



71st ANNUAL REPORT 2017 - 2018

THE ANDHRA SUGARS LIMITED

HOMAGE



09-07-1926

14-02-2018

Our Chairman Managing Director
Late Dr. B.B. RAMAIAH GARU



THE ANDHRA SUGARS LIMITED

Regd. Office: Venkatarayapuram, Tanuku – 534215

CIN: L15420AP1947PLC000326

Ph : 08819-224911, Fax : 08819-224168

E-mail: info.tnk@theandhrasugars.com Website : www.theandhrasugars.com

BOARD OF DIRECTORS :

Dr. B. B. Ramaiah

Chairman Managing Director (upto 14.02.2018)

Sri P. Narendranath Chowdary, B.Sc.

Managing Director

Sri Mullapudi Narendranath, B.Sc.(Ag.)

Joint Managing Director

Sri Mullapudi Thimmaraja, B.Tech., M.B.A.(Florida)

Joint Managing Director

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

Joint Managing Director

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

Executive Director

Sri A. Ranga Rao

Independent Director

Dr. P. Kotaiah

Independent Director

Sri V. S. Raju

Independent Director

Dr. A.V. Rama Rao

Independent Director

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

Independent Director

Dr. D. Manjulata

Independent Director

COMPANY SECRETARY :

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

GENERAL MANAGER (FINANCE) & DY. SECRETARY :

Sri P.V.S. Viswanadha Kumar, F.C.A., F.C.M.A., A.C.S.

BANKERS :

Andhra Bank

State Bank of India

Bank of Baroda

Indian Bank

STATUTORY AUDITORS :

M/s. K.S. Rao & Co.,

Chartered Accountants, Plot No. 505,

Golden Green Apart, Erramanzil Colony,

Hyderabad - 500 082

COST AUDITORS :

M/s. Narasimha Murthy & Co.

Cost Accountants

104, Pavani Estate, 3-6-365,

Himayat Nagar, Hyderabad - 500029

SECRETARIAL AUDITORS :

M/s. Nekkanti S.R.V.V. Satyanarayana & Co.

Flat No. 403, Malik Chambers, Hyderguda,

Hyderabad - 500 029

REGISTERED OFFICE :

Venkatarayapuram, Tanuku - 534 215

West Godavari District, Andhra Pradesh

REGISTRAR & SHARE TRANSFER AGENTS:

XL Softech Systems Ltd.,

3, Sagar Society, Road No. 2

Banjara Hills, Hyderabad - 500 034

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DIRECTORS REPORT

To
The Shareholders

At the outset, your Board of Directors convey with profound grief the sad passing away of your beloved Chairman Managing Director Dr. B.B. Ramaiah on 14-02-2018. Your Board of Directors place on record the valuable contribution made by him during six decades and more of his association with the Company in various positions as General Manager, Managing Director (Tech.) and Chairman & Managing Director. He was instrumental steering you Company's growth and diversification into multi-unit business conglomerate to the present level. Though he is not amidst us today, his spirits will continue to guide us in all our future endeavours.

Your Directors have pleasure in presenting this SEVENTY FIRST ANNUAL REPORT along with the audited Statement of Accounts for the year ending 31st March, 2018.

Financial Results:

(Rupees in lakhs)

	This Year	Last Year
Sales	98454.93	97199.98
Other Income	2679.31	2254.14
	101134.24	99454.12
Profit for the year	19627.30	20385.84
Depreciation	4863.20	4420.43
Profit after depreciation	14764.10	15965.41
Add: Income Tax Refund received	104.96	4.54
Short entitlement of MAT Credit	371.38	-
Less:		
Provision for Current Tax (Includes MAT Utilisation of Rs.844.28 Lakhs)	3885.46	3337.99
Provision for Deferred Tax	1425.06	2134.39
MAT Credit		(1553.48)
Profit after Tax	9929.92	12051.05
Add: Balance brought forward from last year	24562.30	14511.25
Profit available for appropriation	34492.22	26562.30
APPROPRIATIONS		
Equity Dividend	2710.71	-
Tax on Distributed Profits	522.00	-
Transfer to General Reserve	1000.00	2000.00
Balance carried forward to next year	30259.51	24562.30

PERFORMANCE:

Your Directors are glad to report that for the year 2017-18 your Company made a Profit of Rs. 147.64 Crores (before tax) against a Profit of Rs. 159.65 Crores made last year, which reflect another year of consistent performance. The Net Profit (After Tax) was Rs. 99.30 Crores against Rs. 120.51 Crores made last year.

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DIVIDENDS:

Your Directors are glad to recommend a Dividend of Rs. 10/- per Equity Share i.e., 100% (Face Value Rs.10/-) for the year 2017-18 which is same as that of last year. The outflow towards Dividend payment (including tax on distributable profits) would be Rs.32.43 Crores.

CAPITAL & RESERVES:

Authorised and Paid Up Capital:

As on 31.3.2018, the Authorised Capital of the Company is Rs.30.00 Crores and the Paid-up Capital is Rs. 27.11 Crores.

Reserves:

With the transfer of Rs. 10.00 Crores during the year under report, the total Reserves as on 31.3.2018 stands at Rs.443.46 Crores against Rs. 433.46 Crores on 31.3.2017.

REVIEW OF OPERATIONS:

SUGAR UNITS:

The Sugar Units II and III crushed in aggregate 4,88,589 M.T. of cane during the 2017-18 season against 413655 M.T. crushed by Two Units last year. The crushing operations and cane price paid to cane suppliers for the 2017-18 Season are:

	SUGAR UNIT – II TADUVAI		SUGAR UNIT – III BHIMADOLE	
	Fin. Year 2017-18	Fin. Year 2016-17	Fin. Year 2017-18	Fin. Year 2016-17
(A) Crushing details:				
Total cane crushed (MT)	3,28,578	2,62,759	1,60,011	1,50,896
Total No. of days crushed	104	89	49	50
Total Sugar produced(MT)	35,071	27,590	15,528	14,634
Average Recovery	10.67%	10.50%	9.70%	9.70%
(B) Cane price:				
Fair & Remunerative price (per M.T.)	2,820.00	2,563.78	2,605.00	2,324.20
Cane price paid (per M.T.)*	3,210.33	2,896.18	3,228.12	2,894.56

- inclusive of Purchase Tax Incentive and Transport Subsidy
- Operations of Sugar Unit-I was suspended during the Season 2017-18.
- To encourage farmers to plant cane, your Company opted to pay a cane price higher than the Fair Remunerative Price fixed by the Government.

POWER GENERATION :

During the year under report the Co-generation Unit at Taduvai generated 1,49,58,300 Units of Power.

PERFORMANCE OF CHEMICAL DIVISION:

During the year under report the performance of Caustic Soda Division at Saggonda was impressive. Turnover of Rs.600.73 Crores was achieved the Profit after depreciation achieved this year was higher at Rs. 193.35 Crores against Rs. 122. 71 Crores last year.

Aspirin Division made a profit of Rs. 4.78 Crores as against 9.09 Crores.

WIND POWER UNITS:

The Power generated at Ramagiri Wind Mills during this year is Units 17,65,608.

The Power generation at the Tamil Nadu Wind Mills during the year under report is 3,23,51,817 Units. This Power is being fed into the Tamil Nadu State Electricity Board grid.

PROJECTS:

A 33 MW Coal Based Captive Generation Plant has been put up at Saggonda. Power generated will be utilized by the Chemical Plants located at Saggonda.

Demand for Caustic Soda is on the rise. Our Major customers in private and public sectors have been consistently lifting their commitments. As a part of ongoing market programme, efforts are directed towards widening the customer base. Further, aluminium Industry, a major consumer of Caustic Soda Lye is now more dependent on domestic manufacturers to get their requirement as the imports have considerably reduced. Keeping this in mind, your Company has gone in for expansion from existing 400 Tonnes per day to 500 Tonnes per day Membrane Cell Caustic Soda facility at Chemical Complex, Saggonda. This expansion is based on the latest generation of Environmental friendly and Energy efficient Membrane Cell Technology supplied by M/s. Thyssenkrupp Industrial Solutions India Ltd., a renowned International organization having expertise and experience in establishing Chemical Plants. Major Civil Works have been completed. All structural works are nearing completion. Process equipment fabricated in-house at your Tanuku Complex has been received at site. Equipment received from suppliers have been erected. Project cost of Rs.80.00 Crores is being met by internal generation. The Plant is expected to commence operations during the current financial year.

Establishment of a 33 TPD Poly Aluminium Chloride (PAC) Powder Plant at Saggonda is in progress. A part of Chlorine generated from the production of Caustic Soda will be the raw material for this Plant. Civil foundations are completed in respect of Plant building and Warehouse. Major works relating to this Plant has been completed. Pre-commissioning activities are in progress. Plant is expected to be in operation in the current year.

At Cotton & Oil Products Division (COP), Guntur, a 25 TPD Cattle Feed Plant was in operation. In view of the demand for this product, the capacity of this Plant has been expanded to 100 TPD. The expanded Plant came into operation during the year under report.

At Jawaharlal Nehru Pharma city, Parawada, Visakhapatnam in Non-SEZ Area, 100 TPD Sodium Hypo Chloride is being setup. Basic raw materials Sodium Hydroxide and Chlorine Gas will be sourced from Chemical Division, Saggonda. This product has applications in Pharmaceuticals, Fine Chemicals and Sea Food Industries. Major Civil works have been completed. All bought-out components required for the Project have already been procured. Erection of Process equipment is in progress. The Plant is expected to commence operations during the current financial year.

To meet the International clients requirement, capacity of Aspirin Plant has been expanded to 2000 TPA.

DEMATERIALIZATION OF EQUITY SHARES:

As of 31st March, 2018 Equity Shares representing 50.25% of the Share Capital have been dematerialised.

AUDITORS:

M/s K.S. Rao & Co., Chartered Accountants, Hyderabad, the present Auditors were appointed at 70th Annual General Meeting for a period of 5 Financial Years i.e., 2017-18, 2018-19, 2019-20, 2020-21 and 2021-22.

Their remuneration for the current Financial Year 2018-19 which is being sought for your approval at the ensuing Annual General Meeting.

COST AUDITORS:

For the 2017-18 M/s Narasimha Murthy & Co., Cost Accountants, Hyderabad were the Cost Auditors of the Company for the products, which are subject to Cost Audit. For the year ended 2018-19, your Board of Directors have approved the appointment of Ms. Narasimha Murthy & Co., Hyderabad as Cost Auditors and recommend to Shareholders to ratify the remuneration of Rs.5,00,000/- as fixed by the Board.

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.

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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.

AUDIT COMMITTEE:

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

DIRECTORS AND KMP:

Dr. B.B. Ramaiah ceased to be Director due to his sad demise on 14.02.2018.

Appointment of Sri P.S.R.V.K. Ranga Rao as Executive Director for a further period of 5 years with effect from 1.5.2019 is being placed for the approval of Shareholders at the ensuing 71st Annual General Meeting.

Directors Sri Mullapudi Thimmaraja and Sri P. S.R.V.K. Ranga Rao retire by rotation at the ensuing 71st Annual General Meeting and being eligible offer themselves for re-appointment.

Statements of declaration as per Section 149(6) of the Companies Act, 2013 have been given by the Independent Directors.

Sri P. Narendranath Chowdary, Managing Director, Sri M. Palachandra, Company Secretary and Sri P.V.S. Viswanadha Kumar, General Manager (Finance) & Dy. Secretary has been designated as Key Managerial Personnel.

Compliance under Companies Act, 2013

Pursuant to Sec.134 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014, your company has complied with the compliance requirement the details of which are enumerated hereunder.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirements of Section 134(1)(c) of the Companies Act, 2013 and on the basis of explanation and compliance certificate given by the executives of the Company, and subject to disclosures in the Annual Accounts and also on the basis of discussions with the Statutory Auditors of the Company from time to time, we state as under :

- a) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departure;
- b) that the directors selected such accounting policies and applied them consistently and made judgments and estimates that they are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- c) 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, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) that the Directors have got prepared the annual accounts on a going concern basis;
- e) that the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- f) that the Directors got devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

BOARD MEETINGS:

The Board of Directors met 4 times during the financial year 2017-18 on 27.05.2017, 28.07.2017, 28.10.2017 and 03.02.2018.

INDEPENDENT DIRECTORS MEETING:

A Meeting of Independent Directors was held on 24th May, 2018. The Independent Directors have evaluated the performance of the Non-independent Directors, the Board as a whole and Chairman of the Board. The Board was briefed by Lead Independent Director on the deliberations made at the Independent Directors Meeting.

FAMILIARISATION PROGRAMME:

Your Company through a Policy, has in place a familiarisation programme to all the Directors with a view to update them on the Company's Policies and Procedures. Independent Directors make a periodical visit to plants to keep themselves abreast of the plant operations. Respective Plant Heads interact with the Independent Directors and explain to them about the various processes and operations.

FORMAL ANNUAL EVALUATION OF THE BOARD

The Board evaluated its own performance and that of its Committees and Directors in terms of :

- Measured and appropriate contribution by the Directors to the discussions on the Agenda Items,
- Each Director exercising the responsibilities in a bonafide manner.
 - Understanding of the Company's business, strategic plans and other key issues.
 - Special Skills and expertise of each Director contributing to the Board's overall effectiveness.
 - Respecting the confidentiality of the Company's business information and Board's deliberations.
 - Satisfactory attendance and active participation of each Director at the meetings of the Board and Committee.
- The Board members were of the opinion that the Board as a whole and the Directors have performed effectively as per the terms of the above parameters. The respective Committee performed as per its terms of reference.

VIGIL MECHANISM:

As a part of Vigil Mechanism, a Whistle Blower Policy has been established and approved by the Board. This Policy envisages reporting of wrong doing or un-ethical activities observed by Employees at any level directly to the Chairman of the Audit Committee or to the Chairman & Managing Director. The matter reported is investigated and if the wrong doer is found guilty, disciplinary action will be initiated depending upon the materiality of the un-ethical doings. During the year under report there has been no instances which required reporting.

NOMINATION AND REMUNERATION COMMITTEE :

As required by the Provisions of the Companies Act, 2013 and listing Agreement, a Nomination and Remuneration Committee comprising of Independent Directors Sri V.S. Raju (Chairman), Sri P.A.Chowdary and Sri A. Ranga Rao was constituted by the Board.

This Nomination and Remuneration Committee has formulated Nomination and Remuneration Policy which has been approved by the Board. This Nomination & Remuneration Policy has laid down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in the industry. Appointment of Managing Director / Whole-time Director / KMP and Functional Heads are placed before Nomination and Remuneration Committee for its consideration and recommendation to the Board.

CORPORATE SOCIAL RESPONSIBILITY (CSR):

As required by the Provisions of the Companies Act, 2013, a Corporate Social Responsibility (CSR) Committee has been constituted by the Board of the Company with Dr. B.B.Ramaih, Chairman & Managing Director (ceased to be Member with effect from 14.02.2018), Sri P.Narendranath Chowdary, Managing Director, Sri Mullapudi Thimmaraja, Joint Managing Director and Sri V.S. Raju, Independent Director as members of the Committee. This Committee has formulated a CSR Policy which has been approved by the Board. This Policy envisages CSR Activities to be taken up, amount of expenditure to be incurred and monitoring of CSR Activities from time to time. This Policy aims to achieve the CSR objectives by undertaking one or more of the activities to be in alignment with Schedule VII of the Companies Act, 2013 either on own or through any Trust / Society or any other recognized Agency.

As per the provisions of Section 135(5) of the Companies Act, 2013, company should spend in every Financial Year at least 2% of the average net profits of the company made during the three immediately preceding Financial Years. In pursuance of its Corporate Social Responsibility Policy, the company gives preference to the local area and areas around it, where it operates or any other permissible location for spending the amount earmarked for Corporate Social Responsibility activities.

Accordingly, for achieving its CSR objectives through implementation of meaningful and sustainable CSR programmes, your Company would allocate at least 2% of its average Net Profits calculated as per Section 198 of the Companies Act, 2013, as its Annual CSR Budget in each Financial Year.

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From the Annual CSR Budget allocation, a provision is made towards the expenditure to be incurred on identified areas, for undertaking CSR activities on a year to year basis.

Allocation of the Annual Budget for CSR activities in any given year would be as per the provisions of the Companies Act, 2013 and rules made thereunder as amended from time to time. Any unspent / unutilised CSR allocation of a particular year, will be carried forward to the next year, i.e., the CSR budget will be non-lapsable in nature.

As required by Rule 8 of the Companies (CSR Policy) Rules, 2013, a Report on CSR Activities and the amount of expenditure incurred are annexured to this Report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS :

The Company has duly complied with the Provisions of Section 186 of the Companies Act, 2013 with regard to Loans, Guarantees or Investments, the details of which, as applicable are provided in the Notes to Balance Sheet.

RISK MANAGEMENT POLICY:

The company has framed a Risk Management Policy which envisages the following

- Identification of areas of Risk
- Assessing the impact of Risks
- Steps taken to mitigating the Risk

The Major Segments of operations of the Company are Sugar and Chlor Alkali.

The major aspects of concern for the Sugar Sector are:

- 1) Lack of Harvesting Labour
- 2) Power to operate the irrigation requirements
- 3) Proper Cane Varieties that give good Cane and Sugar yield and that are suitable for mechanical harvesting.

To get around the 1st aspect, the Company has embarked upon locating the right Cane Harvester suited to our Grower Farm sizes. The 2nd aspect is being taken care of by setting up a Solar Powered Pumping System at our R & D Farm so that our Growers could ultimately be provided the right guidance in this aspect. The 3rd aspect is being met by the Cane Breeding Programme undertaken by the Company.

Chlor Alkali segment is power intensive where Power constitute a major input cost. Restricted power supply and increased power cost have become a cause of concern. To mitigate this impact, a Solar Power Plant has been commissioned at Kovvur. At Saggonda a 33 MW Coal Based Power Plant has been commissioned. This would improve the power availability to the Chemical Plants at Saggonda.

INDUSTRIAL RELATIONS:

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

PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE POLICY:

The Company has in place a Prevention of Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (Act.) An Internal Compliance Committee (ICC) has been set up to redress the complaints received regarding sexual harassment. All employees are covered under this Policy. As on the date of this report, there were no complaints received by the ICC.

SAFETY, HEALTH AND ENVIRONMENT:

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

EXTRACT OF ANNUAL RETURN :

As required by Section 92 (3) of the Companies Act, 2013 and relevant rules, an Extract of Annual Return in MGT9 is annexed as a part of this Annual Report.

RELATED PARTY TRANSACTIONS:

There is no transaction with Related Party which requires disclosure under Section 134(3)(h) of the Companies

Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014.

SECRETARIAL AUDIT REPORT :

As required by Provisions of Companies Act, 2013, Secretarial Audit Report has been issued by Nekkanti SRVV Satyanarayana & Co., Hyderabad, Company Secretaries in practice is annexured to this Report.

PARTICULARS OF EMPLOYEES:

Information in accordance with the provisions of the Companies Act, 2013, read with the relevant Rules made thereunder, regarding employees is annexed as Annexure "A" forming part of this Report.

RATIO OF REMUNERATION OF EACH DIRECTOR :

Details of ratio of Remuneration of each Director to the median employees remuneration is enclosed.

Significant and Material Orders Passed by the Regulators or Courts or Tribunals impacting the Going Concern status of the Company:

There are no significant and material orders passed by the Regulators or Courts or Tribunals which would impact the going concern status of the Company.

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

Information pursuant to Section 134 of the Companies Act, 2013 read with relevant rules is given in Annexure "B" forming part of this Report.

FIXED DEPOSITS:

As required by the Companies Act, 2013 the details of Fixed Deposits as on 31.3.2018 is given hereunder.

		2017-18	2016-17
(a)	Accepted during the year.	31,55,80,000	21,69,20,000
(b)	Remained unpaid or unclaimed as at the end of the year.	71,30,000	48,60,000
(c)	Whether there has been any default in repayment of deposits or payment of interest thereon during the year and if so, number of such cases and the total amount involved.	NO	NO
i)	at the beginning of the year	NOT APPLICABLE	NOT APPLICABLE
ii)	maximum during the year	-do-	-do-
iii)	at the end of the year	-do-	-do-
(d)	Details of deposits which are not in compliance with the requirements of Chapter V of the Act.	NIL	NIL

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.

