory re-enactment(s) thereof.”

16. To consider and if thought fit, to pass, with or without modification(s), the following as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 269, 198, 309, 310, 311 and other applicable provisions of the Companies Act, 1956 (Act) read with Schedule XIII to the said Act or any statutory modification or any re-enactment of the Act and such other approvals as may be required Sri P. Achuta Ramayya be and is hereby re-appointed as Joint Managing Director of the Company for a period of five years with effect from 1-1-2013 on the following terms and conditions”.

Sri P. Achuta Ramayya is subject to retirement by rotation during the tenure of his office as Joint Managing Director from 1-1-2013 to 31-12-2017.

1. **Salary** : Rs. 1,50,000/- per month.
2. **Commission** : Upto 1.25% of the net profits of the Company subject to the overall ceiling stipulated in Sections 198 and 309 of the Companies Act.
3. **Perquisites** : (i) Housing – if required, free furnished residential accommodation with all facilities and amenities including Gas, Electricity, Water, Furniture/Fittings etc., the monetary value of which may be evaluated as per Rule 3 of the Income-Tax Rules, 1962. The expenditure incurred by the Company on Gas, Electricity, Water and Furnishings shall be subject to a ceiling of 10% of the Salary. In case where the Company does not provide accommodation, House Rent Allowance shall be paid at the rate of 50% of the Salary. (ii) Medical reimbursement of the expenses incurred for the treatment in India / abroad for self and family, (iii) Leave Travel Concession – for himself and his family as per the rules of the Company, (iv) Club Fees, (v) Personal Accident Insurance, (vi) Provident Fund, Company's contribution towards Provident Fund at 12% of his salary or any rate applicable from time to time, (vii) Superannuation Fund – Company's contribution towards Superannuation Fund as per the rules of the Company, such contribution together with Company's contribution shall not exceed 27% of the salary as laid down under the Income tax Rules, 1962 or such other ceiling as may be prescribed from time to time, (viii) Gratuity – not exceeding ½ a month's salary for each completed year of service, (ix) Leave – entitled to one month's leave, as per

the rules of the Company on full pay for every 11 months of service. Encashment of leave at the end of tenure will not be included in computation of ceiling on perquisites, (x) Telephone – one or more free telephone facility at the residence for the use of Company's business, (xi) Car – one or more use of Company's car on Company's business with driver and all expenses of maintenance, repairs and cost of petrol. (provision of Car for use of Company's business and telephone at residence will not be considered as perquisites), (xii) any other perquisites that may be allowed as per the guidelines issued by the Central Government from time to time.

The above perquisites including salary and commission shall be subject to the overall ceiling of remuneration stipulated under Section 309 of the Companies Act, 1956 read with Schedule XIII thereto or any statutory modification thereof.

Company's contribution to Provident Fund and Superannuation Fund and Gratuity payable at the end of the tenure to the extent these either singly or together are not taxable under the Income-tax Act shall not be included in the computation of limits for the perquisites aforesaid.

"RESOLVED FURTHER THAT the Board be and is hereby authorised to alter and vary the terms and conditions of the above salary and perquisites in such manner as may be agreed to between Sri P. Achuta Ramayya, Joint Managing Director and the Board."

"RESOLVED FURTHER THAT in the event of loss or inadequacy of profit in any financial year of the Company during the term of his Office as Joint Managing Director, the remuneration and perquisites set out above be paid or granted to Sri P. Achuta Ramayya as minimum remuneration stipulated in Section II of Part II of Schedule XIII of the said Act or such other amount and perquisites as may be provided in the said Schedule XIII as may be amended from time to time or any equivalent statutory re-enactment(s) thereof."

17. To consider and if thought fit, to pass, with or without modification(s), the following as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 309, 310, 311 and other applicable provisions, read with Schedule XIII of the Companies Act, 1956 or any Statutory modification or re-enactment of the said Act, consent of the Company be and is hereby accorded for the payment to Sri P.S.R.V.K. Ranga Rao, Executive Director, the revised remuneration with effect from 1-4-2012 to 30-4-2014 as under.