The Accounts of the Subsidiary Companies for the year 2017-18 have not been attached to the Company's Accounts. However, Shareholders desirous of obtaining the Annual Accounts of the Subsidiaries may obtain them 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.

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SUBSIDIARIES AND ASSOCIATE:

JOCIL LIMITED:

For the Financial Year ending 31.3.2018 your subsidiary Company, JOCIL Ltd., posted a profit of Rs. 494.86 lakhs (before taxation) against Rs. 1018.61 lakhs (before taxation) last year. Board of Directors of this Company has recommended a Dividend of Rs.2/- per Share to Shareholders for the Financial Year 2017-18.

THE ANDHRA FARM CHEMICALS CORPORATION LIMITED:

The Company posted a profit of 62.82 lakhs against the loss of Rs. 71.46 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.

THE ANDHRA PETROCHEMICALS LIMITED:

The Company achieved sales of Rs.53275.25 lakhs against Rs. 37043.04 lakhs and earned profit (before Tax) of Rs. 4725.98 lakhs against the loss of Rs. 1090.47 lakhs incurred last year.

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. The Board has also laid down a policy on Internal Financial Control as required by the provisions of the Companies Act, 2013. The same has been posted on Company's Website.

LISTING ON STOCK EXCHANGE:

Company's Equity Shares are listed on National Stock Exchange and Annual Listing Fee for the Financial Year 2018-19 has been paid.

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.

TANUKU
28.07.2018

For and on behalf of the Board
P. NARENDRANATH CHOWDARY
Chairman Managing Director

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 31.3.2018, the Board of Directors consisted of 12 Directors.

COMPOSITION AND CATEGORY OF DIRECTORS IS AS FOLLOWS:

Category	Name of the Director
Promoter/Executive Directors	Dr. B.B. Ramaiah (Upto 14.02.2018) Chairman & Managing Director
	Sri Pendyala Narendranath Chowdary Managing Director
	Sri Mullapudi Narendranath Joint Managing Director
	Sri Mullapudi Thimmaraja Joint Managing Director
	Sri Pendyala Achuta Ramayya Joint Managing Director
	Sri P.S.R.V.K. Ranga Rao Executive Director
Non-Executive and Independent Directors	Sri A. Ranga Rao
	Dr. A.V. Rama Rao
	Dr. P. Kotaiah
	Sri V.S. Raju
	Sri P.A. Chowdary, I.R.S.(Retd.) Dr. D. Manjulata

Inter se Relationship among Directors

Dr. B.B. Ramaiah - Sister's Husband of Sri P. Narendranath Chowdary & Sri P. Achuta Ramayya

Sri P. Narendranath Chowdary - Daughter's Husband of Dr. B. B. Ramaiah

Sri P. Narendranath Chowdary & Sri P. Achuta Ramayya - Brothers

Sri Mullapudi Narendranath & Sri Mullapudi Thimmaraja - Brothers

b) Non-executive Director remuneration : Please refer Point No. 6

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- 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, Committee Membership and Chairmanship in other Companies			
	Board Meetings	Last AGM	Other Directorship	Chairman	*Committee Membership	*Committee Chairmanship
Dr. B. B. Ramaiah	2	Y	3	--	--	--
Sri P. Narendranath Chowdary	4	Y	3	4	--	--
Sri Mullapudi Narendranath	2	N	2	--	--	--
Sri Mullapudi Thimmaraja	4	Y	2	--	3	--
Sri P. Achuta Ramayya	4	Y	--	--	--	--
Sri P.S.R.V.K. Ranga Rao	4	N	--	--	--	--
Sri A. Ranga Rao	4	Y	--	--	--	--
Dr. P. Kotaiah	2	N	6	--	--	3
Sri V.S. Raju	3	Y	3	--	1	2
Dr. A.V. Rama Rao	3	N	--	--	--	--
Sri P.A. Chowdary, I.R.S.(Retd.)	4	Y	1	--	1	--
Dr. D. Manjulata	4	N	2	--	1	--

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

- * Represents Membership / Chairmanship of Audit Committee & Stakeholders Relationship Committee of other Public Limited Companies.

- d) NUMBER OF BOARD MEETINGS HELD DURING THE FINANCIAL YEAR 2017-18 AND THE DATES ON WHICH HELD

Sl.No.	Date of Board Meeting
1	27-05-2017
2	28-07-2017
3	28-10-2017
4	03-02-2018

Information given to the Board:

The Company provides the information as set out in Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the Board and Board Committees to the extent it is applicable and relevant. Such information is submitted either as part of agenda papers in advance of the meeting or by way of presentations and disclosures during the meeting.

Post Meeting Mechanism:

The Important decisions taken at the Board / Board Committee Meetings are communicated to the concerned departments.

Familiarisation Programme for Directors:

Whenever a new Director is appointed, the said Director is explained in detail the compliance required under the provisions of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other relevant regulations and his / her affirmation is taken with respect to the same. The Managing Director also familiarise him / her with the Company's operations. The details of the familiarisation programmes undertaken by the Company are provided in the website of the Company at the weblink: www.theandhrasugars.com

Independent Directors:

The Non-Executive Independent Directors fulfil the conditions of the independence specified in Section 149(6) of the Companies Act, 2013 and the rules made thereunder and meet with requirement of Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. A formal letter of appointment as provided in the Companies Act, 2013 and the Regulations has been issued to each Independent Director and placed on the website of the Company. These appointment letters can be accessed at the web link: www.theandhrasugars.com

Orientation programme to Independent Directors was organised at the Plant premises to familiarize them about the Plant operations of the Company. All the Directors participated in the programme and acquainted themselves with the entire operations of the Company.

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. As required by the Listing Agreement the Code of Conduct for Directors has been suitably amended to include the duties of Independent Directors. The said Code has been communicated to the Directors and the Senior Managers from whom the necessary affirmation has been received with regard to the compliance of Code. A declaration in this regard by the Managing Director is furnished at the end of the report. The Code has also been posted on the Company's website - www.theandhrasugars.com.

4. AUDIT COMMITTEE

- a) A qualified and Independent Audit Committee, meeting the requirements as stipulated in the Regulation 18 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.
- b) The terms of reference of the Audit Committee as detailed hereunder are in terms of Regulation 18 of the Listing Agreement:
 - i) Oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
 - ii) Recommending to the Board the appointment, re-appointment and if required the replacement or removal of the Statutory Auditor and fixation of audit fees.
 - iii) Approval of payment to the Statutory Auditors for any service rendered by them.
 - iv) Review with the management the annual financial statements before submission to the Board for approval with particular reference to :
 - a) Matters required to be included in the Directors responsibility statement to be included in the Board's Report
 - 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.

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- 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 2017 -18 AND THE DATES ON WHICH HELD

Sl. No.	Dates of Audit Committee Meeting
1	28-07-2017
2	28-10-2017
3	03-02-2018

Audit Committee Meeting was called and commenced on 27.05.2017 of which due notices were given to the members of Committee. However it could not be held for want of Quorum.

- d) ATTENDANCE OF THE MEMBERS OF THE AUDIT COMMITTEE AT ITS MEETINGS HELD DURING THE FINANCIAL YEAR 2016-17.

Name of the Director	No. of Meetings attended
Sri A. Ranga Rao	3
Dr. P. Kotaiah	2
Sri V.S. Raju	3

Joint Managing Director, G.M.(Fin) & Dy. Secretary, Statutory Auditors, Dy.G.M. (Fin.) - Internal Audit and Cost Auditors whenever required also attended the Audit Committee Meetings to answer the queries raised by the Committee Members.

Company Secretary acts as a Secretary to the Committee.

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

NOMINATION AND REMUNERATION COMMITTEE

- a) A Nomination and Remuneration Committee meeting the requirements as stipulated in the Regulation 19 of the Listing Agreement has been constituted. Nomination and Remuneration Committee consists of 3 Non-Executive Independent Directors Sri A. Ranga Rao, Sri V.S. Raju and Sri P.A. Chowdary. Sri V.S. Raju is Chairman of the Committee.
- b) 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.
- c) The terms of reference of the Nomination and Remuneration Committee as detailed hereunder are in terms of Regulation 19 of the Listing Agreement:
- ❖ Identify persons who are qualified to be Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal
 - ❖ Carry out evaluation of every Director's performance
 - ❖ Formulate the criteria for determining qualifications, positive attributes and independence of a Director and
 - ❖ Recommend to the Board a Policy relating to the remuneration for the Directors, Key Managerial Personnel (KMP) and employees one level below the KMP.

While formulating the said Policy the Committee should ensure that

- a. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully
- b. Relationship of remuneration to performance is clear and meets appropriate performance bench marks and
- c. Remuneration to Director, Key Managerial Personnel and employees one level below the KMP involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

Performance Evaluation:

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out the annual evaluation of its own performance, performance of the Directors individually as well as the evaluation of working of its Committees.

The performance evaluation of Chairman and the Non-Independent Directors was carried out by the Independent Directors. The Board of Directors expressed its satisfaction over its own performance, performance of its Committees and all the Directors individually.

The criteria for nomination of Directors, KMP, Senior Management Personnel and their remuneration including criteria for promotion is described in Nomination and Remuneration Policy of the Company which can be accessed at the weblink: www.theandhrasugars.com

Perform such other functions as may be necessary or appropriate for the performance of its duties.

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- c) NUMBER OF NOMINATION AND REMUNERATION COMMITTEE MEETINGS HELD DURING THE FINANCIAL YEAR 2017-18 AND THE DATES ON WHICH HELD

Sl. No.	Dates of Nomination and Remuneration Committee Meeting
1	22-05-2017
2	28-07-2017
3	28-10-2017
4	03-02-2018

- d) ATTENDANCE OF THE MEMBERS OF THE NOMINATION AND REMUNERATION COMMITTEE AT ITS MEETINGS HELD DURING THE FINANCIAL YEAR 2017-18.

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

Details of the remuneration paid / payable to the Directors during the year 2017-18 are as hereunder:-

Name of Director	Remuneration paid / payable to the Directors			
	Sitting Fees	Salaries & Perquisites	Commission	Total
	Rs.	Rs.	Rs.	Rs.
Dr. B. B. Ramaiah	Nil	1,17,08,212	2,83,32,093	4,00,40,305
Sri P. Narendranath Chowdary	Nil	74,79,600	3,24,17,598	3,98,97,198
Sri Mullapudi Narendranath	Nil	37,64,490	2,02,60,999	2,40,25,489
Sri Mullapudi Thimmaraja	Nil	37,59,600	2,02,60,699	2,40,20,599
Sri P. Achuta Ramayya	Nil	31,48,570	2,02,60,699	2,34,09,569
Sri P.S.R.V.K. Ranga Rao	Nil	10,28,399	35,63,716	45,92,115
Sri A. Ranga Rao	2,60,000	Nil	Nil	2,60,000
Dr. P. Kotaiah	95,000	Nil	Nil	95,000
Sri V.S. Raju	2,65,000	Nil	Nil	2,65,000
Dr. A.V. Rama Rao	70,000	Nil	Nil	70,000
Sri P.A. Chowdary, I.R.S.(Retd.)	2,80,000	Nil	Nil	2,80,000
Dr. D. Manjulata	1,00,000	Nil	Nil	1,00,000

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, 2013. The Company enters into an agreement with the Managing Directors / Whole-time Directors relating to their appointment / re-appointment. There is no severance fee.

Corporate Social Responsibility (CSR) Committee:

Pursuant to Section 135 of the Companies Act, 2013 and the Companies (CSR Rules), 2014, CSR Committee was constituted on 27.7.2014. Presently, it comprises four Directors viz., Dr. B B Ramaiah, Chairman Managing Director, is the Chairman of the Committee (upto 14.02.2018) and Sri P. Narendranath Chowdary, Sri Mullapudi Thimmaraja and Sri V S Raju are the members of the Committee.

The terms of reference of the CSR Committee broadly comprises:

- F To formulate and recommend to the Board, a Corporate Social Responsibility (CSR) Policy indicating activities to be undertaken by the Company in compliance with provisions of the Companies Act, 2013 and rules made thereunder
- F To recommend the amount of expenditure to be incurred on the CSR activities
- F To monitor the implementation of the CSR Policy of the Company from time to time

Meeting and attendance:

The CSR Committee met during the year on 3.2.2018. The necessary quorum was present at the meetings. All the members of the Committee attended the said meetings.

The Company formulated CSR Policy which is uploaded on the website of the Company (weblink: www.theandhrasugars.com)

Independent Directors Meeting:

the Independent Directors met on 24th May, 2018, inter alia, to discuss:

- ❖ Evaluation of performance of Non-Independent Directors and the Board as a whole.
- ❖ Evaluation of performance of the Chairman of the Company, taking into account the view of the Executive and Non-Executive Directors

Evaluation of the Quality, content and timeliness of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties. Details of familiarisation programme for Independent Directors is placed at weblink: www.theandhrasugars.com

5. SUBSIDIARIES :

- a) The Company does not have any unlisted material subsidiary as defined in Regulation 24 of the Listing Agreement regarding Corporate Governance.
- b) Company has two un-listed subsidiary Companies.
- c) Minutes of the Board Meeting of the unlisted Companies are placed before the Board Meeting of the holding Company.

7. SHAREHOLDING OF NON-EXECUTIVE DIRECTORS:

As on 31.03.2018 Sri A. Ranga Rao holds 200 Equity Shares and Dr. D. Manjulata holds 21500 Equity Shares in the Company. No other Non-executive Director holds any equity shares in the Company. During the year 2017-18 Company has not issued any convertible instruments.

8. MANAGEMENT

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

9. CEO / CFO CERTIFICATION

In accordance with the requirements of Regulation 33 (2) 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. STAKEHOLDERS' RELATIONSHIP COMMITTEE

- a) The Board has constituted Stakeholders' Relationship Committee comprising Sri P.A. Chowdary, (Chairman of the Committee - non-Executive & Independent Director), Sri P. Narendranath Chowdary and Sri Mullapudi Thimmaraja as Members of the Committee. The Committee looks into redressal of the Stakeholders' complaints like Transfer of Shares, non-receipt of Annual Report, non-receipt of declared Dividend and other related matters.
- b) The Board has designated Sri M. Palachandra, Company Secretary as the Compliance Officer.
- c) During the year 2017-18, Four Committee Meetings were held on dates viz., 22-5-2017, 28-07-2017, 28-10-2017 and 3-2-2018. The Company received a total number of 25 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 31.3.2018 No Share Transfers were pending and there were no pending complaints (which has since been resolved).
- d) ATTENDANCE OF DIRECTORS AT THE STAKEHOLDERS RELATIONSHIP COMMITTEE MEETING HELD DURING FINANCIAL YEAR 2017-18.

Name of the Director	No. of Meetings attended
Sri P.A. Chowdary	4
Sri P. Narendranath Chowdary	4
Sri Mullapudi Thimmaraja	4

11. ANNUAL GENERAL BODY MEETINGS

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

Financial Year – 1 st April to 31 st March			
Financial Year	Venue	Date	Time
2014-2015	Registered Office, VENKATARAYAPURAM, TANUKU-534 215 (A.P.)	26-09-2015	3.00 p.m.
2015-2016	-do-	26-09-2016	3.00 p.m.
2016-2017	-do-	23-09-2017	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 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
26-09-2015	1	Acceptance of Fixed Deposits
26-09-2016	2	Appointment of Managing Director, Acceptance of Fixed Deposits
23-09-2017	1	Alteration of Articles of Association

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 189 of the Companies Act, 2013 and the same is placed at every Board Meeting for the information of the Directors.

- 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 has a Whistle Blower Policy.
- iv. Details regarding Non-Mandatory requirements are enumerated under point No. 14.

Affirmations and Disclosures:

- i) Compliance with governance frame work:

The Company has complied with the applicable mandatory requirements specified in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

- ii) **Related Party Transactions:**

All transactions entered into with the Related Parties as defined under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the Financial Year were in the ordinary course of business and on arm's length basis and do not attract the provisions of the Section 188 of the Companies Act, 2013. There were no materially significant transactions with the Related Parties during the Financial Year. Related Party Transactions have been disclosed under the Note No.41 of the Financial Statements in accordance with Accounting Standard-18. A statement in summary form of transactions with related parties in the ordinary course of business and on arm's length basis, is periodically placed before the Audit Committee for review and recommendation to the Board.

As required under Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company formulated a Policy for dealing with Related Party Transactions. The Policy is available on the website of the Company (weblink: www.theandhrasugars.com)

None of the transactions with Related Parties were in conflict with the interest of the Company. All the transactions are in the normal course of business and have no potential conflict with the interest of the Company at large and or carried out on an arm's length basis or fair value.

- iii) Details of Non-compliance by the Company, penalties and strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets during the last three years:

No penalties or strictures were imposed on the Company for non-compliance by Stock Exchange / SEBI or any authority on any matter related to capital markets during the last 3 years.

- iv) Whistle Blower Policy:

Pursuant to Section 177(9) and (10) of the Companies Act, 2013 and Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated Whistle Blower Policy for vigil mechanism for Directors and employees to report to the management about the unethical behaviour, fraud or violation of Company's Code of Conduct. The mechanism provides for adequate safeguards against victimisation of employees and Directors who use such mechanism and makes provision for direct access to the Chairperson of the Audit Committee in exceptional cases.

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v) Disclosure of Accounting Treatment:

In the preparation of the financial statements, the Company has followed the Accounting Standards referred to in Section 133 of the Companies Act, 2013. The significant Accounting Policies which are consistently applied are set out in the Notes to the Financial Statements.

vi) Risk Management:

Board periodically reviews the compliance of all laws, regulations and various risks affecting the Company. Various Risk Management Systems adopted to mitigate the risks are also reviewed by the Board. Risk Management Policy approved by the Board can be accessed at the weblink: www.theandhrasugars.com

13. MEANS OF COMMUNICATION

- i. Quarterly Results are not sent to each household of shareholders, since they are being published in leading news papers.
- 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 Web Site, "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

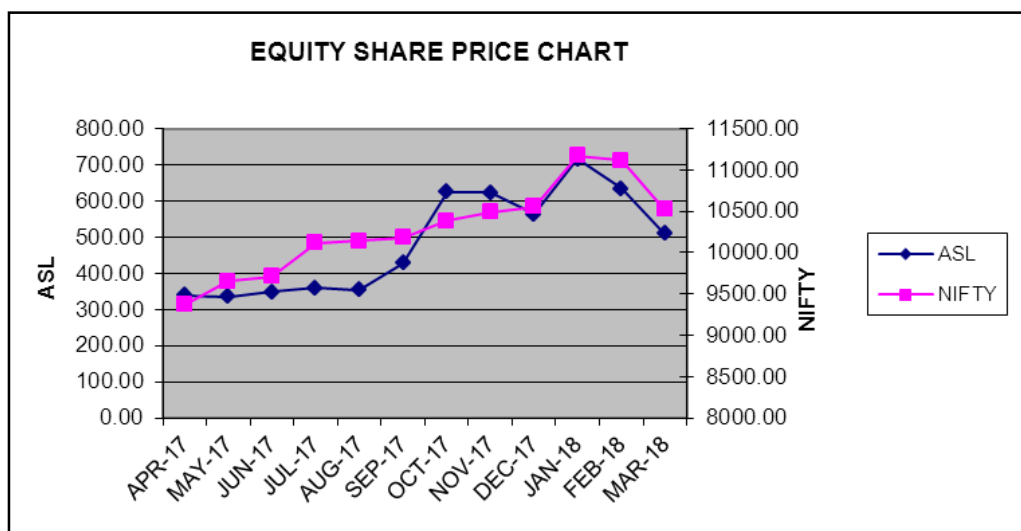
- | | | |
|-----------------------------------|---|---|
| (i) Annual General Meeting: | | |
| Date & Time | : | Wednesday, 26th September, 2018 |
| Venue | : | at 3.00 P.M. |
| | | Registered Office
Venkatarayapuram, Tanuku - 534 215
West Godavari Dist. (A.P.) |
| (ii) Financial Year | : | The Company follows April to March as its financial year. The results of every quarter beginning from April are declared within the time limit prescribed by the provisions of Listing Agreement. |
| (iii) Date of book closure | : | 17.09.2018 to 26.09.2018
(both days inclusive) |
| (iv) Dividend payment date | : | 3rd October, 2018 |
| (v) Listing on Stock Exchanges at | : | National Stock Exchange |
| (vi) Stock code | : | NSE-CODE-ANDHRSUGAR |

(vii) Stock Market Data : National Stock Exchange

Month	High	Low
	Rs.	Rs.
April, 2017	339.80	311.45
May, 2017	336.15	279.00
June, 2017	349.00	296.70
July, 2017	359.50	335.75
August, 2017	354.70	304.10
September, 2017	428.90	348.00
October, 2017	625.00	403.25
November, 2017	622.45	547.20
December, 2017	563.80	497.05
January, 2018	715.00	517.25
February, 2018	634.05	470.00
March, 2018	510.00	388.55

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

EQUITY SHARE PRICE CHART (NSE)



(ix) Registrars & Share Transfer Agents : Company's Equity Shares are listed on National Stock Exchange with a view to provide liquidity to the Shareholders. As per the SEBI notification, the Company's Equity Shares have been compulsorily dematerialised with effect from 25th October, 2000. The Company has appointed XL Softech Systems, 3 Sagar Society, Road No.2, Banjara Hills, Hyderabad - 500 034 as Registrars and Transfer Agents

(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. XL Softech Systems Ltd., Hyderabad has been appointed to handle the Shares Transfer work.

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(xi) (a) Shareholding pattern as on 31st March, 2018

Category	No. of Shares held	% of Shareholding
Promoters	12748907	47.03
Institutions, Mutual Funds and Banks	839718	3.10
FII's / OCB's	--	--
NRI's	141805	0.52
Bodies Corporate, Trusts and Clearing Members	1851367	6.83
Public	11525281	42.52
Total	27107078	100.00

(b) Distribution of Shareholding as on 31st March, 2018

Shareholding of Nominal value of Rs.	No. of Shareholders	% to Total	Share Amount in Rs.	% to Total
Upto 5000	12249	82.81	14114250	5.21
5001 to 10000	991	6.70	7832790	2.89
10001 to 20000	622	4.20	9324980	3.44
20001 to 30000	261	1.76	6609860	2.44
30001 to 40000	103	0.70	3690530	1.36
40001 to 50000	103	0.70	4773790	1.76
50001 to 100000	202	1.37	14740660	5.44
100001 onwards	261	1.76	209983920	77.46
Total	14792	100.000	271070780	100.000

(xii) Dematerialisation of Equity Shares and liquidity:

The ISIN No. is INE715B01013. As on 31.3.2018, 50.25% of Equity Shares have been dematerialised.

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

(xiv) 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, W.G.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,
Thirunalvelli District, Tamil Nadu.
(c) Kundadam Village, Tamil Nadu
(d) Palladam Village, Tamil Nadu

(xv) Address for correspondence for all matters including Shares. : Registered Office:
VENKATARAYAPURAM
Tanuku - 534 215
West Godavari Dist., Andhra Pradesh
Email: investors@theandhrasugars.com

14. NON-MANDATORY REQUIREMENTS :

Mandatory requirements of the Listing Agreement have been complied with by the Company. Company has complied all applicable Secretarial Standards.

Adoption of non-mandatory requirement is as hereunder :

1. The Board

The Company has an Executive Chairman.

2. Shareholders Rights

The quarterly and Half Yearly are published in leading English news papers having circulation all over India and also in Telugu News Papers circulating in the District and are also posted on the Company's website therefore the same are not sent to the Shareholders individually.

3. Audit Qualification

There are no qualifications proposed by the Auditors in their Report for the year ending 31st March, 2018 as per the information received from them.

DECLARATION ON COMPLIANCE WITH CODE OF CONDUCT

As provided under Regulation 26 of the Listing Agreement with the Stock Exchanges, all Board members and Senior Management personnel have affirmed the compliance with The Andhra Sugars Limited Code of Conduct for the year ended 31st March, 2018.

Place : TANUKU
Date : 28.07.2018

P. NARENDRANATH CHOWDARY
Chairman Managing Director

Independent Auditors' Certificate on corporate Governance

The Members of The Andhra Sugars Limited

1. This certificate issued in accordance with the terms of our engagement letter
2. We have examined the compliance of the conditions of corporate governance by The Andhra Sugars Limited (the 'Company') for the year ended 31st March 2018, as stipulated in Regulations 17 to 27, clauses (b) to (j) of Regulation 46(2), and paragraphs C, D and E of schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations').

Management's Responsibility

3. The compliance of conditions of corporate governance is the responsibility of the management. This responsibility includes the designing, implementing and maintaining operating effectiveness of internal control to ensure the compliance with the conditions of corporate governance as stipulated in the Listing Regulations.

Auditors Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion as to whether the company has complied with the conditions of corporate governance as stated in paragraph 2 above. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the company for ensuring the compliance with the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the company.
5. We have examined the relevant records of the company in accordance with the applicable Generally Accepted Auditing Standards in India, the Guidance note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India (the 'ICAI'), and the Guidance Note on Reports or Certificates for special purposes issued by the ICAI which requires that we comply with the ethical requirements of the code of ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the standard on Quality Control (SQC) 1, Quality Control for Firms that performs Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

7. Based on the procedures performed by us and to the best of our information and according to the explanations provided to us, in our opinion, the Company has complied, in all material aspects, with the conditions of corporate governance as stipulated in the Listing Regulations, except for conditions stipulated in Regulation 18(2) being the audit committee shall meet at least four times in a year, due to lack of quorum for one meeting.

We state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

Restriction on use

8. This certificate is issued solely for the purpose of complying with the aforesaid regulations and may not be suitable for any other purpose.

Place : Tanuku
Date : 30th May 2018

FOR K.S.RAO & CO
Chartered Accountants
Firm Regn.No.0031109S
K.VAMSI KRISHNA
Partner
(ICAI Membership No. 238809)

MANAGEMENT AND DISCUSSION ANALYSIS

SUGAR:

At present the Global Sugar Industry is passing through a crisis. This has been mainly on account of Mills being unable to recover the Cost of Production from sale price realization. This widening gap between the Sale Price and Production Cost has severely affected the Mills capacity to pay cane price fixed by Government of India in time resulting in substantial cane arrears. In this scenario, there is an urgent need for the Government of India to come out with measures which would give long term stability to both the farmers and the Mills.

It is welcoming to note that the Government of India has come out with measures such as Minimum Support Selling Price for Sugar. Creation of Buffer Stock, Interest Subvention on loans taken to augment Distillery operations. These measures would bail out to a certain extent the Sugar Sector in a short term. But in the longer term, the real problem to be addressed is to bring about parity between the Input cost of growing Sugarcane and Sale Price of Sugar. To achieve this, there is a need for the Government to ensure implementation of Revenue Sharing Mechanism between the farmers and the mills.

Ethanol was viewed as value added product of Sugar Industry, especially in the context of Ethanol fuel blending programme of Government of India. To give encouragement to Mills to step-up Ethanol production, a significant step has been taken by the Government permitting production of Ethanol directly from Sugarcane juice. This will facilitate the Mills in creating new Ethanol capacities. This would also give impetus to the Government's Ethanol Fuel Blending Programme. However, it is important that the price paid by Oil Manufacturing Companies commensurate the effort and costs of production of Ethanol. The main part of concern to the Ethanol proposal is the fact that 10 Ltrs of Effluent is produced for every Liter of Ethanol produced. Treating of the effluent is an issue that needs great care.

Your Company's focus is on the following:

- i) Release of the varieties that passed through final stage of our Sugarcane R&D to cane growers.
- ii) Sugar rich and high yielding varieties like SI, 2010-123 and SI, 2010-309 that passed through our Sugarcane R&D enhance the scope of increase in recovery % cane.
- iii) Lack of proper replacement of Cane Varieties is a key reason for declining sugarcane productivity. This is being taken care of by the varieties that are released from our cane R&D project.

Mechanical Harvesters were introduced to demonstrate to the farming community that there is a machinery to overcome the harvesting labour problem.

CHLOR ALKALI :

Your Company has an Integrated Chemical Complex at Saggonda manufacturing Caustic Soda, Chlorine and other Allied Products. A 400 TPD Caustic Soda Plant is in operation at Saggonda Village of Gopalapuram Mandal and a 25 TPD Caustic Potash Plant at Kovvur, West Godavari, Andhra Pradesh.

Domestic demand for Caustic Soda has increased in view of the abatement of coming of Caustic Soda into the country from Overseas destinations. This has provided an opportunity to your Company to expand its existing Caustic Soda from 400 TPA to 500 TPA at your Chemical Complex, Saggonda. Primarily, two aspects - disposal of Chlorine and availability of Power are the concerns of the Industry. In view of the uninterrupted dumping of Chlorine based products, the domestic Industry is finding it difficult to market Chlorine. This problem is further aggravated in view of Paper Industry, a bulk consumer of Chlorine, going in for Chlorine-free Technology. This constraint in disposal of Chlorine, a co-product of Caustic Soda, has the impact of curtailing the production of Caustic Soda thus affecting the revenue generation of Caustic Industry. Despite the market constraints, your Company due to its goodwill is getting consistent support from the bulk Customers and Traders who have been honouring their offtake of Liquid Chlorine. This has given an advantage to your Company to produce Caustic Soda as per the Production and Marketing Plans drawn out.

Secondly, the Power which is a major input for the production of Caustic Soda is required to be available at an economical price. There is a need for the Government to classify this Industry under "Energy Intensive Industry" in order to get the benefit of availing Power at a concessional rate.

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ASPIRIN :

In the present business scenario of Aspirin, International Regulatory Market is viewed as a better business opportunity for Aspirin. This has made your Company to focus on enlarging the International market base by firming up contracts with new Overseas Customers in a gradual manner. In order to ensure that Overseas Business fructifies, your Company has geared up to be in line with the International Standards so as to fall under Current Good Manufacturing Practices (CGMP). As a part of Vendor qualification, your Aspirin Plant has been audited by several Overseas Customers who have certified that the quality of Aspirin meets the International Standards. To fulfil the regulatory requirements of US and European market authorities your Aspirin Plant has been audited by USFDA and EDQM. Besides this, Certificate of Suitability (CEP), World Health organization (WHO) Good Manufacturing Certification (GMP), Written Confirmation (WC) received from relevant International Statutory Authorities facilitates your customers to do business and regulatory market. These certifications have enabled your Company to enter into a long-term supply arrangement with the Multi-national Companies leading to increased sales volume. Keeping in mind the demand for your products in regulatory market in the years to come the capacity of Aspirin Plant has been expanded to 2000 M.T. per annum.

POWER :

Your Company operates Chlor Alkali Plants which are Power Intensive with Power constituting a major input cost. Therefore, it is essential for your Company to ensure the availability of quantity and quality of Power to be self-sufficient in production and remain competitive. Keeping this in view, your Company successfully implemented and commissioned a 33 MW Captive Generation Thermal Plant at Saggonda. This is in addition to Solar Power Plant in operation at Kovvur. These two Plants will ensure adequate Power for Chemical Plants. Apart from this, the Company, as a Shareholder of Andhra Pradesh Gas Power Corporation Limited (APGPCL), a gas based Power Generation Company, avails power from them, which is cheaper compared to State Electricity Board Power. This would facilitate in augmenting the Power requirements of Chemical Plants.

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.

As per the provisions of the Companies Act, 2013 the Statutory Auditors have annexed a report on Internal Control System to the Independent Auditors Report pertaining to Financial Year 2017-18.

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. 147.64 Crores (before interest and depreciation) against Rs. 159.65 Crores (before interest and depreciation) in last year.

The Fund based working capital limits at Rs.140.00 Crores.

The gross Fixed Assets of your Company as on 31.3.2018 is Rs.736.21 Crores compared to Rs. 690.59 Crores during the previous year 2016-17. Your Company has a net worth of Rs.991.24 Crores.

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 31.3.2018 your Company's employees strength stands at 2,103.

* * * *

ANNEXURE "II A" TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31-03-2018

Statement showing particulars of employees of the Company as required
under Section 197 of the Companies Act, 2013, read with Companies (Particulars of Employees)
Rules, 1975 as amended and forming part of Report of the Board of Directors for the period from 01-04-2017 to 31-03-2018.

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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. B.B. Ramaiah (Up to 14.02.2018)	Chairman & Managing Director	B.Sc.,(Hons), Sugar Technology M.Sc., (Chemical Technology) M.Sc., (Wisconsin), A.M.P.(Harvard)	64	01-04-1998	40040305	92	Managing Director (Tech.) The Andhra Sugars Ltd., 28 Years
2)	Sri P. Narendranath Chowdary	Managing Director	B.Sc.	51	12-01-1976	39897198	70	Director, The Andhra Sugars Ltd., 8 Years
3)	Sri M. Narendranath	Joint Managing Director	B.Sc., (Ag.)	44	01-01-1998	24025489	69	Managing Director Sree Satyanarayana Spinning Mills Ltd., Tanuku. 24 Years
4)	Sri M. Thimmaraja	Joint Managing Director	B.Tech.,M.B.A.(Florida)	43	01-08-1978	24020599	67	Director The Andhra Sugars Ltd., 21/2 Years
5)	Sri P. Achuta Ramayya	Joint Managing Director	B.Com.,M.B.A.(New York)	35	01-08-1983	23409569	63	First Appointment
6)	Sri P.S.R.V.K.RangaRao	Executive Director	B.Com.	19	01-05-1999	4592115	48	Director The Andhra Sugars Ltd., 11/2 Years

* Employed for the part of the Year i.e., up to 14.02.2018.

- 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 197 read with Schedule V of the Companies Act, 2013.

ANNEXURE 'IIB' TO DIRECTORS' REPORT FOR THE YEAR ENDED 31.03.2018

Information pursuant to Section 134 of the Companies Act, 2013 read with rule 8(3) of Companies (Accounts) Rules, 2014.

A. Conservation of Energy:

CHEMICAL COMPLEX, SAGGONDA:

- a) 1) No.3 CSP Plant "C" Electrolyser Elements re-coated for reduction of power consumption (May-2014)
- 2) No.3 CSP Plant "C" Electrolyser Old F8020SP Membranes replaced with high performance low voltage F6801 New membranes for reduction of power consumption (May-2014).
- b) No.1 CSP Plant "G" Electrolyser and No.2 CSP Plant "A" Electrolyser Old Membranes replaced with high performance low voltage F6801 New Membranes for reduction of power consumption (February - 2015).
- c) Due to the above measures, the power consumption has reduced by approximately 130 KWH / Ton of production. Impact on cost of production Rs.800 / MT.

B. TECHNOLOGY ABSORPTION:

Form B annexed.

C. Foreign Exchange Earnings and outgo:	Current Year	Last Year
a) Used (Rs. in lakhs)		
i) Revenue Account	114.54	56.16
ii) Know-how fee and Service		-
b) Earned (Rs. In lakhs)		
On FOB basis	3089.25	3471.85

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 continuously focusing on Development of indigenous technology for new products and processes, Technology up-gradation, Development of skill and knowledge in related fields, Development of new methods and controls to minimize waste to reduce environmental pollution. Development and introduction of suitable equipments for mechanization of Sugar cane farming and harvesting.

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

The continuous efforts by R&D of your company have helped in improving the quality standards, yield and economics of currently manufactured products, Preparedness to counter competition, maximum capacity utilization of plants, reducing pollution and improved sugar recovery. Mechanization of Sugar cane cultivation helped in optimizing the Sugar cane harvesting.

3. Future plan of action:

Your company will continue to utilize the available R&D resources to upgrade the process technologies, Development of new Products/Process, Maximize production capacity at optimum cost.

TECHNOLOGY ABSORPTION ADAPTATION AND INNOVATION:

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

- a) Sugar cane breeding is being carried out at the existing R&D farm for developing Sugar cane varieties of high yield.
- b) Mechanization in Sugarcane Planting and Harvesting by Designing and Building Cane Planters.

- c) Process improvement studies for UDMH and MMH were conducted in lab scale with new methodology, in collaboration with an external agency and are proposed to carry out in pilot scale.
- d) Pilot trials were carried out for treatment of Caustic Concentrator effluent by using R.O Process and implementation of the same in plant scale is under progress.

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

- a) Suitable high yield Sugar Cane varieties developed in the existing R&D farm were supplied to the farmers, which helped in high yield of Sugar.
- b) Implementation of mechanical plantation and harvesting helped to improve throughput, reduce cane loss and cleaner cane.
- c) Implementation of process improvement studies in MMH and UDMH plants will help in better yield and reduction in effluent generation.
- d) Introduction of R.O process for treatment of Caustic concentrator effluent will help in conservation of water and reduces the quantum of effluent generated.

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

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

* Required information may be obtained from Finance department.

ANNEXURE - III
Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31.03.2016

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

1	CIN	L15420AP1947PLC000326
2	Registration Date	11/Aug/1947
3	Name of the Company	THE ANDHRA SUGARS LIMITED
4	Category/Sub-category of the Company	Public Company / Company having Share Capital
5	Address of the Registered office & contact details	Venkatarayapuram, Tanuku - 534215, Andhra Pradesh, Ph: 08819-224911 (7) Lines Fax: 08819-224168
6	Whether listed company	Yes
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	XL Softech Systems Limited, 3, Sagar Society, Road No.2, Banjara Hills, Hyderabad- 500 034

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

SI. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Sugar	2060	17.29%
2	Caustic Soda	3008	57.53%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

SI. No.	Name and Address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of Shares held	Applicable Sections
1	JOCIL Limited	L28990AP1978PLC002260	Subsidiary	55.02 %	2(87)
2	The Andhra Farm Chemicals Corporation Limited	U24110AP1968PLC001197	Subsidiary	77.35 %	2(87)
3	Hindustan Allied Chemicals Limited	U24231AP1965PLC001039	Subsidiary	76.82 %	2(87)
4	The Andhra Petrochemicals Limited	L23209AP1984PLC004635	Associate	33.05%	2(6)

IV. SHARE HOLDING PATTERN (Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (as on 1-April, 2017)				No. of Shares held at the end of the year (as on 31-March-2018)				Change during the year
	Demat	Physical	Total	(%) of Total Shares	Demat	Physical	Total	(%) of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	1042845	10464874	11507719	42.45%	1329469	10186270	11515739	42.48%	0.07%
b) Central Govt			--	0.00%			--	0.00%	0.00%
c) State Govt(s)			--	0.00%			--	0.00%	0.00%
d) Bodies Corp.		350868	350868	1.29%		342848	342848	1.26%	-2.29%
e) Banks / FI			--	0.00%			--	0.00%	0.00%
f) Any other			--	0.00%			--	0.00%	0.00%
g) Trust		890320	890320	3.28%	890320		890320	3.28%	0.00%
Sub Total (A) (1)	1042845	11706062	12748907	47.03%	2219789	10529118	12748907	47.03%	0.00%
(2) Foreign									
a) NRI Individuals			--	0.00%			--	0.00%	0.00%
b) Other Individuals			--	0.00%			--	0.00%	0.00%
c) Bodies Corp.			--	0.00%			--	0.00%	0.00%
d) Any other			--	0.00%			--	0.00%	0.00%
Sub Total (A) (2)	--	--	--	0.00%	--	--	--	0.00%	0.00%
TOTAL (A)	1042845	11706062	12748907	47.03%	2219789	10529118	12748907	47.03%	0.00%