- 1 **Salary** : Rs.90,000/- per month.
- 2 **Commission** : Upto 0.75% of net profit of the Company.
- 3 **Perquisites** : Housing/HRA, Medical Reimbursement, Club Fee, Personal Accident Insurance, LTC, Provident Fund, Super Annuation Fund, Gratuity, Telephone, Car, etc. and other terms and conditions as approved by the General Body earlier will remain the same upto 30-4-2014.

(BY ORDER OF THE BOARD)

Venkatarayapuram  
TANUKU – 534 215  
28-07-2012

For THE ANDHRA SUGARS LIMITED  
Dr. B B RAMAIAH  
Chairman and Managing Director

## 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 18<sup>th</sup> September, 2012 to 27<sup>th</sup> September, 2012 (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 27<sup>th</sup> September, 2012. 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 17<sup>th</sup> September, 2012 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 2003-2004 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 un-encashed Dividend amount in respect of Dividend declared from the years 2004-05 onwards in order to enable the Company to proceed with their request in case the dividend warrants remain unencashed.**
7. **Shareholders have an option to maintain their shareholding in demat form by opening a demat account with a Depository Participant. This will enable the shareholders to easily sell or buy the shares through Stock Exchanges. However, maintaining shareholding in Demat form is purely optional and not compulsory.**
8. Information about the Directors seeking re-appointment at the 65<sup>th</sup> Annual General Meeting as required under Corporate Governance:

Sri V.S.Raju joined as a Director on the Board on 29-10-2003.

Sri V.S.Raju is former Registrar of Companies, Andhra Pradesh, Hyderabad and Karnataka, Bangalore. He also held the position of Secretary and Deputy Secretary in the Department of Company Affairs, New Delhi. He is practising as an Advocate at Hyderabad and is eminent in Company Law matters. He was the President of the Federation of AP Chamber of Commerce for the year 2011-12. He is a Director on the Board of the Companies viz., JOCIL Ltd., Gangavaram Port Ltd. He is the Chairman of the Audit Committee constituted by the Board of JOCIL Ltd. He does not hold any Equity Shares in the Company.

Dr. Alapaty Appa Rao joined as a Director on the Board on 30-4-2004.

Dr. Alapaty Appa Rao holds Ph.D., from Madras University and has long-standing experience in the field of Agricultural Sciences. He served as Vice Chancellor of Andhra Pradesh Agricultural University. He is a Director on the Board of Usha Kiran Movies Ltd., and Heritage Foods (India) Ltd. He is Chairman of Audit Committee constituted by the Board of Usha Kiran Movies Ltd., and Member of Audit Committee constituted by the Board of Heritage Foods (India) Ltd. He is also a Member of Salary Committee, Appointment Committee and Share Transfer and Investor Grievance Redressal Committee constituted by the Board of Heritage Foods (India) Ltd. He does not hold any Equity Shares in the Company.

Regarding Sri M.Narendranath and Sri P.Achuta Ramayya the details have been given in the Explanatory Statement to the Notice.



**ANNEXURE TO NOTICE**  
**Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956.**

**ITEM NO. 8**

Dr. B.B.Ramaiah has been the Whole-time Director of the Company since 1968.

Dr.B.B.Ramaiah, a highly qualified technocrat, has been associated with your Company in various capacities. He has been the Whole-time Director of your Company for a period of more than four decades being incharge of all technical matters of the Company. During his tenure as Whole-time Director of the Company he was instrumental in initiating and successfully completing various diversifications and Expansion Programmes thus making invaluable contributions to the growth of the Company.

In view of the growing operations of the Company and having regard to the diversified activities, your Board of Directors appointed Dr. B.B.Ramaiah as Managing Director for a period of five years with effect from 1.11.2011. His appointment as Managing Director would immensely benefit the Company.

Your Directors recommend the Resolution for your approval.

Dr. B.B.Ramaiah, the concerned Managing Director along with his relatives Sri P.Narendranath Chowdary and Sri P. Achuta Ramayya shall be deemed to be interested in the above Resolution.