B. Public Shareholding

1. Institutions									
a) Mutual Funds		5500	5500	0.02%	712077	3000	715077	2.64%	12901.40%
b) Banks / FI	226217	4752	230969	0.85%	119965	4676	124641	0.46%	-46.04%
c) Central Govt			--	0.00%			--	0.00%	0.00%
d) State Govt(s)			--	0.00%			--	0.00%	0.00%
e) Venture Capital Funds			--	0.00%			--	0.00%	0.00%
f) Insurance Companies			--	0.00%			--	0.00%	0.00%
g) FIs			--	0.00%			--	0.00%	0.00%
h) Foreign Venture Capital Funds			--	0.00%			--	0.00%	0.00%
i) Others (specify)			--	0.00%			--	0.00%	0.00%
Sub-total (B)(1):-	226217	10252	236469	0.87%	832042	7,676	839718	3.10%	255.11%
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	1294111	305714	1599825	5.90%	1513382	304041	1817423	6.70%	13.60%
ii) Overseas			--	0.00%			--	0.00%	0.00%
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	4897000	999093	5896093	21.75%	4637448	818684	5456132	20.13%	-7.46%

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Category of Shareholders	No. of Shares held at the beginning of the year (as on 1-April, 2015)				No. of Shares held at the end of the year (as on 31-March-2016)				(% Change during the year)
	Demat	Physical	Total	(%) of Total Shares	Demat	Physical	Total	(%) of Total Shares	
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	4380959	1838066	6219025	22.94%	4242697	1826452	6069149	22.39%	-2.41%
c) Others (specify)									
Non Resident Indians	353527	291	353818	1.31%	141514	291	141805	0.52%	-59.92%
Overseas Corporate Bodies			--	0.00%			--	0.00%	0.00%
Foreign Nationals			--	0.00%			--	0.00%	0.00%
Clearing Members	52941		52941	0.20%	33944		33944	0.13%	-35.88%
Trusts			--	0.00%			--	0.00%	0.00%
Foreign Bodies-D R			--	0.00%			--	0.00%	0.00%
Sub-total (B)(2):-	10978538	3143164	14121702	52.10%	10568985	2949468	13518453	49.87%	-4.27%
Total Public (B)	11204755	3153416	14358171	52.97%	11401027	2957144	14358171	52.97%	0.00%
C. Shares held by Custodian for GDRs & ADRs			--	0.00%				0.00%	0.00%
Grand Total (A+B+C)	12247600	14859478	27107078	100.00%	13620816	13486262	27107078	100.00%	0.00%

(ii) Shareholding of Promoter :

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			(% Change in share holding during the year)
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
A	Promoters							
1	Pendyala Sujatha	768119	2.83%	0.00%	768119	2.83%	0.00%	0.00%
2	Pendyala Jhansi Jayalakshmi	694824	2.56%	0.00%	694824	2.56%	0.00%	0.00%
3	P.S.R.V.K. Ranga Rao	627284	2.31%	0.00%	627284	2.31%	0.00%	0.00%
4	Maddipoti Kamala Devi	573840	2.12%	0.00%	573840	2.12%	0.00%	0.00%
5	Mullapudi Satyanarayanamma	558721	2.06%	0.00%	558721	2.06%	0.00%	0.00%
6	Sri Balusu Ranganayaki Alias Radhika	424795	1.57%	0.00%	424795	1.57%	0.00%	0.00%
7	Bolla Rajiv	410000	1.51%	0.00%	410000	1.51%	0.00%	0.00%
8	Mullapudi Narendranath	397140	1.47%	0.00%	397140	1.47%	0.00%	0.00%
9	Mullapudi Thimmaraja	367195	1.35%	0.00%	367195	1.35%	0.00%	0.00%
10	Pendyala Narendranath Chowdary	333056	1.23%	0.00%	333056	1.23%	0.00%	0.00%
11	Jujjavarapu Usharani	330975	1.22%	0.00%	330975	1.22%	0.00%	0.00%
12	Yelamarthi Narayanamma	323556	1.19%	0.00%	323556	1.19%	0.00%	0.00%
13	Mullapudi Narendranath (Individual)	302514	1.12%	0.00%	302514	1.12%	0.00%	0.00%
14	J. Ananthalakshmi	286624	1.06%	0.00%	286624	1.06%	0.00%	0.00%
15	Pendyala Atchutaramayya	285356	1.05%	0.00%	285356	1.05%	0.00%	0.00%
16	Pendyala Jhansi Jayalakshmi	260152	0.96%	0.00%	260152	0.96%	0.00%	0.00%
17	Pendyala Narendranath Chowdary	260152	0.96%	0.00%	260152	0.96%	0.00%	0.00%
18	Mullapudi Renuka	247858	0.91%	0.00%	247858	0.91%	0.00%	0.00%
19	Jujjavarapu Usharani	242381	0.89%	0.00%	242381	0.89%	0.00%	0.00%
20	Bolla Bulli Ramaiah	223998	0.83%	0.00%	223998	0.83%	0.00%	0.00%
21	Miss. Bolla Serena	218000	0.80%	0.00%	218000	0.80%	0.00%	0.00%
22	Mullapudi Thimmaraja (Individual)	205120	0.76%	0.00%	205120	0.76%	0.00%	0.00%
23	Mullapudi Narendranath (Individual)	205120	0.76%	0.00%	205120	0.76%	0.00%	0.00%
24	Mullapudi Thimmaraja (HUF)	204478	0.75%	0.00%	204478	0.75%	0.00%	0.00%
25	Pendyala Achuta Ramayya	182180	0.67%	0.00%	182180	0.67%	0.00%	0.00%
26	Pendyala Venkata Krishna Rao	172949	0.64%	0.00%	172949	0.64%	0.00%	0.00%
27	Pendyala Sesha Shailaja	153600	0.57%	0.00%	153600	0.57%	0.00%	0.00%

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28	Mullapudi Naryanamma	147564	0.54%	0.00%	147564	0.54%	0.00%	0.00%
29	Mullapudi Renuka	147564	0.54%	0.00%	147564	0.54%	0.00%	0.00%
30	Mullapudi Vikram Prasad	129437	0.48%	0.00%	129437	0.48%	0.00%	0.00%
31	Mullapudi Mrutyumjaya Prasad	120692	0.45%	0.00%	120692	0.45%	0.00%	0.00%
32	Mullapudi Thimmaraja (Individual)	110244	0.41%	0.00%	110244	0.41%	0.00%	0.00%
33	Nidadavolu Venkataramanamma	107438	0.40%	0.00%	107438	0.40%	0.00%	0.00%
34	Goli Jayashree	95720	0.35%	0.00%	95720	0.35%	0.00%	0.00%
35	Ramalakshmi E.	92966	0.34%	0.00%	92966	0.34%	0.00%	0.00%
36	Goli Devi	84288	0.31%	0.00%	84288	0.31%	0.00%	0.00%
37	Pendyala Narendranath Chowdary(Individual)	83793	0.31%	0.00%	83793	0.31%	0.00%	0.00%
38	Mullapudi Thimmaraja	83166	0.31%	0.00%	83166	0.31%	0.00%	0.00%
39	Bolla Ramesh Kumar	62650	0.23%	0.00%	62650	0.23%	0.00%	0.00%
40	Pendyala Sesha Shailaja	59607	0.22%	0.00%	59607	0.22%	0.00%	0.00%
41	Mullapudi Narendranath (Individual)	59166	0.22%	0.00%	59166	0.22%	0.00%	0.00%
42	Bolla Veera Venkata Satya Ramesh Kumar	57965	0.21%	0.00%	57965	0.21%	0.00%	0.00%
43	Gaddipati Anuradha	52800	0.19%	0.00%	52800	0.19%	0.00%	0.00%
44	Mullapudi Narendranath (Individual)	49098	0.18%	0.00%	49098	0.18%	0.00%	0.00%
45	Mullapudi Naryanamma	47616	0.18%	0.00%	47616	0.18%	0.00%	0.00%
46	Pendyala Sujatha	46021	0.17%	0.00%	46021	0.17%	0.00%	0.00%
47	Mullapudi Renuka	46000	0.17%	0.00%	46000	0.17%	0.00%	0.00%
48	Mullapudi Vikram Prasad	42048	0.16%	0.00%	42048	0.16%	0.00%	0.00%
49	Gaddipati Anuradha	42039	0.16%	0.00%	42039	0.16%	0.00%	0.00%
50	Pendyala Venkata Krishna Rao (Individual)	41359	0.15%	0.00%	41359	0.15%	0.00%	0.00%
51	Anantha Lakshmi N.	40000	0.15%	0.00%	40000	0.15%	0.00%	0.00%
52	Mullapudi Renuka	39407	0.15%	0.00%	39407	0.15%	0.00%	0.00%
53	Mullapudi Naryanamma	37685	0.14%	0.00%	37685	0.14%	0.00%	0.00%
54	Pendyala Divya Atchimamba	37237	0.14%	0.00%	37237	0.14%	0.00%	0.00%
55	Mullapudi Thimmaraja	29045	0.11%	0.00%	29045	0.11%	0.00%	0.00%
56	Mullapudi Narendranath	28510	0.11%	0.00%	28510	0.11%	0.00%	0.00%
57	Mullapudi Narendranath	27446	0.10%	0.00%	27446	0.10%	0.00%	0.00%
58	Mullapudi Narendranath (HUF)	20633	0.08%	0.00%	20633	0.08%	0.00%	0.00%
59	Thimmaraja Mullapudi	19975	0.07%	0.00%	19975	0.07%	0.00%	0.00%
60	Narendranath Mullapudi	19975	0.07%	0.00%	19975	0.07%	0.00%	0.00%

61	Mullapudi Naryanamma	16951	0.06%	0.00%	16951	0.06%	0.00%	0.00%
62	Nidadavolu Venkataramanamma	16024	0.06%	0.00%	16024	0.06%	0.00%	0.00%
63	Pendyala Jansi Jayalakshmi	15300	0.06%	0.00%	15300	0.06%	0.00%	0.00%
64	Narayanamma Mullapudi	14850	0.05%	0.00%	14850	0.05%	0.00%	0.00%
65	Pendyala Sruthi Rajeswari	14300	0.05%	0.00%	14300	0.05%	0.00%	0.00%
66	Mullapudi Renuka	13314	0.05%	0.00%	13314	0.05%	0.00%	0.00%
67	B. Rama Devi	8807	0.03%	0.00%	8807	0.03%	0.00%	0.00%
68	P.S.R.V.K. Ranga Rao	8591	0.03%	0.00%	8591	0.03%	0.00%	0.00%
69	P.S.R.V.K. Ranga Rao	8200	0.03%	0.00%	8200	0.03%	0.00%	0.00%
70	P. Usha Lakshmi	8000	0.03%	0.00%	8000	0.03%	0.00%	0.00%
71	B Ramesh Kumar	5400	0.02%	0.00%	5400	0.02%	0.00%	0.00%
72	P. Meghana Sri Sai Sujata	5300	0.02%	0.00%	5300	0.02%	0.00%	0.00%
73	Mullapudi Mrutyumjaya Prasad	0	0.00%	0.00%	3520	0.01%	0.00%	0.00%
74	Pendyala Prithivi Sri Narendra Rayudu	3141	0.01%	0.00%	3141	0.01%	0.00%	0.00%
75	Mullapudi Vikram Prasad	0	0.00%	0.00%	2250	0.01%	0.00%	0.00%
76	Mullapudi Thimmaraja	0	0.00%	0.00%	2250	0.01%	0.00%	0.00%
77	Nutakki Anantalakshmi	400	0.00%	0.00%	400	0.00%	0.00%	0.00%
78	S.M.V.M. Hospital	890320	3.28%	0.00%	890320	3.28%	0.00%	0.00%
79	The Mullapudi Investment & Finance Co. (P) Ltd.	128452	0.47%	0.00%	128452	0.47%	0.00%	0.00%
80	Thimmaraja Investment & Finance Co. (P) Ltd.	113536	0.42%	0.00%	113536	0.42%	0.00%	0.00%
81	Sree Harischandra Prasad Invest. & Fin. Co., Ltd.,	107800	0.40%	0.00%	107800	0.40%	0.00%	0.00%
82	Jayalakshmi Chemical Enterprises (P) Ltd.,	1080	0.00%	0.00%	1080	0.00%	0.00%	0.00%

The Andhra Sugars Limited

(iii) Change in Promoters' Shareholding (please specify, if there is no change) Nil

S No.	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	Mullapudi Mrutyumjaya Prasad						
	At the beginning of the year			--	0.00%	3520	0.01%
	Changes during the year			--	0.00%	--	0.00%
	At the end of the year			--	0.00%	3520	0.01%
2	Mullapudi Thimmaraja						
	At the beginning of the year			--	0.00%	2250	0.01%
	Changes during the year			--	0.00%	--	0.00%
	At the end of the year			--	0.00%	2250	0.01%
3	Mullapudi Vikram Prasad						
	At the beginning of the year			--	0.00%	2250	0.01%
	Changes during the year			--	0.00%	--	0.00%
	At the end of the year			--	0.00%	2250	0.01%
4	M/S Sri Thimmaraja Investment & Fin. Co. (P) Ltd.						
	At the beginning of the year			113536	0.42%	113536	0.42%
	Changes during the year			3520	0.01%	3520	0.01%
	At the end of the year			110016	0.41%	110016	0.41%
5	Sree Harischandra Prasad Investment & Fin. Co. Ltd.						
	At the beginning of the year			107800	0.40%	107800	0.40%
	Changes during the year			4500	0.02%	4500	0.02%
	At the end of the year			103300	0.38%	103300	0.38%

(iv) *Shareholding Pattern of top ten Shareholders**Nil***Shareholding pattern of top 10 Shareholders
(other than Directors, Promoters and Holders of GDRs and ADRs)**

S No.	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	Anil Kumar Goel						
	At the beginning of the year	--		450000	1.66%	450000	1.66%
	Changes during the year	--		--	0.00%	--	0.00%
	At the end of the year	--		450000	1.66%	450000	1.66%
2	Jaagruthi Ventures Pvt. Ltd.						
	At the beginning of the year	--		230908	0.85%	230908	0.85%
	Changes during the year	--		73950	0.27%	73950	0.27%
	At the end of the year	--		304858	1.12%	304858	1.12%
3	Sree Akkamamba Textiles Ltd.						
	At the beginning of the year	--		301940	1.11%	301940	1.11%
	Changes during the year	--		--	0.00%	--	0.00%
	At the end of the year	--		301940	1.11%	301940	1.11%
4	BNP Paribas Dividend Yield Fund						
	At the beginning of the year	--		--	0.00%	--	0.00%
	Changes during the year	--		274477	1.01%	274477	1.01%
	At the end of the year	--		274477	1.01%	274477	1.01%
5	Srikrishnadevaraya Hatcheries Pvt. Ltd.						
	At the beginning of the year	--		133183	0.49%	133183	0.49%
	Changes during the year	--		85472	0.32%	85472	0.32%
	At the end of the year	--		218655	0.81%	218655	0.81%
6	Pendyala Ravi						
	At the beginning of the year	--		213764	0.79%	213764	0.79%
	Changes during the year	--		--	0.00%	--	0.00%
	At the end of the year	--		213764	0.79%	213764	0.79%
7	Sharmin Nasser						
	At the beginning of the year	--		300000	1.11%	300000	1.11%
	Changes during the year	--		100000	0.37%	100000	0.37%
	At the end of the year	--		200000	0.74%	200000	0.74%
8	Seema Goel						
	At the beginning of the year	--		200000	0.74%	200000	0.74%
	Changes during the year	--		5000	0.02%	5000	0.02%
	At the end of the year	--		195000	0.72%	195000	0.72%
9	Acadian Emerging Markets Small Cap Equit						
	At the beginning of the year	--		33833	0.12%	33833	0.12%
	Changes during the year	--		143271	0.53%	143271	0.53%
	At the end of the year	--		177104	0.65%	177104	0.65%
10	BNP Paribas Mid Cap Fund						
	At the beginning of the year	--		--	0.00%	--	0.00%
	Changes during the year	--		170000	0.63%	170000	0.63%
	At the end of the year	--		170000	0.63%	170000	0.63%

(v) **A. Shareholding of Directors and Key Managerial Personnel:**

S. No.	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	Dr. B. B. Ramaiah						
	At the beginning of the year			223998	0.83%	223998	0.83%
	Changes during the year			--	0.00%	--	0.00%
	At the end of the year			223998	0.83%	223998	0.83%
2	P. Narendranath Chowdary						
	At the beginning of the year			677001	2.50%	677001	2.50%
	Changes during the year			--	0.00%	--	0.00%
	At the end of the year			677001	2.50%	677001	2.50%
3	Mullapudi Natendranath						
	At the beginning of the year			1109602	4.09%	1109602	4.09%
	Changes during the year			--	0.00%	--	0.00%
	At the end of the year			1109602	4.09%	1109602	4.09%
4	Mullapudi Thimmaraja						
	At the beginning of the year			1019223	3.76%	1019223	3.76%
	Changes during the year			2250	0.01%	2250	0.01%
	At the end of the year			1021473	3.77%	1021473	3.77%
5	Pendyala Achuta Ramayya						
	At the beginning of the year			467536	1.72%	467536	1.72%
	Changes during the year			--	0.00%	--	0.00%
	At the end of the year			467536	1.72%	467536	1.72%
6	P.S.R.V.K. Ranga Rao						
	At the beginning of the year			644075	2.38%	644075	2.38%
	Changes during the year			--	0.00%	--	0.00%
	At the end of the year			644075	2.38%	644075	2.38%
7	A. Ranga Rao						
	At the beginning of the year			200	0.00%	200	0.00%
	Changes during the year			--	0.00%	--	0.00%
	At the end of the year			200	0.00%	200	0.00%
8	Dr. Dasari Manjulata						
	At the beginning of the year			21500	0.08%	21500	0.08%
	Changes during the year			--	0.00%	--	0.00%
	At the end of the year			21500	0.08%	21500	0.08%
9	M. Palachandra						
	At the beginning of the year			--	0.00%	--	0.00%
	Changes during the year			--	0.00%	--	0.00%
	At the end of the year			--	0.00%	--	0.00%
10	P.V.S. Viseabadha Kumar						
	At the beginning of the year			120	0.00%	120	0.00%
	Changes during the year			405	0.00%	405	0.00%
	At the end of the year			525	0.00%	525	0.00%

VI. INDEBTEDNESS**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

(Amount Rs. in lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	15566.45	3308.08	16436.85	35311.38
ii) Interest due but not paid				-
iii) Interest accrued but not due	31.22		380.16	411.38
Total (i+ii+iii)	15597.67	3308.08	16817.01	35722.76
Change in Indebtedness during the financial year				
* Addition	(11880.74)	(124.65)	2572.38	(9433.01)
* Reduction			--	
Net Change	(11880.74)	(124.65)	2572.38	(9433.01)
Indebtedness at the end of the financial year				
i) Principal Amount	3716.93	3183.43	18962.85	25863.21
ii) Interest due but not paid			426.54	426.54
iii) Interest accrued but not due	--		--	--
Total (i+ii+iii)	3716.93	3183.43	19389.39	26289.75

VII. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL :**Remuneration to Managing Director, Whole-time Directors and/or Manager:**

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
I.	Name Designation	Dr. B. B. Ramaiah Chairman & Managing Director	P. Narendranath Chowdary Managing Director	(Rs. in lacs)
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	(upto 14.02.2018)		
		11410666.00	7440000.00	18850666.00
		297546.00	39600.00	337146.00
				--
2	Stock Option			--
3	Sweat Equity			--
4	Commission - as % of profit - others, specify	28332093.00	32417598.00	60749691.00
				--
5	Others, please specify Total (A) Ceiling as per the Act	40040305.00	39897198.00	79937503.00

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Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		Name Designation	Mullapudi Narendranath Joint Managing Director	Mullapudi Thimmaraja Joint Managing Director
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	3724890.00	3720000.00	7444890.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	39600.00	39600.00	79200.00
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961			--
2	Stock Option			--
3	Sweat Equity			--
4	Commission - as % of profit - others, specify	20260999.00	20260999.00	40521998.00
5	Others, please specify			--
	Total	24025489.00	24020599.00	48046085.00

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		Name Designation	P. Achuta Ramayya Joint Managing Director	P.S.R.V.K.Ranga Rao Executive Director
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2973970.00	988799.00	3962769.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	174600.00	39600.00	214200.00
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961			--
2	Stock Option			--
3	Sweat Equity			--
4	Commission - as % of profit - others, specify	20260999.00	3563716.00	23824715.00
5	Others, please specify			--
	Total (A)	23409569.00	4592115.00	28001684.00

B. Remuneration to other Directors- NIL

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		Independent Directors	A. Ranga Rao	Dr. P.Kotaiah	V.S. Raju
	Fee for attending board / committee meetings	260000.00	95000.00	265000.00	620000.00
	Commission				--
	Others, please specify				--
	Total (1)	260000.00	95000.00	265000.00	620000.00
	Independent Directors	Dr. A.V.Rama Rao	P.A.Chowdary	Dr. D. Manjulata	
	Fee for attending board / committee meetings	70000.00	280000.00	100000.00	450000.00
	Commission				--
	Others, please specify				--
	Total (2)	70000.00	280000.00	100000.00	450000.00
	Total (B)=(1+2)	330000.00	375000.00	365000.00	1070000.00
	Total Managerial Remuneration				157055275.00
	Overall Ceiling as per the Act				

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD- NIL

Sl. No.	Particulars of Remuneration	Name of Key Managerial Personnel			Total Amount
		Name Designation	CEO	M. Palachandra CS	P.V.SViswanadha Kumar CFO
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		2322981.00	2628216.00	4951197.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		173099.00	194551.00	367650.00
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961				--
2	Stock Option				--
3	Sweat Equity				--
4	Commission				--
	- as % of profit				--
	- others, specify				--
5	Others, please specify				--
	Total		2496080.00	2822767.00	5318847.00

VIII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty		NIL			
Punishment		NIL			
Compounding		NIL			
B. DIRECTORS					
Penalty		NIL			
Punishment		NIL			
Compounding		NIL			
C. OTHER OFFICERS IN DEFAULT					
Penalty		NIL			
Punishment		NIL			
Compounding		NIL			

Annexure - IV
Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members,
The Andhra Sugars Limited,
Venkatarayapuram,
Tanuku - 534215,
West Godavari District,
Andhra Pradesh.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. The Andhra Sugars Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on our verification of M/s The Andhra Sugars Limited's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2018 ("Audit Period") complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. The Andhra Sugars Limited ("the Company") for the financial year ended on 31st March, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (Not applicable to the Company during the Audit Period);
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not applicable to the Company during the Audit Period);
 - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (Not applicable to the Company during the Audit Period);
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the Audit Period);
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the Audit Period); and
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the Audit Period);
 - i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Andhra Sugars Limited

We have also examined compliance with the applicable clauses of the following:

- i) Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meetings
- ii) Listing Agreement entered into by the Company with the National Stock Exchange.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that, having regard to the compliance system prevailing in the company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws applicable specifically to the Company:

- a) Sugarcane Control Order, 1966
- b) Sugar Cess Act, 1982
- c) Sugar Development Fund Act, 1982
- d) The Andhra Pradesh Sugarcane (Regulation of Supply & Purchase) Act, 1961
- e) The Hazardous Wastes (Management, Handling and Transboundary Movement) Rule, 2008
- f) Drugs & Cosmetics Act, 2002 and rules made thereunder
- g) Legal Metrology Act, 2009 and rules made thereunder
- h) Arms Act and Rules, 1962
- i) Andhra Pradesh Electricity Act
- j) The Environmental Protection Act, 1986
- k) The Indian Electricity Act
- l) Indian Explosives Act
- m) Petroleum Act
- n) The Indian Telegraph Act
- o) Andhra Pradesh Petroleum Products Order, 1980
- p) The Andhra Pradesh Panchayat Raj Act, 1994

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non- Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the Board Meetings, as represented by the management, were taken unanimously.

We further report that, as per the explanations given to us and the representations made by the Management and relied upon by us, there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that, during the audit period, there were no other specific events / actions in pursuance of the above referred laws, rules, regulations, guidelines etc. having major bearing on the Company's affairs.

For NEKKANTI S.R.V.V.S. NARAYANA & CO.
Company Secretaries
(NEKKANTI S.R.V.V.S. NARAYANA)
Proprietor
M.No.F7157, C.P.No.7839

Date : 16th July, 2018
Place : Hyderabad

Note:

This report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

ANNEXURE - A

To
The Members,
The Andhra Sugars Limited,
Venkatarayapuram,
Tanuku - 534215,
West Godavari District,
Andhra Pradesh.

Our report of even date is to be read along with this letter:

1. Maintenance of secretarial records is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For NEKKANTI S.R.V.V.S. NARAYANA & CO.
Company Secretaries
(NEKKANTI S.R.V.V.S. NARAYANA)
Proprietor
M.No.F7157, C.P.No.7839

Date : 16th July, 2018
Place : Hyderabad

ANNEXURE - V

STATEMENT CONTAINING INFORMATION AS PER SECTION 197 (12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 FOR THE YEAR ENDED 31ST MARCH, 2018.

1. Ratio of Remuneration of each Director to Median Remuneration of the Employees of the Company for the Financial Year 2017-18.

Sl. No.	Name of the Director	Ratio of remuneration of Director to median remuneration of employees
		2017 - 18
1	Dr. B. B. Ramaiah (up to 14.02.2018)	183.00:1
2	Sri P. NarendranathChowdary	182.34:1
3	Sri MullapudiNarendranath	109.80:1
4	Sri MullapudiThimmaraja	109.78:1
5	Sri P. AchutaRamayya	106.98:1
6	Sri P. S. R. V. K. Ranga Rao	20.99:1
7	Sri A. Ranga Rao	1.19:1
8	Dr. P. Kotaiah	0.43:1
9	Sri V.S. Raju	1.21:1
10	Dr. A. V. Rama Rao	0.32:1
11	Sri P. A. Chowdary	1.28:1
12	Dr. D. Manjulata	0.46:1

2. Percentage increase in Remuneration of each Director, Chairman, Chief Financial Officer and Company Secretary.

Sl. No.	Name of the Director	Designation	Percentage Increase (%)
1	Dr. B. B. Ramaiah (up to 14.02.2018)	Chairman	0.9
2	Sri P. NarendranathChowdary	Director	(2.27)
3	Sri MullapudiNarendranath	Director	(2.85)
4	Sri MullapudiThimmaraja	Director	(2.83)
5	Sri P. AchutaRamayya	Director	(2.50)
6	Sri P. S. R. V. K. Ranga Rao	Director	(68.21)
7	Sri M. Palachandra	Company Secretary	21.93
8	Sri P.V.S.Viswanadha Kumar	G.M. (Finance) & Dy. Secretary	16.41

3. Percentage increase in the Median Remuneration of Employees in Financial Year 2017-18 is 2.05%.
4. Number of Permanent Employees on the rolls of the Company as on 31st March, 2018 was 2103 and as on 31st March, 2017 was 2114.
5. Remuneration of Whole-time Directors consists of Commission on Net Profits for a particular year if applicable.
6. No employee has received remuneration in excess of highest paid Director of the Company during the Financial Year 2017-18.

7. The explanation on the relationship between average increase in remuneration and Company's performance:
There is no direct relationship between average increase in remuneration of employees and Company's performance.

8. Remuneration of KMP against performance of the Company

(Rs. In lakhs)

Remuneration of KMP during the Financial Year 2017-18	453.59
Revenue from Operations	101067.29
Remuneration percentage (as % of revenue)	0.45%

9. Variations in Market Capitalisation of the Company, Price Earnings Ratio as at the closing date of the current Financial Year and previous Financial Year and percentage increase or decrease in the Market Quotations of the Shares of the Company.

Particulars	31-03-2018	31-03-2017	Variation %
Closing Rate of Equity Shares on NSE (Rs.)	408.50	309.45	32.00
Earnings Per Share (EPS) (Rs.)	36.63	44.31	(17.33)
Market Capitalisation (Rs. In Lakhs)	110732.41	83882.85	32.00
Price Earning Ration (Rs.)	11.15	6.98	59.74

10. Comparison of Remuneration of each Key Managerial Personnel against the Performance of the Company:

Particulars	Chief Executive Officer Rs. In lakhs	Chief Financial Officer Rs. In lakhs	Company Secretary Rs. In lakhs
Remuneration	400.40	28.23	24.96
Revenue	101067.29	101067.29	101067.29
Remuneration (as a percentage of Revenue)	0.40	0.03	0.02

ANNEXURE - VI

1. Philosophy:

Your Company is dedicated to the betterment of the Rural Masses in the areas of our operations. Way back in the 1950s, well before there was the thought of "Corporate Social Responsibility" your Company took up these activities. Realising that Health and Education are vital for the improvement of the quality of human life your Company helped build a Medical College at Kakinada to produce the Doctors needed for rural healthcare and followed this up with helping in setting up a modern Hospital at Tanuku providing Cardiac, Ophthalmic, Orthopedic, Obstetrics, Gynecological and Dental Care. Your Company helped to provide education by helping in setting up two Schools and a Polytechnic and helped in setting up a modern Library and a Cultural Centre with a 1000 seat Indoor Auditorium and an Outdoor Auditorium.

2. Corporate Social Responsibility Committee:

Following Directors are the Members of Corporate Social Responsibility Committee constituted by the Board of Directors.

1. Dr.B.B. Ramaiah, Chairman Managing Director (Chairman of the Committee) up to 14.02.2018
2. Sri P. NarendranathChowdary, Chairman Managing Director.
3. Sri MullanpudiThimmaraja, Joint Managing Director
4. Sri V.S. Raju, Independent Director

3. Average Net Profits:

Rs.77,33,19,246/- of last 3 Financial Years.

4. Prescribed Corporate Social Responsibility Committee Expenditure:

Rs.1,54,66,385/- (2% of the amount as in 3 above)

5. Details of Corporate Social Responsibility Committee spent during the year:

- (a) Total Amount to be spent Rs.1,55,02,500/-
- (b) Amount unspent of any : Nil.
- (c) Manner in which the amount spent during the Financial Year is annexed.

The CSR Committee confirms that the implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and policy of the Company.

P. NarendranathChowdary
(Member, CSR Committee)

V.S.Raju
(Member - Independent Director)

DETAILS OF CSR ACTIVITIES

(Rs. in lakhs)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	CSR Project / Programme	Sector in which the Project / Programme is covered	Projects / Programmes (1) Local area or other (2) Specify the State and district where Projects or Programmes were under taken	Amount outlay (budget) Project / Programme Wise	Amount spent on the Project / Programme Subheads: (1) Direct expenditure on Project / Programme (2) Overheads	Cumulative Expenditure up to the reporting period i.e., 31.03.2018	Amount spent: Direct or through implementing agency
1.	Promotion of Literature and Fine Arts	Education	Local Area West Godavari District Andhra Pradesh	25.00	25.00	25.00	Sree Mullapudi Timma Raju Memorial Library & Cultural Centre, Tanuku
2.	Providing Health Related Activities	Health Care	Local Area West Godavari District Andhra Pradesh	70.00	70.00	70.00	Sree Mullapudi Venkataramanamma Memorial Hospital, Venkatarayapuram
3.	Promotion of Technical Education	Education	Local Area West Godavari District Andhra Pradesh	24.00	24.00	24.00	Sree Mullapudi Venkataraya Memorial Polytechnic, Tanuku
4.	Providing Health Related Activities	Health Care	Local Area West Godavari District Andhra Pradesh	28.00	28.00	28.00	Mullapudi Kamala Devi Cardiovascular Centre, Venkatarayapuram
5.	Promotion of Primary Education	Education	Local Area West Godavari District Andhra Pradesh	5.00	5.00	5.00	Bharateeya Vidya Kendram Visakhapatnam
6.	Promotion of Green Energy	Environment	Local Area West Godavari District Andhra Pradesh	3.00	3.00	3.00	Kovvuru Municipal Council, Kovvuru West Godavari District

ANNEXURE-VII

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis : NIL

- (a) Name(s) of the related party and nature of relationship:
- (b) Nature of contracts/arrangements/transactions:
- (c) Duration of the contracts / arrangements/transactions:
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any:
- (e) Justification for entering into such contracts or arrangements or transactions
- (f) Date(s) of approval by the Board:
- (g) Amount paid as advances, if any:
- (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188:

2. Details of material contracts or arrangement or transactions at arm's length basis: NIL

- (a) Name(s) of the related party and nature of relationship:
- (b) Nature of contracts/arrangements/transactions:
- (c) Duration of the contracts / arrangements/transactions:
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any:
- (e) Date(s) of approval by the Board, if any:
- (f) Amount paid as advances, if any:

TANUKU
28.07.2018

P. NARENDRANATH CHOWDARY
Chairman & Managing Director

Independent Auditor's Report

To the Members of **THE ANDHRA SUGARS LIMITED, TANUKU**

Report on the Standalone Financial Statements

We have audited the accompanying standalone Ind AS financial statements of The Andhra Sugars Ltd., ("the Company") which comprise the Balance sheet as at 31st March, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the statement of changes in equity and the statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information (herein after referred to as "standalone Ind AS financial statements").

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (IND AS) prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued there under and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the order issued under section 143(11) of the Act.

We conducted our audit of standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31st March, 2018, and its financial performance including other comprehensive income, its cash flows and changes in equity for the year ended on that date.

The Andhra Sugars Limited

Other Matter

The comparative financial information of the Company for the year ended 31st March, 2017 prepared in accordance with Ind AS included in these standalone Ind AS financial statements have been audited by the predecessor auditor. The report of the predecessor auditor on the comparative financial information expressed an unmodified opinion.

Our opinion on the standalone financial statements and our report on Other Legal and Regulatory Requirements below is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
- 2) As required by Section 143(3) of the Companies Act, 2013 we report that:
 - a) We have sought and 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 it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and the changes in equity dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards (IND AS) prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued there under and other accounting principles generally accepted in India.
 - e) On the basis of written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B", and
 - g) With respect to the other matters to be included in the Auditor's report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements - Refer Note 31 to the standalone Ind AS financial statements;
 - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For M/s K.S RAO & Co.,
Chartered Accountants
Firm Registration No. 003109S

K. VAMSI KRISHNA
Partner
ICAI Membership No.238809

Camp: Tanuku
Date: 30.05.2018

ANNEXURE - A TO THE INDEPENDENT AUDITOR'S REPORT

The Annexure referred to in Paragraph 1 under the heading of "Report on other Legal and Regulatory Requirements" of our report of even date, to the members of THE ANDHRA SUGARS LIMITED, TANUKU for the year ended 31st March 2018. We report that:

- (i). In respect of the Company's fixed assets
 - (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) The Fixed Assets are physically verified by the management according to a phased program designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such physical verification.
 - (c) According to the information and explanations furnished to us, the title deeds of immovable properties are held in the name of the company.
- (ii). According to the information and explanation given to us, the inventory has been physically verified by the management at reasonable intervals and the discrepancies noticed during such physical verification of inventories as compared to books have been properly dealt with in the books of account.
- (iii). The Company has granted loan for an amount of Rs.600 lacsto body corporate covered in the register maintained under section 189 of the Companies Act, 2013
 - a. The terms and conditions of the grant of such loan are not prima facie prejudicial to the interest of the company.
 - b. As per the stipulations mentioned in the loan agreement, Principal is repayable on 30th June 2021 and the payment of interest is as per the terms of the agreement.
 - c. There is no amount of overdue on account of Principal and Interest recoverable as at 31st March 2018.
- (iv). In our opinion and according to the information and explanations given to us, the company has not granted any loans, guarantees and security in accordance with the provisions of section 185 of the Companies Act 2013. The company has complied with the provisions of section 186 of the Companies Act 2013, in respect of Loans and investments made by the company.
- (v). In our opinion the company has complied with the provisions of section 73 to 76 and other applicable provisions of the Companies Act, 2013 and Companies (Acceptance of Deposits) Rules, 2014 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 73 to 76 of the Companies Act, 2013.
- (vi). We have broadly reviewed the books of account and records maintained by the company at its Sugar Units, Caustic Soda Division, Caustic Potash Division, Sulphuric Acid Divisions, Superphosphate Division and Rectified Spirit of Distillery Division pursuant to the Rules made by the Central Government for the maintenance of Cost Records under section 148 (1) of the Companies Act, 2013 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- (vii). (a) According to the information and explanations given to us and on the basis of our examination of the records of the company, in our opinion, the company is regular in depositing with the appropriate authorities, the undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues applicable to it.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues applicable to it; and no undisputed statutory dues were outstanding, as at the date of Balance sheet under report, for a period of more than six months from the date they became payable.

The Andhra Sugars Limited

SI. No.	Name of the Statute	Period	Amount (Rs. 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 2015	17.89 (interest on above)	Pending receipt of demand by the company

- (b) According to the information and explanations given to us, there were no amounts of Sales Tax, Customs Duty, Excise Duty, Cess, Income Tax, Service Tax that have been disputed by the company, and hence, were not remitted to the concerned authorities at the date of the balance sheet under report, except

SI. No.	Nature of dues	Name of the statute	Period	Amount (Rs. In lakhs)	Forum where the dispute is pending
1	Water (Prevention and control of Pollution) Cess Act, 1977	Cess	01-04-78 to 1990-91	0.50	Appellate Committee of the Govt. of A.P.
2	Sales Tax laws in different States	Sales Tax	2002-03 to 2011-12	106.65	Different appellate Authorities
3	Income Tax Act, 1961	Income Tax	2007-08 to 2017-18	21.92	Commissioner of Income Tax, Appeals
4	Central Excise Act, 1944	Excise Duty	2004-05 to 2011-12	788.85	Different departmental appellate authorities
5	Service Tax Law	Service Tax	2009-10 to 2011-12	51.80	Commissioner of Service Tax

- (viii). According to the records of the company examined by us, and the information and explanations given to us, there were no defaults in repayment of loans or borrowings to banks and Government during the year under report.
- (ix). The company did not raise any money by way of initial public offer or further public offer (including debt instruments) except term loans from banks during the year under report and the same were applied for the purposes for which those were raised.
- (x). During the course of our examination of the books and records of the company, carried out in accordance with the Generally Accepted Audited Practices in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud by the company or any fraud on the company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.
- (xi). According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
- (xii). In our opinion and according to the information and explanations furnished to us, the company is not a Nidhi and hence, the requirement of clause 3(xii) of the Order is not applicable to the company during the year under report.

- (xiii).According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.
- (xiv).According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him under the provisions of Section 192 of Companies Act, 2013. Therefore the provisions of clause 3(xv) of the Order are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For M/s K.S RAO & Co.,
Chartered Accountants
Firm Registration No. 003109S

K. VAMSI KRISHNA
Partner
ICAI Membership No.238809

Camp: Tanuku
Date: 30.05.2018

Annexure - B to the Independent Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of The Andhra Sugars Limited ("the Company") as of 31 March 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting,

The Andhra Sugars Limited

assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to Financial Statement.

Meaning of Internal Financial Controls with reference to Financial Statements

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For M/s K.S RAO & Co.,
Chartered Accountants
Firm Registration No. 003109S

K. VAMSI KRISHNA
Partner
ICAI Membership No.238809

Camp: Tanuku
Date: 30.05.2018

BALANCE SHEET AS ON 31ST MARCH 2018

(Rupees in lakhs)

Particulars	Notes	As At 31st March 2018	As At 31st March 2017
Assets			
Non current Assets			
Property, Plant and Equipment	2	59622.87	59860.31
Capital Work in Progress		9701.17	2738.42
Investment property	2.1	7.48	9.45
Other Intangible assets	2.1	20.28	25.49
Financial Assets			
Investments	3	21685.14	25759.02
Loans	4	400.00	4000.00
Other Financial Assets	5	--	--
Other Non Current Assets	7	2814.64	3305.87
Current Assets			
Inventories	8	22454.18	24701.96
Financial assets			
Investments	3.1	1803.04	9977.47
Loans	4	3200.00	0.00
Trade Receivables	9	12718.75	9389.75
Cash and Cash Equivalents	10	1759.53	1065.33
Other Bank Balances	10	1458.42	1739.70
Other Financial Assets	5	219.30	194.60
Current Tax Assets	6	1322.22	678.01
Other Current Assets	7	1825.60	3170.43
TOTAL		141012.62	146615.81
Equity and Liabilities			
Equity			
Equity Share Capital	11	2711.01	2711.01
Other Equity	12	85433.38	81420.97
Deferred Government grant	17.1	862.25	1212.17
Liabilities			
Non-Current Liabilities			
Financial Liabilities			
Borrowings	13	14667.50	23209.10
Trade Payables			
Other financial liabilities	15	211.23	197.51
Deferred Tax Liability (Net)	20	10980.06	10893.17
Provisions	16	1553.24	677.80
Other non-current liabilities	17	4239.79	4111.26
Current Liabilities			
Financial Liabilities			
Borrowings	14	3260.46	3622.03
Trade Payables	18.1	2991.62	3886.47
Other financial Liabilities	18.2	10241.57	10486.15
Other current liabilities	19	3121.77	3523.33
Provisions	16.1	738.74	664.84
Current tax liabilities		--	--
TOTAL		141012.62	146615.81
Summary of Significant Accounting Policies	1.1		

The Accompanying Notes are an Integral Part of the Financial Statements.