The terms and conditions as set out in the Resolution may be treated as an abstract of the terms of appointment of Dr. B.B.Ramaiah as Managing Director for a further period of five years with effect from 1.11.2011 pursuant to Section 302 (7) of the Companies Act, 1956.

**ITEM NO.9**

In view of the general trend prevailing in the industry with regard to payment of managerial remuneration and also having regard to the increased responsibilities in view of the Expansion Projects undertaken, your Board of Directors consider it advisable to enhance the salary payable to Dr.B.B.Ramaiah from Rs.200000/- per month to Rs.300000/- per month with Commission and perquisites remaining the same as mentioned in Resolution No.8.

Your Directors recommend the Resolution for your approval.

Dr.B.B.Ramaiah, the concerned Managing Director, along with his relatives Sri P.Narendranath Chowdary and Sri P. Achuta Ramayya shall be deemed to be interested in the above Resolution.

The terms and conditions as set out in the Resolution may be treated as an abstract of the revision in the terms of appointment of Dr. B.B. Ramaiah as Managing Director with effect from 1.4.2012 to 31.10.2016 pursuant to Section 302 (7) of the Companies Act, 1956.

**ITEM NO.10**

Sri P. Narendranath Chowdary has been the Joint Managing Director of the Company since 1976. As Joint Managing Director, he has been assisting the Managing Director in looking after day to day affairs of Chemicals and Fertilisers Division, Kovvur and Saggonda. During his tenure as Joint Managing Director, he implemented and successfully completed various modernisation and expansion programmes. In view of his valuable contribution to the growth and development of the Company, your Board of Directors elevated him to the position of Managing Director with effect from 1-4-2012. As Managing Director, he will assist the Managing Director,

who is overall incharge, in Planning, Co-ordination, Development of Company's activities, besides looking after day to day affairs of Chemicals and Fertilisers Division, Kovvur and Saggonda

Further, in view of the general trend prevailing in the industry with regard to payment of managerial remuneration and also having regard to the increased responsibilities in view of the Expansion Projects undertaken, your Board of Directors consider it advisable to enhance the salary payable to Sri P.Narendranath Chowdary from Rs.100000/- per month to Rs.300000/- per month and Commission from 1% to 2% of the net profits with effect from 1-4-2012 to 11-1-2016.

Your Directors recommend the Resolution for your approval.

Sri P. Narendranath Chowdary, the concerned Managing Director, along with his relatives Dr. B.B. Ramaiah and Sri P. Achuta Ramayya shall be deemed to be interested in the above Resolution.

The terms and conditions as set out in the Resolution may be treated as an abstract of the terms of appointment of Sri P. Narendranath Chowdary as Managing Director with effect from 1.4.2012 to 11.1.2016 pursuant to Section 302 (7) of the Companies Act, 1956.

#### **ITEM NO. 11**

Sri P. Achuta Ramayya has been the Executive Director of the Company since 1983. As Executive Director, he has been assisting the Managing Director in looking after marketing of various products of the Company besides looking after day to day affairs of Cotton and Oil Products Division, Guntur. In view of his valuable contribution to the growth and development of the Company, your Board of Directors elevated him to the position of Joint Managing Director with effect from 1-4-2012.

Further, in view of the general trend prevailing in the industry with regard to payment of managerial remuneration and also having regard to the increased responsibilities in view of the Expansion Projects undertaken, your Board of Directors consider it advisable to enhance the salary payable to Sri P. Achuta Ramayya from Rs.100000/- per month to Rs.150000/- per month and Commission from 1% to 1.25% of the net profits with effect from 1-4-2012 to 31-12-2012.

Your Directors recommend the Resolution for your approval.

Sri P. Achuta Ramayya, the concerned Joint Managing Director, along with his relatives Dr. B.B. Ramaiah and Sri P. Narendranath Chowdary shall be deemed to be interested in the above Resolution.