As per our report of even date
for K.S. Rao & Co.,
Chartered Accountants
Firm Regn. No. 003109S
K. Vamsi Krishna
Partner
Membership No: 238809

For and on behalf of the Board of Directors...
of The ANDHRA SUGARS LTD,

P. Narendranath Chowdary
A. Ranga Rao
M. Palachandra
P.V.S. Viswanadha Kumar
Managing Director
Director
Company Secretary
G.M.(Finance) & Dy. Secretary

Tanuku
Date: 30.05.2018

Tanuku
30.05.2018

The Andhra Sugars Limited

Statement of Profit and Loss for the year ended

(Rs. in Lakhs)

PARTICULARS	Notes	Current Reporting Period 2017-18	Previous Reporting Period 2016-17
Income			
I Revenue from operations	21	98454.93	97199.98
II Other Income	22	2679.31	2254.14
III Total Income (I + II)		101134.24	99454.12
IV Expenses			
Cost of materials consumed	23	30397.90	24529.18
Purchase of Stock-in-Trade			
Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	24	3832.06	5127.69
Excise duty		1791.90	6530.27
Employee Benefits Expense	25	10121.90	9212.84
Depreciation and Amortization Expense	26	4863.20	4420.43
Finance Costs	27	3000.81	2430.45
Power and fuel		19181.81	18956.89
Other Expenses	28	13180.56	12280.96
Total Expenses (IV)		86370.14	83488.71
V Profit Before Exceptional Items and Tax (III-IV)		14764.10	15965.41
VI Exceptional Items			
VII Profit Before Tax (V-VI)		14764.10	15965.41
VIII Tax			
Add: Income Tax Refund			
Short Entitlement of MAT Credit		371.38	
Less: Tax Expenses			
Short/ (Excess) provision of Income Tax of Earlier years		104.96	4.54
Current Tax - (Includes MAT Utilisation of Rs.844.28Lakhs)		3885.46	3337.99
MAT Credit Entitlement			(1,553.48)
Deferred Tax		1425.06	2134.39
Total Tax Expense		4834.18	3914.36
IX Profit for the year after tax from continuing operations (VII-VIII)		9929.92	12051.05
X Other comprehensive income			
A (i) Items that will not be reclassified to profit or loss	28(a)	(4495.86)	3629.48
(ii) Income tax relating to items that will not be reclassified to profit or loss		1,811.06	(888.30)
B (i) Items that will be reclassified to profit or loss		--	--
(ii) Income tax relating to items that will be reclassified to profit or loss			
Total Comprehensive Income for the period (IX+X) (comprising profit (loss) for the period and other comprehensive income)		7245.12	14792.23
Basic Earning Per Share		36.63	44.46
Diluted Earning Per Share		36.63	44.46
Summary of Significant Accounting Policies	1.1		

The Accompanying Notes are an Integral Part of the Financial Statements.

As per our report of even date
for K.S. Rao & Co.,
Chartered Accountants
Firm Regn. No. 003109S
K. Vamsi Krishna
Partner
Membership No: 238809

For and on behalf of the Board of Directors...
of The ANDHRA SUGARS LTD,

P. Narendranath Chowdary
A. Ranga Rao
M. Palachandra
P.V.S. Viswanadha Kumar

Managing Director
Director
Company Secretary
G.M.(Finance) & Dy. Secretary

Tanuku
Date: 30.05.2018

Tanuku
30.05.2018

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018 (Rupees in lakhs)

Particulars	31st March 2018	31st March 2017
Profit before tax from continuing operations	14,764.10	15,965.41
Adjustments for		
Net gain on sale of current investments	(786.68)	(152.49)
Net gain on revaluation of current investments	(3.04)	(158.84)
Interest expense	3,000.81	2,430.45
Interest income	(768.83)	(783.35)
Dividend income	(148.08)	(2.95)
Loss Allowance provided	4.70	(27.54)
Government Grant amortised	(349.91)	(431.83)
Depreciation/amortization on continuing operation	4,863.20	4,420.43
Loss/[profit] on sale of fixed assets	(90.16)	(1.22)
Remeasurement of defined benefit plans	(421.98)	(478.59)
Wealth Tax		
Operating profit before working capital changes	20,064.13	20,779.48
Movements in working capital:		
Increase/[decrease] in trade payables	(894.85)	2,419.27
Increase/[decrease] in long-term provisions	875.44	282.82
Increase/[decrease] in short-term provisions	73.90	(41.88)
Increase/[decrease] in other liabilities	(646.14)	2,275.34
Increase/[decrease] in other financial liabilities (non-current)	13.72	16.21
Increase/[decrease] in other liabilities (non-current)	235.81	(232.83)
Decrease/[increase] in trade receivables	(3,333.70)	(287.19)
Decrease/[increase] in inventories	2,247.78	3,941.99
Decrease/[increase] in long-term loans and advances	(39.81)	20.07
Decrease/[increase] in other current assets	1,344.83	(1,464.33)
Decrease/[increase] in other financial assets (current)	(24.70)	(15.12)
Decrease/[increase] in other Bank balances (current)		
Cash generated from/[used in] operations	19,916.41	27,693.83
Direct taxes paid [net of refunds]	3,580.43	2,217.47
Net cash flow from/[used in] operating activities (A)	16,335.98	25,476.36
Cash flows from investing activities		
Purchase of fixed assets, including intangible assets, CWIP and capital advances	(11,062.52)	(15,475.16)
Proceeds from sale of fixed assets	102.36	2.17
Purchase of non-current investments	--	(1,002.50)
Purchase of current investments	(34,400.00)	(25,349.99)
Proceeds from sale/maturity of current investments	43,364.16	15,683.85
Interest received	768.83	783.35
Dividends received from subsidiary company	146.60	--
Decrease/[increase] in other Bank balances (current)	281.28	(659.68)
Dividends received from Long- Term investments	1.48	2.95
Net cash flow from/[used in] investing activities (B)	(797.81)	(26,015.01)
Proceeds from non-current borrowings	(8,885.34)	7,433.78
Inter-corporate loans	400.00	(2,500.00)
Proceeds from borrowings (Current)	(361.57)	(2,281.14)
Interest paid	(2,764.36)	(2,040.49)
Dividends paid including Interim Dividend	(2,710.71)	--
Tax on equity dividend paid	(521.99)	--
Net cash flow from/[used in] in financing activities [C]	(14,843.97)	612.15
Net increase/[decrease] in cash and cash equivalents (A+B+C)	694.20	73.50
Cash and cash equivalents at the beginning of the year	1,065.33	991.83
Cash and cash equivalents at the end of the year	1,759.53	1,065.33
Components of cash and cash equivalents		
Cash on hand	13.19	60.22
Cheques/drafts on hand	757.84	130.05
With banks Accounts	988.50	875.06
Total cash and cash equivalents (Note 10)	1,759.53	1,065.33

The Andhra Sugars Limited

The Accompanying Notes are an Integral Part of the Financial Statements.

As per our report of even date
for K.S. Rao & Co.,
Chartered Accountants
Firm Regn. No. 003109S
K. Vamsi Krishna
Partner
Membership No: 238809

For and on behalf of the Board of Directors...
of The ANDHRA SUGARS LTD,

P. Narendranath Chowdary	Managing Director
A. Ranga Rao	Director
M. Palachandra	Company Secretary
P.V.S. Viswanadha Kumar	G.M.(Finance) & Dy. Secretary

Tanuku
Date: 30.05.2018

Tanuku
30.05.2018

1. CORPORATE INFORMATION

Brief description of the Company

The Andhra Sugars Limited ("the company") is a leading manufacturers' of Sugar, Industrial Alcohol, Caustic Soda & Chlor Alkali Products , Aspirin, Sulphuric Acid, Liquid & Solid Propellents , and also generating power through renewable and non-renewable resources.

The company is a public limited company incorporated and domiciled in India and has its registered office at Tanuku, Andhra Pradesh, India. The securities of the company were listed in National Stock Exchange of India Limited.

1.1 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies mentioned herein are relating to the standalone financial statements of the Company.

a) Statement of Compliance

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 and guidelines issued by the Securities and Exchange Board of India (SEBI).

b) Basis of preparation of financial statements

The financial statements have been prepared on the historical cost convention under accrual basis of accounting except for certain financial assets and liabilities (as per the accounting policy below), which have been measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

c) Use of estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. The management believes that these estimates and assumptions are reasonable and prudent. However, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future period.

This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in the relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

d) Significant Estimates and judgements

The areas involving critical estimates or judgments are:

- i) Estimation of fair value of unlisted securities-
- ii) Defined benefit obligation -
- iii) Estimation of useful life of Property, Plant and Equipment -
- iv) Estimation and evaluation of provisions and contingencies relating to tax litigations -.

e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and net of returns, trade allowances rebates and amounts collected on behalf of third parties. It includes Excise Duty but excludes Value Added Tax, Sales Tax and Service tax.

Sale of products:

Revenue from sale of products is recognized, when significant risks and rewards of ownership pass to the dealer / customer, as per terms of contract and it is probable that the economic benefits associated with the

The Andhra Sugars Limited

transaction will flow to the Company. Internal Transfers from one unit to the other unit are recognized at Market value of the Product/Service at the Time of Transfer.

Interest Income:

Interest income from debt instruments is recognized using the effective interest rate method and is accrued on a time basis. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying value of a financial asset. While calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options), but does not consider the expected credit losses.

Dividends:

Dividends are recognized in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of dividend can be reliably measured.

f) Property, Plant and Equipment

Freehold Land is carried at historical cost. All other items of Property Plant and Equipment are stated at cost of acquisition or construction less accumulated depreciation / amortization and impairment, if any. Cost includes purchase price, taxes and duties, labour cost and directly attributable overheads incurred upto the date the asset is ready for its intended use. However, cost excludes Excise Duty, Value Added Tax and Service Tax, to the extent credit of the duty or tax is availed of.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as separate asset is de-recognized when replaced. All other repairs and maintenance are charged to Profit or Loss during the reporting period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/(losses).

Depreciation and amortization

- i) Depreciation on tangible fixed assets is charged over the estimated useful life of the asset,
 - On part of buildings, Main plant and machinery and Electrical Installations of Caustic Soda division, 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 & Oil Products unit, Sulphuric Acid unit at Saggonda Coal based Power Plant at Saggonda and Solar Power Plant at Kovvur under Straight Line Method.
 - On the remaining assets of the above units and all assets of 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.
 - In respect of the following assets, the useful life has been estimated by the technical personnel which is different from the life given under Part C of Schedule II of the Companies Act, 2013 as detailed here under:
 - ◆ Boilers, Chlorine storage Tank, MS Storage Tank, HCL Plant, DM Water plant, Diesel Generator set, ET Plant Pond, Turbines, Rectifiers, Cell Plant, Shell, Evaporation Plant, Fusion Plant, Sulphur Melting Station, Rotary Ball Mill, Bagassee Handling System, Centrifugal Machinery - 20 years.
 - ◆ MS Pipe lines, Refrigeration Plant, Distributed Control System, ET Plant, Brass Tubes, Bearings, Process Plant, Sodium Sulphate Recovery Plant - 15 years.
 - ◆ Cooling Towers, Instrumentation, Air Compressors, Chains - 10 years
 - ◆ Solar Plant - 25 years.
- ii) Residual values and useful lives are reviewed, and adjusted, if appropriate, for each reporting period.

- iii) Advances paid towards the acquisition of Property, Plant and Equipment outstanding at each Balance Sheet date is classified as Capital advances under other Non-current assets and the cost of assets not put to use before such date are disclosed under Capital Work-in-Progress.
- iv) Assets to be disposed off are reported at the lower of carrying value or fair value less cost to sell.

g) Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. In respect of approved Research and Development programme, expenditure of capital nature is included in the fixed assets and other expenditure is charged off to revenue in the year in which such expenditure is incurred.

h) Impairment

i. Financial Assets:

The company recognizes loss allowances using Expected Credit Loss (ECL) model for the financial assets which are not fair valued through Profit and Loss. Loss allowance for trade receivables are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in profit or loss.

ii. Non-financial assets:

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are compared at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period

i) Foreign currency translation

- (i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). i.e in Indian rupee (INR) and all values are rounded off to nearest lakhs except where otherwise indicated.

- (ii) Transactions and balances

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction.

- i) Foreign currency monetary assets and liabilities such as cash, receivables, payables, etc., are translated at year end exchange rates.
- ii) Non-monetary items denominated in foreign currency such as investments, fixed assets, etc., are valued at the exchange rate prevailing on the date of transaction.
- iii) Exchange differences arising on settlement of transactions and translation of monetary items are recognized as income or expense in the year in which they arise.

J) Investment in Subsidiaries and Associates:

Investments in subsidiaries are measured at cost as per Ind AS 27 - Separate Financial statements.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the company's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment and is not tested for impairment individually. An excess of the company's share of the net fair value of the identifiable

The Andhra Sugars Limited

assets and liabilities over the cost of the investment, after reassessment is recognized directly in equity as capital reserve in the period in which the investment is acquired.

K) Inventories

Inventories are stated at the lower of cost and net realizable value. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and cost necessary to make the sale.

- i) Cost of raw materials, components, stores, spares and work-in-process are valued at cost, determined on a first-in-first-out basis.
- ii) Materials and supplies held for use in production of inventories are not written down if the finished products in which they will be used are expected to be sold at or above cost. Slow and non-moving material, obsolesces, defective inventories are duly provided for.
- iii) By-products and scrap are valued at net realizable value and it is reduced from cost of the main product.

L) Employee benefits

- i) Short term obligations:

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services upto the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

- ii) Other long-term employee benefit:

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of the expected future payments to be made in respect of services provided by employee upto the end of reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognized in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

- iii) Post-employment obligation:

The Company operates the following post-employment schemes:

- a) Defined benefit plans such as gratuity for its eligible employees,
- b) Defined contribution plans such as provident fund and
- c) Superannuation

Gratuity obligation:

The liability or asset recognized in the balance sheet in respect of defined benefit pension and gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by Actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on the Government Bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income (net-off deferred tax). They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service cost.

Provident Fund and Employees' state Insurance Scheme:

Eligible employees of The Andhra Sugars Limited receive benefits from a provident fund and Employees' State Insurance scheme which is a defined benefit plan. Both the eligible employee and the company make monthly contributions to the Provident Fund and Employees' State Insurance equal to a specified percentage of the covered employee's salary.

Superannuation:

Certain employees of The Andhra Sugars Limited are participants in a defined contribution plan. The Company has no further obligations to the Plan beyond its monthly contributions which are periodically contributed to a trust fund, the corpus of which is invested with the Life Insurance Corporation of India.

M) Taxes on income:

Tax expense comprises of current and deferred taxes. The income tax expense(income) for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax is the amount of income taxes payable in respect of the taxable profit (tax loss) for a period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Where the Company's entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure (the Research and Development or other investment allowances), the Company accounts for such allowances as tax credits, which means that the allowance reduce income tax payable and current tax expense. A deferred tax asset is recognized for unclaimed tax credits that are carried forward as deferred tax assets.

N) Government Grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

The Andhra Sugars Limited

Grants related to revenue items are presented as part of profit or loss under general heading such as other income or they are deducted in reporting the related expenses.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the company with no future related costs are recognized in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

O) Provisions and contingent liabilities

i) Provision:

A provision is recorded when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated. The estimated liability for product warranties is recorded when products are sold based on technical evaluation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Provisions are discounted when time value of money is material. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expenses.

ii) Contingent liabilities:

Wherever there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognized because (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (b) the amount of the obligation cannot be measured with sufficient reliability. Show cause notices are not considered as Contingent Liabilities unless converted into demand.

iii) Contingent assets:

Wherever there is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent asset is disclosed when the inflow of economic benefit is probable.

P) Segment reporting

Operating segments are defined as components of our entity for which discrete financial information is available that is evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance, the company's chief operating decision maker is the Chairman and Managing Director.

The company has identified business segments (industry practice) as reportable segments. The business segments comprise 1) Sugars, 2) Caustic Soda, 3) Power Generation, 4) Industrial Chemicals and 5) Others such as bulk drug, UH 25 and MMH, Liquid Hydrogen, HTPB.

Revenue and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly attributable to each reporting segment have been allocated on the basis of associated revenue of the segment. All other expenses which are not attributable or allocable to segments have been disclosed as un-allocable expenses.

Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as un-allocable. Property, Plant and equipment that are used interchangeably among segments are not allocated to reportable segments.

Q) Leases

Leases of property, plant and equipment where the Company, as a lessee, has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalized at the inception of lease at fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term, as per Ind AS 16-Property plant and equipment, if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating lease. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

R) Cash and Cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions/banks, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

S) Cash flow statement:

Cash flows are reported using the indirect method, whereby the profit for the period is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the company are segregated.

T) Financial instruments

Financial assets and financial liabilities are recognized when company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

U) Financial assets

All regular way purchases or sales of financial assets are recognized and de-recognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

All recognized financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets

For the impairment policy on financial assets - refer Para No. h(i).

1) Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortized cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Andhra Sugars Limited

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognized in profit or loss for FVTOCI debt instruments. For the purposes of recognizing foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortized cost. Thus, the exchange differences on the amortized cost are recognized in profit or loss and other changes in the fair value of FVTOCI financial assets are recognized in other comprehensive income and accumulated under the heading of 'investment Revaluation reserve' through other comprehensive income'. When the investment is disposed of the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

All other financial assets are subsequently measured at fair value through Profit and loss.

2) Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognized in profit or loss and is included in the "Other income" line item.

3) Investments in equity instruments at FVTOCI

On initial recognition, the company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the 'investment Revaluation Reserve' through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the company manages together and has a recent actual pattern of short-term profit-making; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

The company has equity investments which are not held for trading. The company has elected the FVTOCI irrevocable option for both of these investments. Fair value is determined in the manner described in Para No. AB.

Dividends on these investments in equity instruments are recognized in profit or loss when the company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably. Dividends recognized in profit or loss are included in the 'Other income' line item.

4) Financial assets at fair value through profit or Loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading (see note T.3 above).

Debt instruments that do not meet the amortized cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortized cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortized cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognized when the company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

5) De-recognition of financial assets

The Company de-recognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

6) Foreign exchange gain and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency denominated financial assets measured at amortized cost and FVTPL, the exchange differences are recognized in profit or loss except for those which are designated as hedging instruments in a hedging relationship.
- Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognized in other comprehensive income.
- For the purposes of recognizing foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortized cost. Thus, the exchange differences on the amortized cost are recognized in profit or loss and other changes in the fair value of FVTOCI financial assets are recognized in other comprehensive income.

Financial liabilities and equity instrument

1) Classification as debt or equity

Debt and equity instruments issued by a company entity are classified as either financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument

2) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a company entity are recognized at the proceeds received, net of direct issue costs.

Re-purchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3) Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest method or at FVTPL.

(i) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognized by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration recognized by the Company as an acquirer in a business combination to which Ind AS 103 applies, maybe designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a company of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the company is being provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognized in profit or loss. The remaining amount of change in the fair value of liability is always recognized in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

Gains or losses on financial guarantee contracts and loan commitments issued by the Company that are designated by the Company as at fair value through profit or loss are recognized in profit or loss.

Fair value is determined in the manner described in Para AB.

(ii) Financial liabilities subsequently measured at amortized cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortized cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest method. Interest expense that is not capitalized as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

De-recognition of financial liabilities

The Company de-recognizes financial liabilities when and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability de-recognized and the consideration paid and payable is recognized in profit or loss.

Hedge Accounting

Derivatives are initially recognized at fair value on the date when a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as either:

- hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedges), or
- hedges of a particular risk associated with the cash flows of recognized assets and liabilities and highly probable forecast transactions (cash flow hedges).

The Company documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed. Movements in the hedging reserve in shareholders' equity are disclosed. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the other comprehensive income in cash flow hedging reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, within other gains/(losses).

When forward contracts are used to hedge forecast transactions, the company generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognized in other comprehensive income in cash flow hedging reserve within equity. In some cases, the entity may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains and losses relating to the effective portion of the change in fair value of the entire forward contract are recognized in the cash flow hedging reserve within equity.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place).

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss within other gains/(losses).

V) Borrowings

Borrowing cost 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 such assets. Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing cost eligible for capitalization. Borrowing cost also in-

The Andhra Sugars Limited

cludes exchange differences to the extent regarded as an adjustment to the borrowings costs. All other borrowing costs are charged to revenue.

W) Current and Non-current classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

Cash or cash equivalent is treated as current, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. In respect of other assets, it is treated as current when it is:

- expected to be realized or intended to be sold or consumed in the normal operating cycle
- held primarily for the purpose of trading
- expected to be realized within twelve months after the reporting period.

All other assets are classified as non-current.

A liability is treated as current when:

- it is expected to be settled in the normal operating cycle
- it is held primarily for the purpose of trading
- it is due to be settled within twelve months after the reporting period, or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

X) Dividend:

Final dividends on shares are recorded as liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the company's board of directors.

Y) Accounting for Derivatives:

The company uses derivative instruments to hedge its exposure to movements in foreign exchange rates, interest rates and currency risks. The objective of these derivative instruments is only to reduce the risk or cost to the company and is not intended for trading or speculation.

Z) Earnings per share:

The company's Basic EPS is calculated by dividing profit or loss from continuing operations attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the period as per IND AS-33, Earnings per Share.

The diluted EPS of an entity is calculated on the same basis as basic EPS, after adjusting for the effects of dilutive potential ordinary shares unless the effect of the potential dilutive equity shares is anti-dilutive.

AA) Investment Property:

Investment properties are measured initially at cost, including transactions costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The cost includes the cost of replacing parts and borrowing costs for long term construction projects if the recognition criteria are met. When significant parts of the property are required to be replaced at intervals, the company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in profit or loss as incurred.

The company depreciates building component of investment property over 30 years from the date of original purchase.

Though the company measures investment property using cost based measurement the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer.

Investment properties are de-recognized either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of de-recognition.

AB) Fair value measurement:

In determining the fair value of its financial instruments, the company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value resulting general approximation of value, and such value may never actually be realized.

AC) Expenditure on approved Research and Development Programme:

In respect of approved Research and Development Programme expenditure of capital nature is included in Property, Plant and Equipment and other expenditure is charged off to revenue in the year in which such expenditure is incurred.

AD) Non-current assets held for sale:

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal group) classified as held for sale are measured at the lower of their carrying amount and fair value less cost to sell.

Statement of Changes in Equity for the year ended 31st March 2018

A. Equity share capital

(Rs.in Lakhs)

Particulars	No's	INR
As at 31st March, 2017	271.10	2711.01
Changes in equity share capital	0.00	0.00
As at 31st March, 2018	271.10	2711.01

B. Other Equity

Particulars	Reserves and Surplus					Other Items of Other Comprehensive Income			Total
	Capital Reserve	Forfeited Debentures	Securities Premium Reserve	Other Reserves (General reserve)	Retained Earnings	Equity instruments through Other Comprehensive Income	Actuarial Gains/losses	Deferred Tax on OCI Items	
Balance at the end of reporting period - 31st March 2017		0.30	1,129.40	43,345.98	24,562.30	14,450.24	(567.65)	(1,499.60)	81,420.97
Profit for the period					9,929.92				9,929.92
Other Comprehensive Income						(4,073.88)	(421.98)	1,811.06	(2,684.80)
Total Comprehensive Income for the year				-	9,929.92	(4,073.88)	(421.98)	1,811.06	7,245.12
Transfer To/From General Reserve				1,000.00	(1,000.00)				-
Final Dividends					(2,710.71)				(2,710.71)
Dividend Distribution tax					522.00				522.00
Balance at the end of reporting period - 31st March 2018	-	0.30	1,129.40	44,345.98	30,259.51	10,376.36	(989.63)	311.46	85,433.38

PROPERTY, PLANT AND EQUIPMENT SCHEDULE

Note - 2
(Rs. in lakhs)

Description	COST AS ON 01.04.17	ADDITIONS	DELETIONS	COST AS ON 31.03.2018	DEPRECIATION UPTO 31.03.2017	DEPRECIATION DURING THE YEAR	DEPRECIATION ON DEDUCTIONS	DEPRECIATION UPTO 31.03.2018	WDV AS ON 31.03.2018	WDV AS ON 31.03.2017
Land	3,792.58	97.55	-	3,890.12	-	-	-	-	3,890.12	3,792.58
Factory Buildings	5,210.98	1,041.89	-	6,252.87	443.06	267.95	-	711.01	5,541.86	4,767.92
Plant and Machinery	55,557.76	2,758.94	132.98	58,183.72	7,476.59	4,086.09	37.95	11,524.73	46,658.99	48,081.18
Transport Equipment	4,221.12	759.86	33.85	4,947.14	1,120.41	453.39	20.93	1,552.87	3,394.27	3,100.71
Furniture & Fittings	276.15	71.03	-	347.18	158.22	51.32	-	209.54	137.64	117.92
	69,058.58	4,729.27	166.83	73,621.02	9,198.28	4,858.76	58.88	13,998.15	59,622.87	59,860.31
PREVIOUS YEAR	49,485.33	19,574.21	0.96	69,058.58	4,782.84	4,415.44	-	9,198.28	59,860.31	44,702.49

Depreciation for the year 2017-18 includes Depreciation capitalized on M.M Division to the extent of Rs.2,73,076/-
Depreciation includes depreciation capitalised to the extent Rs 283763/- for the year 2016-17.

Note - 2.1
(Rs. in lakhs)

Description	COST AS ON 01.04.17	ADDITIONS	DELETIONS	COST AS ON 31.03.2018	DEPRECIATION UPTO 31.03.2017	DEPRECIATION DURING THE YEAR	DEPRECIATION ON DEDUCTIONS	DEPRECIATION UPTO 31.03.2018	WDV AS ON 31.03.2018	WDV AS ON 31.03.2017
Intangible Assets	35.89	-	-	35.89	10.40	5.20	-	15.60	20.28	25.49
Previous Year	35.89	-	-	35.89	5.20	5.20	-	10.40	25.49	30.09

Description	COST AS ON 01.04.17	ADDITIONS	DELETIONS	COST AS ON 31.03.2018	DEPRECIATION UPTO 31.03.2017	DEPRECIATION DURING THE YEAR	DEPRECIATION ON DEDUCTIONS	DEPRECIATION UPTO 31.03.2018	WDV AS ON 31.03.2018	WDV AS ON 31.03.2017
INVESTMENT PROPERTY	15.58	-	-	15.58	6.12	1.98	-	8.10	7.48	9.45
PREVIOUS YEAR	15.58	-	-	15.58	3.50	2.63	-	6.13	9.45	12.08

Particulars	31st March 2018	31st March 2017
Capital work-in-progress	9,701.17	2,738.42
Total	9,701.17	2,738.42

Notes Forming Part of Accounts
Note -3

Rs. in Lakhs)

Non-Current Investments	As at 31st March 2018	As at 31st March 2017
A. Investments measured at cost		
(i) Investments in equity instruments (Quoted)		
Investment in Subsidiary 48,86,500 (31st March 2017: 48,86,500) fully paid Equity shares of Rs.10/- each in JOCIL LTD.	441.79	441.79
Investments in Associate 2,80,86,613 (31st March 2017: '2,80,86,613) fully paid Equity Shares of Rs.10/- each in The Andhra Petrochemicals Ltd.,	3660.56	3660.56
(ii) Investments in equity instruments (Unquoted)		
Investment in Subsidiary 3,28,760 (31st March 2017: 3,28,760) partly paid Equity shares of Rs.10/- each (Rs.2.50 per share paid up) in Hindustan Allied Chemicals Ltd.,(Unquoted)	2.74	2.74
3,45,700 (31st March 2017: 3,45,700) fully paid Equity shares of Rs.10/- each in The Andhra Farm Chemicals Corpn.Ltd.,(un quoted)	34.57	34.57
B. Investments at fair value through other comprehensive income		
(i) Investments in equity instruments (Quoted)		
25,052 (31st March 2017: 25,052)fully paid equity shares of of Rs.10/- each in Andhra Bank	10.42	14.52
1391 (31st March 2017: 1391)Equity Shares of Rs.10/- each, fully paid up in Indian Bank (Quoted)	4.17	3.87
(ii) Investments in equity instruments (Unquoted)		
a) '1,15,40,080 (31st March 2017: 1,10,04,080) fully paid Equity Shares of Rs.10/- each in Andhra Pradesh Gas Power Corporation Ltd.,	17358.98	21530.33
b) '1,40,000 (31st March 2017: 1,40,000) fully paid Equity Shares of Rs.10/-each in Sree Akkamamba Textiles Ltd.,	171.26	70.00
Other Investments Investments in Govt Securities: National Plan Saving Certificates	0.64	0.64
(lodged with Govt. Departments towards security)	21685.14	25759.02

All the above investments are long term investments.

Aggregate Amount of unquoted investments

Aggregate Amount of quoted investments

17568.20 21638.28

4116.94 4120.74

21685.14 25759.02

Aggregate Market value of quoted investments

23554.01 15138.76

Aggregate Book value of quoted investments (cost)

4107.93 4107.93

Aggregate amount of impairment in value of investments

- -

Details of Material Associates

Name of the associate	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest/voting rights	
			As at 31st March 2018	As at 31st March 2017
The Andhra Petrochemicals Limited	Manufacturers of Oxo Alcohols	India	33.05	33.05

Pursuant to a shareholding agreement,the company has the right to cast 33.05% of the votes at shareholders meeting of The Andhra Petrochemicals Ltd.

Notes Forming Part of Accounts

Details of material Subsidiaries

(Rs. in Lakhs)

Name of the Subsidiaries	Principal activity	Place of Incorporation and principal place of business	Proportion of ownership interest/voting rights	
			As at 31st March, 2018	As at 31st March, 2017
1. Jocil Limited	Manufacturers of Fatty acids & Generation of Power	India	55.03	55.03
2. The Andhra farm Chemicals Corporation Limited	Manufacturers of Hydrazine Hydrate	India	76.83	76.83
3. Hindustan Allied Chemicals Limited	NIL	India	77.36	77.36

Note -3.1

Current Investments	As At 31st March 2018	As At 31st March 2017
Investment in Liquid / Debt Mutual Funds	Amount	Amount
HDFC Mutual Fund	–	505.40
Birla Sun Life Mutual Fund	400.61	3310.22
Reliance Mutual Fund	300.45	3022.41
ICICI Mutual Fund	–	1855.76
UTI Mutual Fund	300.62	446.69
L & T Mutual Fund	–	336.85
Axis Mutual Fund	–	500.14
SBI Mutual Fund	300.50	500.14
Baroda Pioneer Mutual Fund	500.86	--
TOTAL	1803.04	9977.47

Category Wise Investments- as per Ind AS 109 classification

Particulars	As at 31st March, 2018	As at 31st March, 2017
Financial assets carried at fair value through profit or loss(FVTPL) Mandatorily measured at FVTPL	1803.04	9977.47
Financial assets carried at amortised cost Debt/equity instrument	19756.00	14649.68
Financial assets measured at FVTOCI Debt/equity instrument	21685.14	25759.02
Total	43244.18	50386.17

Reasons for classification of financial assets as per Ind AS 107:

- The company has classified all the current investments under fair value through profit or loss as they are held for trading.
- For Non current investments which are not held primarily for trading, the company has elected an irrevocable option of classifying them as fair value through other comprehensive income.
- Accounting for investments in Subsidiaries and Associates are mentioned in policy J of note:1.1

Note -4

(Rs. in Lakhs)

Loans and advances (Related Parties)	Non-Current		Current	
	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017
Loans and advances To The Andhra Petrochemicals Ltd. (Associate) To Sree Akkamamba Textiled Ltd. (Unsecured, considered good)	400.00	4000.00	3000.00 200.00	
Total	400.00	4000.00	3200.00	--

Note -5

Other Financial Assets	Non-Current		Current	
	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017
Non-current bank balances [A]	--	--	--	--
Unamortized expenditure (B)	--	--	--	--
Others Interest accrued on Deposits Interest accrued on investments Others [C]	--	--	219.30 -- --	194.60 --- ---
Total [A+B+C]	--	--	219.30	194.60

Note -6

Current Tax Assets (Net)	As at 31st March, 2018	As at 31st March, 2017
Current Tax Assets		
Advance payment of Direct Taxes	11112.31	9354.23
Income Tax deducted at source	197.40	175.81
Income Tax Refund Receivable	0.96	0.96
	11310.67	9531.00
Less: Current Tax Liabilities		
Provision for Wealth tax	10.00	10.00
Provision for Income tax	9978.45	8842.99
	9988.45	8852.99
Current tax Asset/(liability)net	1322.22	678.01

Note -7

(Rs. in Lakhs)

Other Current Assets	Non-Current		Current	
	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017
Capital Advances				
Secured, considered good				
Unsecured, considered good	553.70	1084.74		
(A)	553.70	1084.74	-	--
Security Deposit				
Secured, considered good				
Unsecured, considered good	2246.51	2207.26	74.83	74.83
Doubtful				
Provision for doubtful security deposit	2246.51	2207.26	74.83	74.83
(B)	2246.51	2207.26	74.83	74.83
Advances recoverable in cash or Kind				
Secured, considered good				
Unsecured, considered good			1540.84	1933.28
Doubtful			21.97	20.62
Secured, considered good			1562.81	1953.90
Provision for doubtful advances			21.97	20.62
(C)	-	--	1540.84	1933.28
Other Loans and Advances				
Excise Duty paid in advance (including CENVAT credit pending utilisation)				949.14
Prepaid expenses	14.43	13.87	204.05	207.30
Balances with statutory/ 'government authorities	-	-	5.88	5.88
(D)	14.43	13.87	209.93	1162.32
Total [A+B+C+D]	2814.64	3305.87	1825.60	3170.43

The Andhra Sugars Limited

Note -8

(Rs. in Lakhs)

Inventories (valued at lower of cost and net realizable value)	As at 31st March, 2018	As at 31st March, 2017
Raw materials and components at Cost	3500.43	2972.47
Work-in-progress		
: At Cost	252.96	353.14
: At Estimated Realisable Value	34.55	18.72
Finished goods		
: At Cost	1646.20	12293.27
: At Estimated Realisable Value	12413.47	5514.11
Stores and spares at Cost (includes in transit Rs. 243.71 lakhs) '(31 March 2017: Rs .25.23 Lakhs)	4552.19	3491.27
Loose tools	37.96	35.61
Others	16.42	23.37
Total	22454.18	24701.96

The cost of inventories recognized as an expense during the year in respect of continuing operations was Rs. 35708.87 Lakhs for the year ended 31st March 2018 and Rs. 31177.88 Lakhs for the year ended 31st March 2017

The amount of write-down of inventories to net realisable value recognised as an expense was Rs. 4649.64 Lakhs for the year ended 31st March 2018 and Rs.539.61 Lakhs for the year ended 31st March 2017.

The mode of valuation of inventories has been stated in note "K" in significant accounting policies

Note -9

Trade receivables	Non-Current		Current	
	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017
Secured, considered good			92.00	46.29
Unsecured, considered good				
Less than 6 Months from the due date for Payment:			12079.97	8728.92
More than 6 Months from the due date for Payment:			573.81	636.87
Doubtful			156.90	156.90
Provision for doubtful receivables	-	-	12902.68	9568.98
			156.90	156.90
Other receivables			12745.78	9412.08
Secured, considered good				
Unsecured, considered good				
Doubtful				
Provision for doubtful receivables	-	-	-	-
Less :Provision for Loss allowance/Expected Credit Loss			27.03	22.33
			27.03	22.33
Total	-	-	12718.75	9389.75

(Rs. in Lakhs)

Ageing	Expected credit loss %
Within the credit period	Nil
Upto 60 days past due	0.25
60-90 days past due	0.50
more than 90 days past due	1.00

Age of receivables	As at 31st March, 2018	As at 31st March, 2017
Less than 6 months	12171.97	8775.21
More than 6 Months	573.81	636.87

Note -10

Cash and bank balances	Non-Current		Current	
	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017
Cash and Cash Equivalents :				
Balances with Banks:				
On current accounts			988.50	875.06
Deposits with original maturity of less than 3 months			757.84	130.05
Cheques/drafts on hand			13.19	60.22
Cash on hand				
	--	--	1759.53	1065.33
Other Bank Balances :				
Deposits with original maturity for more than 12 months			--	--
For more than 3 months but less than 12 months			5.60	5.60
On unpaid dividend account			129.63	98.28
Earmarked Balances with Banks(15% Liquidity on Fixed Deposits held under The Companies Act 2013)			1196.96	1419.94
Margin money deposit			126.23	215.88
	--	--	1458.42	1739.70
Total			3217.95	2805.03

Note -11

(Rs. in Lakhs)

Share Capital	As At 31st March 2018	As At 31st March 2017
Authorised Shares : 28750000 (31st March 2017: 28750000) Equity shares of Rs.10 /- each 30000(31st March 2017:30000) 9.5% First Cumulative Redeemable Preference Shares of Rs 100/- each. 95000 (31st March 2017:95000) 9.5% Second Cumulative Redeemable Preference Shares of Rs 100/- each.	2875.00	2875.00
	30.00	30.00
	95.00	95.00
Total	3000.00	3000.00
Issued Shares : 27113091 (31st March 2017: 27113091) Equity shares of Rs.10 /- each	2711.31	2711.31
Total	2711.31	2711.31
Subscribed and fully paid-up shares : 27107078 (31st March 2017: 27107078) Equity shares of Rs.10 /- each fully paid up Forfeited amount on 6013 shares of Rs.10/-each, Rs.5/-paid up	2710.71	2710.71
	0.30	0.30
Total Subscribed and fully paid-up capital	2711.01	2711.01

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period	At 31st March 2018		As at 31st March 2017	
	No.	Rs.	No.	Rs.
Equity Shares				
At the beginning of the period	271.07	2710.71	271.07	2710.71
Add: Fresh Issue during the year	-	-	0.00	-
Less: Buy Back of Shares during the year	-	-	0.00	-
Outstanding at the end of the period	271.07	2710.71	271.07	2710.71

b. Shareholders holding more than 5% shares	As At 31st March 2018	As At 31st March 2017
Details of shareholders holding more than 5% shares in the company	Nil	Nil

C) Rights, Preference and restrictions attached to Equity shares

- 1) The Company has only one class of Equity shares having a face value of Rs 10/- each. Each holder of equity share is entitled to one vote per share held. In the event of liquidation of Company, the holders of equity share will be entitled to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to the number of equity shares held by the share holders.
- 2) The financial statements of the company were approved by Board of Directors on 30-05-2018.