The terms and conditions as set out in the Resolution may be treated as an abstract of the terms of re-designation of Sri P. Achuta Ramayya as Joint Managing Director with effect from 1.4.2012 to 31.12.2012 pursuant to Section 302 (7) of the Companies Act, 1956.

#### **ITEM NO. 12**

In view of the general trend prevailing in the industry with regard to payment of managerial remuneration and also having regard to the increased responsibilities in view of the Expansion Projects undertaken, your Board of Directors consider it advisable to enhance the salary payable to Sri M. Narendranath from Rs.100000/- per month to Rs.150000/- per month and Commission from 1% to 1.25% of the net profits with effect from 1-4-2012 to 31-12-2012.

Your Directors recommend the Resolution for your approval.

Sri M.Narendranath, the concerned Joint Managing Director, along with his relative Sri M. Thimmaraja shall be deemed to be interested in the above Resolution.

The terms and conditions as set out in the Resolution may be treated as an abstract of the revision in the terms of re-appointment of Sri M.Narendranath as Joint Managing Director with effect from 1.4.2012 to 31.12.2012 pursuant to Section 302 (7) of the Companies Act, 1956.

#### **ITEM NO.13**

The present term of Sri M.Narendranath as Joint Managing Director will be expiring by 31.12.2012.

Members are kindly aware that your Company has three Sugar units- (Sugar Unit-I), Tanuku, (Sugar Unit-II), Taduvai and (Sugar Unit-III), Bhimadole. Sri M. Narendranath has been incharge of all the Sugar Units since taking over as Joint Managing Director from 1.1.1998. During his tenure as Joint Managing Director all the Sugar units made considerable progress. He has been associated with the Company as a Director and as Joint Managing Director in various cane development activities. His exposure to the technology developments in the Sugar Industry around the World has been beneficial to improvements at the Company's Sugar Plants. He is instrumental in taking up Co-generation at Sugar Unit-II, Taduvai, introduction of "Bagasse Dryer" at all our Sugar plants, new generation SRT Clarifiers at Sugar Unit-I and III, and LLT Clarifier at Sugar Unit-II, improvement to the cane Diffuser at Sugar Unit-II and the introduction of technological improvements at different stations in the sugar plants.

He was instrumental in our Company joining a Sugarcane Breeding Consortium due to which we now have a number of high producing cane lines under different stages of field trial.

He has been on the Executive Committees of the "Sugar Processing Institute", New Orleans (USA), "Sugar Industry Technologists Inc". Sugarland, USA. He is also a director on the Board of Sree Akkamamba Textiles Limited, Sree Satyanarayana Spinning Mills Limited and Hindustan Allied Chemicals Limited. .

In view of his wide exposure in Sugar Technology and Sugarcane development, your Board of Directors consider it advisable to re-appoint him as Joint Managing Director for a further period of 5 years with effect from 1.1.2013.

Your Directors recommend the Resolution for your approval.

Sri M. Narendranath, the concerned Joint Managing director, along with his relative Sri M.Thimmaraja shall be deemed to be interested in the above Resolution.

The terms and conditions as set out in the Resolution may be treated as an abstract of the terms of re-appointment of Sri M.Narendranath as Joint Managing Director for a further period of five years with effect from 1.1.2013 pursuant to Section 302 (7) of the Companies Act, 1956.

#### **ITEM NO.14**

In view of the general trend prevailing in the industry with regard to payment of managerial remuneration to and also having regard to the increased responsibilities in view of the Expansion Projects undertaken, your Board of Directors consider it advisable to enhance the salary payable to Sri M. Thimmaraja from Rs.100000/- per month to Rs.150000/- per month and Commission from 1% to 1.25% of the net profits with effect from 1-4-2012 to 31-12-2012.

Your Directors recommend the Resolution for your approval.

Sri M. Thimmaraja, the concerned Joint Managing Director, along with his relative Sri M.Narendranath shall be deemed to be interested in the above Resolution.

The terms and conditions as set out in the Resolution may be treated as an abstract of the revision in the terms of re-appointment of Sri M. Thimmaraja as Joint Managing Director with effect from 1.4.2012 to 31.12.2012 pursuant to Section 302 (7) of the Companies Act, 1956.

#### **ITEM NO.15**

The present term of Sri M. Thimmaraja as Joint Managing Director will be expiring by 31.12.2012. Sri M. Thimmaraja has been the Whole-time Director of your Company from 1978.

Sri M. Thimmaraja as Joint Managing Director has been looking after general administration of the Company besides supervision of day to day administration of all the units at Tanuku, other than Sugar.

In view of the growing stature of the Company, your Board of Directors consider it advisable to re-appoint Sri M. Thimmaraja as Joint Managing Director in the best interest of the Company for a further period of 5 years with effect from 1.1.2013 on the terms and conditions as set out in the Resolution.

Your Directors recommend the Resolution for your approval.

Sri M. Thimmaraja, the concerned Joint Managing Director, along with his relative Sri M. Narendranath shall be deemed to be interested in the Resolution.

The terms and conditions as set out in the Resolution may be treated as an abstract of the terms of re-appointment of Sri M. Thimmaraja as Joint Managing Director for a further period of five years with effect from 1.1.2013 pursuant to Section 302 (7) of the Companies Act, 1956.

#### **ITEM NO.16**

The present term of Sri P. Achuta Ramayya as Joint Managing Director will be expiring by 31.12.2012.

Sri P. Achuta Ramayya has been the Executive Director of your Company from 1983 and subsequently re-designated as Joint Managing Director with effect from 1.4.2012.

Sri P. Achuta Ramayya has been looking after Marketing of various products of the company and the activities of Cotton and Oil Products Division, Guntur. In view of the growing stature of the Company, your Board of Directors consider it advisable to re-appoint Sri P. Achuta Ramayya as Joint Managing Director in the best interests of the Company for a further period of 5 years with effect from 1.1.2013 on the terms and conditions as set out in the Resolution.

Your Directors recommend the Resolution for your approval.

Sri P. Achuta Ramayya, the concerned Joint Managing Director, along with his relatives Dr. B.B. Ramaiah and Sri P. Narendranath Chowdary shall be deemed to be interested in the Resolution.

The terms and conditions as set out in the Resolution may be treated as an abstract of the terms of re-appointment of Sri P. Achuta Ramayya as Joint Managing Director for a further period of five years with effect from 1.1.2013 pursuant to Section 302 (7) of the Companies Act, 1956.

#### **ITEM NO.17**

In view of the general trend prevailing in the industry with regard to payment of managerial remuneration and also having regard to the increased responsibilities in view of the Expansion Projects undertaken, your Board

of Directors consider it advisable to enhance the salary payable to Sri P.S.R.V.K. Ranga Rao from Rs.60000/- per month to Rs.90000/- per month and Commission from 0.5% to 0.75% of the net profits with effect from 1-4-2012 to 30-4-2014.

Your Directors recommend the Resolution for your approval.

Except Sri P.S.R.V.K.Ranga Rao, Executive Director, no other Director shall be deemed to be interested or concerned in the Resolution.

The terms and conditions as set out in the Resolution may be treated as an abstract of the revision in the terms of re-appointment of Sri P.S.R.V.K. Ranga Rao as Executive Director with effect from 1-4-2012 to 30-4-2014 pursuant to Section 302 (7) of the Companies Act, 1956.

(BY ORDER OF THE BOARD)

Venkatarayapuram  
TANUKU – 534 215  
28-07-2012

For THE ANDHRA SUGARS LIMITED  
Dr. B B RAMAIAH  
Chairman and Managing Director

#### 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*

**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.

**BANK PARTICULARS**

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

Date :

<b>FOR OFFICE USE ONLY</b>	
Ref. No. :	_____
Date :	_____

Dear Sir,

Sub : Payment of Dividend (Year 2011-2012) (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. : 

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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) 

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**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 :** \_\_\_\_\_

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.**

**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 : \_\_\_\_\_

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.