Note -12

(Rs. in Lakhs)

RESERVES AND SURPLUS

RESERVES AND SURPLUS	As At 31st March 2018	As At 31st March 2017
Capital Reserves		
Forfeited Debentures *	0.30	0.30
Securities Premium Account	1129.40	1129.40
Surplus in Other Comprehensive Income		
Balance as per last Financial Statements	12382.99	9641.81
OCI for the Year	(2684.80)	2741.18
Closing Balance	9698.19	12382.99
General Reserve		
Balance as per the last Financial Statements	43345.98	41345.98
Less: Amount Withdrawn During the Year		
Add : Amount transferred from Surplus		
Balance in the Statement of Profit And Loss	1000.00	2000.00
Closing Balance	44345.98	43345.98
Surplus/(Deficit) In The Statement of Profit And Loss		
Balance as per the last Financial Statements	24562.30	14511.25
Profit for the year	9929.92	12051.05
Other Comprehensive Income		
	34,492.22	26562.30
Less : Appropriations		
Equity Dividend	2710.71	--
Tax on Distributed Profits	522.00	--
Transfer to General Reserve	1000.00	2000.00
Total Appropriations	4232.71	2000.00
Net Surplus In Statement of Profit And Loss	30259.51	24562.30
Total Reserves And Surplus Taken To Balance Sheet	85433.38	81420.97

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

General reserve: The general reserve is used from time to time profits from retained earnings for appropriation purposes

NOTE:

- 1) The amount that can be distributed by the company as dividends to equity shareholders is determined based on separate financial statements and as per the requirements of companies Act 2013.
- 2) In respect of the year ended March 31,2018 the directors propose that a dividend of Rs. 10/- per share shall be paid on fully paid equity shares .This equity dividend is subject to approval by shareholders at the Annual General Meeting .The proposed equity dividend is payable to all holders of fully paid equity shares and the total estimated equity dividend to be paid is Rs.2710.71 Lakhs

Note -13

(Rs. in Lakhs)

LONG TERM BORROWINGS:	13.1 Non-Current portion		13.2 Current maturities	
	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017
Term Loans				
Term loan for Rail Tanker Wagons from SBI (secured)		238.67		513.33
Interest Subvention Loan from Andhra Bank (Secured)		466.33	576.69	731.33
33 MW Power Plant Term Loan from Andhra Bank (Secured)		6250.04		892.88
33 MW Power Plant Term Loan from Axis Bank (Secured)		2499.91		357.14
		9454.95	576.69	2494.68
Other Loans and advances:				
Deferred Sales Tax Loan (Unsecured)	2092.15	2121.50	262.72	---
Deposits (unsecured)				
Deposits from Directors/Related Parties	10381.85	9157.25	5090.55	4187.30
Others	2033.50	2475.40	1172.85	545.15
Deposits from Hindustan Allied Chemicals Ltd (Subsidiary)	160.00	0.00	0.00	0.00
	14667.50	13754.15	6526.12	4732.45
Total Amount	14667.50	23209.10	7102.81	7227.13
The above amount includes				
Secured borrowings	0.00	9454.95	576.69	2494.68
Unsecured borrowings	14667.50	13754.15	6526.12	4732.45
Amount disclosed under the head				
Other current liabilities	-	-	7102.81	7227.13
Net Amount	14667.50	23209.10	-	-

Term Loans as at 31st March 2017 & 31st March 2018 From Banks Comprises of :

(Rs. in Lakhs)

Particulars	Interest Subvention Loan	Rail Tanker Wagons Loan	33 MW Term Loan	33 MW Term Loan
a) Loan Sanctioned	Rs.2194.00	Rs.1540.00	Rs.10000.00	Rs.4000.00
b) Loan Aailed	Rs.2193.47	Rs. 1522.00	Rs. 7142.92	Rs. 2857.05
c) No. of Installements	36 Monthly Installments after 2 years Morotorium Period.	12 Quarterly	32 Quarterly	32 Quarterly
d) Installments Commencing from	Feb, 2016	Oct, 2015	June, 2017	June, 2017
e) Rate of Interest	Interest Subvention at 12.00% p.a. will be met from Sugar Development Fund as per the Govt.of India Notification.	Base Rate+1.35%	Base Rate+0.40 % %(Spread)+.50% (TemperEQI)p.a.	BaseRate+1.15%p.a.
f) Installment Amount	Rs.60.95	Rs. 128.33	Rs. 223.22	Rs. 89.29
g) Lending Bank	Andhra Bank	State Bank of Hyderabad	Andhra Bank	Axis Bank
h) Security	Pari Passu Second Charge on Fixed Assets of the Company	Exclusive First Charge on Assets created out of the loan	Pari Passu First Charge by way of Hypothecation Movable and Immovable	Pari Passu First Charge by way of Hypothecation Movable and Immovable Assets

During the year 2017-18, the Company has Repaid fully the following Term loans

Particulars	Total Outstanding as on 31.03.2017	Loan Amount Repaid During 2017-18	Balance As on 31.03.2018
Term Loans			
Term loan for Rail Tanker Wagons from SBI (secured)	752.00	752.00	Nil
33 MW Power Plant Term Loan from Andhra Bank (Secured)	7142.92	7142.92	Nil
33 MW Power Plant Term Loan from Axis Bank (Secured)	2857.05	2857.05	Nil
Total	10751.97	10751.97	Nil

Carrying value of Assets Pledged

(Rs. in Lakhs)

Particulars	Rail tanker wagons		33 MW power plant	
	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017
Railway tank wagon	Nil	2082.01	Nil	Nil
Land	Nil	Nil	Nil	55.18
Buildings	Nil	Nil	Nil	1085.31
Plant and Machinery	Nil	Nil	Nil	17081.17
Furniture and Fixtures	Nil	Nil	Nil	13.34

Note -14

(Rs. in Lakhs)

BORROWINGS	As At 31st March 2018	As At 31st March 2017
Cash credit from Banks (Secured)	3108.02	3474.24
Deposits (unsecured)		
Deposits from Directors/Related Parties	39.00	10.00
from Others	13.80	13.15
Loans From Directors	99.64	124.64
	3260.46	3622.03
The above amount includes		
Secured borrowings	3108.02	3474.24
Unsecured borrowings	152.44	147.79

- a) Cash Credit is Secured by Hypothecation of inventories and receivables, and colleterally 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, 3 MW Solar Plant at Kovvur, ISRO Plants and 33 MW Power Plant assets, ranking pari passu among the members of the consortium of working capital lending banks.
- b) Foreign Currency Exposure hedged by derivative Instruments as on 31st March 2018 is Nil and as on 31.03.2017 is Nil

The Andhra Sugars Limited

(Rs. in Lakhs)

Particulars of Inventories and Receivables for Security	Cash Credit	
	As At 31st March 2018	As At 31st March 2017
Inventories	22454.18	24701.96
Trade receivables	12718.75	9389.75

Note -15

(Rs. in Lakhs)

Other long term financial liabilities	As At 31st March 2018	As At 31st March 2017
Trade Deposits	201.35	186.11
Staff Security Deposit	9.88	11.40
Total	211.23	197.51

Note -16

(Rs. in Lakhs)

PROVISIONS	Long Term		Short Term	
	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017
Provision for employee benefits:				
Provision for Gratuity	869.18	262.63	445.28	36.08
Provision for leave benefits	684.06	415.17	293.46	628.76
Total	1553.24	677.80	738.74	664.84

Statement of additions, write off and payments closing as per ind as 37-para 84 a-e

PROVISIONS	Leave Benefits	Gratuity	Income tax	Wealth tax
Balance at 1st April 2017	1,043.93	684.29	8842.99	10.00
Provision recognised during the year	-			
- In Statement of Profit & Loss	207.28	288.03	3780.50	
- In Statement of Other Comprehensive Income	(5.49)	427.47		
Amounts incurred and charged against the provision	(269.19)	(85.33)	2645.04	
Balance at 31st March 2018	976.53	1314.46	9978.45	10.00

Note -17

(Rs. in Lakhs)

OTHER NON-CURRENT LIABILITIES:	As at 31st March, 2018	As at 31st March, 2017
Trade payables	---	---
Total		
Others		
Outstanding Liabilities for Trade Payables/Expenses	4239.79	4111.26
Outstanding Liabilities for Others		
Total	4239.79	4111.26

Note -17.1

(Rs. in Lakhs)

Deferred Government Grant	As at 31st March, 2018	As at 31st March, 2017
Interest Subvention loan	32.22	142.58
Deferred sales tax loan	828.56	1061.94
Caustic soda-Saggonda unit capital subsidy)	1.47	7.65
Total	862.25	1212.17

Note -18

(Rs. in Lakhs)

Financial Liabilities:	As at 31st March, 2018	As at 31st March, 2017
18.1 Trade payables		
Due to Micro & Small Enterprises		
Due to Others	2991.62	3886.47
	2991.62	3886.47
18.2 Other financial Liabilities: (Current)		
Current maturities of long Term Borrowings (Refer Note No. 13.2)	7102.81	7227.13
Interest accrued but not due on Borrowings	426.54	411.38
Unclaimed Dividend	129.63	98.28
Unclaimed matured deposits And interest accrued thereon	71.30	48.60
Accrued Salaries and Benefits	1252.66	1218.27
Directors Remuneration Payable	1251.88	1472.12
Staff Security Deposits	6.75	10.37
	10241.57	10486.15
	13233.19	14372.62

(Rs. in Lakhs)

Due to Small and Medium Enterprises	As At 31st March 2018	As At 31st March 2017
a) Principal amount and interest due thereon remaining period	0.02	0.01
b) Interest paid in terms of section 16 of MSMED Act	0.02	0.01
c) Interest due and payable for the period of delay excluding interest specified under MSMED Act	0.00	0.00
d) Interest accrued and remaining unpaid at the end of the year	0.02	0.01
e) further interest due and payable in terms of section 23 of MSMED Act, 2006	0.00	0.00

The Andhra Sugars Limited

Note -19

(Rs. in Lakhs)

Other current liabilities	As at 31st March, 2018	As at 31st March, 2017
Advance from Customers	239.57	311.85
Statutory Dues	507.42	1165.82
Others	2374.78	2045.66
	3121.77	3523.33

Note -20

(Rs. in Lakhs)

Deferred Tax Liability (Net)	As at 31st March, 2018	As at 31st March, 2017
Deferred Tax Liability		
Deferred Tax liability on PPE	12289.07	11117.98
On legal cases discounting	749.44	705.11
On current investments	1.06	54.97
On Non-current Investments		1499.61
Gross Deferred Tax Liability	13039.57	13377.67
Deferred Tax Asset		
MAT Credit	1080.58	1553.48
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	593.60	861.85
Provision for doubtful debts and advances	71.95	69.17
On Non-current Investments	313.38	
Gross Deferred Tax Asset	2059.51	2484.50
Net Deferred Tax Liability	10980.06	10893.17

Details of Deferred tax for the year 2017-18

(Rs. in Lakhs)

DEFERRED TAX (LIABILITIES)/ASSETS IN RELATION TO:	Opening balance	Recognised in profit/loss	Recognised in other comprehensive income	Closing balance
Investments	(1499.61)	0.00	1812.98	313.38
Property, Plant and Equipment	(11117.98)	(1171.09)	0.00	(12289.07)
Financial Assets (Current Investments)	(54.97)	53.91	0.00	(1.06)
Legal cases	(705.11)	(44.34)	0.00	(749.44)
Provision for doubtful debts	61.44	1.07	0.00	62.51
Expected credit loss	7.73	1.72	0.00	9.45
Expenditure charged to statement of profit and loss in the current year but allowed for tax purposes on payment basis	861.85	(266.33)	(1.92)	593.60
MAT Credit	1553.48	(472.90)		1080.58
Others	-	-	-	-
Total	10893.17	1897.96	1811.06	10980.06

A The following tables show the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. Levels in Fair value Hierarchy

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments and mutual fund units that have a quoted price. The fair value of all equity instruments which are traded on Stock Exchanges is valued using the closing price as at the reporting period.

The mutual fund units are valued using the closing net asset value (NAV).

Level 2: The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. These instruments are collectively not material and hence disclosures regarding significant unobservable inputs used in level 3 fair values have not been made.

As at 31st March, 2018

	Note	Carrying amount				Fair value			
		Financial assets - FVTOCI	Financial assets - FVTPL	Financial assets- Amortised cost	Financial Liabilities- Amortised cost	Total	Level 1	Level 2	Total
Financial instruments measured at fair value									
Current Investments	3.2	-	1,800.00	-	-	1,800.00	1,803.04	-	1,803.04
Non Current investments	3	10,306.22				10,306.22	4,154.25	17,530.89	21,685.14
Financial assets not measured at fair value									
Trade receivables	9	-		12,718.75	-	12,718.75	-	12,718.75	12,718.75
Cash and Cash Equivalents	10	-		1,759.53	-	1,759.53	1,759.53	-	1,759.53
Bank balances other than above	10	-		1,458.42	-	1,458.42	1,458.42	-	1,458.42
Intercompany loans	4			3,600.00		3,600.00	3,600.00		3,600.00
Other Financial assets									-
Interest accrued on fixed deposits	5	-	-	219.30	-	219.30	219.30	-	219.30
		10,306.22	1,800.00	19,756.00	-	31,862.22	12,994.54	30,249.64	43,244.18
Financial liabilities not measured at fair value									
Borrowings	13	-	-		21,770.31	21,770.31	21,770.31	-	21,770.31
Trade payables	18	-	-		2,991.62	2,991.62	2,991.62	-	2,991.62
Other financial liabilities									-
Accrued salaries and benefits	18.2	-	-		1,252.66	1,252.66	1,252.66	-	1,252.66
Trade and staff security deposits	15&18.2	-	-		217.98	217.98	217.98	-	217.98
Cash credit from banks	14				3,108.02	3,108.02	3,108.02		3,108.02
Deposits from directors/ related parties and others	14				152.44	152.44	152.44		152.44
Outstanding liabilities for expenses		-	-		-	-	-	-	-
Others	18.2	-	-		1,879.35	1,879.35	1,879.35	-	1,879.35
		-	-		31,372.38	31,372.38	31,372.38	-	31,372.38

Reasons for classification of financial assets as per Ind AS 107:

- (a) The company has classified all the current investments under fair value through profit or loss as they are held for trading.
- (b) For Non current investments which are not held primarily for trading, the company has elected an irrevocable option of classifying them as fair value through other comprehensive income.
- (c) Accounting for investments in Subsidiaries and Associates are mentioned in policy J of note:1.1

As at 31st March,2017

	Note	Carrying amount				Fair value			
		Financial assets - FVTOCI	Financial assets - FVTPL	Financial assets- Amortised cost	Financial Liabilities- Amortised cost	Total	Level 1	Level 2	Total
Financial instruments measured at fair value									
Current Investments	3.2	-	1,800.00	-	-	1,800.00	9,977.47	-	9,977.47
Non Current investments	3	10,306.22				10,306.22	4,158.05	21,600.97	25,759.02
Financial assets not measured at fair value									
Trade receivables	9	-		9,389.75	-	9,389.75	-	9,389.75	9,389.75
Cash and Cash Equivalents	10	-		1,065.33	-	1,065.33	1,065.33	-	1,065.33
Bank balances other than above	10	-		1,739.70	-	1,739.70	1,739.70	-	1,739.70
Intercompany loans	4			4,000.00		4,000.00	4,000.00		4,000.00
Other Financial assets									
Interest accrued on fixed deposits	5	-	-	194.60	-	194.60	194.60	-	194.60
		10,306.22	1,800.00	16,389.38	-	28,495.60	21,135.15	30,990.72	52,125.87
Financial liabilities not measured at fair value									
Borrowings	13	-	-		23,209.10	23,209.10	23,209.10	-	23,209.10
Trade payables	18	-	-		3,886.47	3,886.47	3,886.47	-	3,886.47
Other financial liabilities									
Accrued salaries and benefits	18.2	-	-		1,218.27	1,218.27	1,218.27	-	1,218.27
Trade and staff security deposits	15 & 18.2	-	-		207.88	207.88	207.88	-	207.88
Cash credit form banks	14				3,474.24	3,474.24	3,474.24		3,474.24
Deposits from directors/ related parties and others	14				147.79	147.79	147.79		147.79
Outstanding liabilities for expenses		-	-		-	-	-	-	-
Others	18.2	-	-		2,030.38	2,030.38	2,030.38	-	2,030.38
		-	-	-	34,174.13	34,174.13	34,174.13	-	34,174.13

Notes Forming Part of Accounts

Note -21

(Rs. in Lakhs)

Revenue from Operations	This Year	Previous Year
Sale of products:		
Finished goods	97367.91	95650.08
Other operating revenue		
Freight and Sales Expenses Recovered	698.78	1014.43
Subsidy Received on Superphosphate Sales	388.15	535.28
Processing and Job Work income	0.09	0.19
Revenue from operations (gross)	98454.93	97199.98

Note -21.1

Details of Products Sold	This Year	Previous Year
Finished goods sold		
Sugar	16958.14	22652.45
Industrial Alcohol & Ethanol	3115.93	2233.60
Acetic Acid	221.24	135.49
Acetic Anhydride	---	12.41
Aspirin	4112.55	4202.37
Caustic Soda	43242.22	37002.41
Caustic Potash	4278.87	3554.03
Chlorine	532.43	936.68
Hydrochloric Acid	3467.83	4395.36
Sodium Hypochlorite	3680.37	3254.67
Hydrogen gas	863.50	884.69
Sulphuric Acid	6297.14	5545.02
Superphosphate	1010.32	1296.20
UH25	2983.89	2018.84
Mono Methyl Hydrazine	597.05	686.57
HTPB	930.17	934.51
Wind Power	973.29	1012.65
Cattle Feed	964.78	934.94
Potassium carbonate	993.33	940.49
Poly Aluminium Chloride	1011.10	799.31
Liquid Hydrogen	--	995.58
Others	1133.76	1221.81
	97367.91	95650.08
Details of services rendered	---	---

The Andhra Sugars Limited

Note -22

(Rs. in Lakhs)

Other Income	This Year	Previous Year
Interest Income on		
Bank deposits	151.87	121.39
Inter Corporate Loan to Associate (The Andhra Petrochemicals Ltd.)	479.67	393.70
Inter Corporate Loan to Subsidiary (JOCIL Ltd.)	--	27.39
Others	137.29	240.87
Dividend income on		
Investments in Subsidiary (Jocil Ltd.)	146.60	--
Long-Term Investments	1.48	2.95
Government Grant		
Ramgiri	--	8.33
Saggonda	6.18	6.18
Interest Subvention Loan A/C	110.37	180.26
Deferred Sales Tax Loan A/C	233.36	237.06
Exchange differences (Net)	55.48	77.20
Income from Agriculture (Net)	11.47	9.89
Rent received	58.11	45.70
Net gain on Sale of Current Investments	786.68	152.49
Gain on revaluation of Current Investments	3.04	158.84
Net gain on Sale of Assets	90.16	1.22
Other non-operating income #	407.55	590.67
	2679.31	2254.14

# Other Non-operating Income includes :	This Year	Previous Year
Excess Provision In Earlier Years Credited Back	3.90	5.32
Claims Received	57.02	42.82
Income Not Relating to This year	0.91	16.62
Refund of Cross Subsidy from APEPDCL for 2015-16	---	361.08
Miscellaneous Scrap Sales	90.30	53.17
Excise Duty Recovery-Scrap Sale	0.08	2.54
Other Misc. Receipts	255.34	109.12
Total	407.55	590.67

Note -23

Cost of Raw material consumed	This Year	Previous Year
Inventory at the beginning of the year	2972.46	1940.12
Add: Purchases	30925.87	25561.52
	33898.33	27501.64
Less: Inventory at the end of the year	3500.43	2972.46
Cost of Raw Material Consumed	30397.90	24529.18

Details of Raw material consumed	This Year	Previous Year
Sugarcane	15332.43	11684.21
Phenol	982.90	710.54
Sulphur	3705.39	2882.98
Rockphosphate	462.82	365.40
Salt	3796.29	3669.47
Potassium Chloride	1901.31	1689.98
Alumina Hydride	609.79	481.24
Extractions for Cattle feed	452.53	552.73
Other Rawmaterials	3154.44	2492.63
Total	30397.90	24529.18

(Rs. in Lakhs)

Details of Inventory	This Year	Previous Year
Raw Materials		
Phenol	192.95	32.10
Sulphur	999.47	904.21
Rockphosphate	426.51	875.87
Salt	518.52	114.50
Potassium Chloride	278.81	501.18
Alumina Hydride	122.17	66.82
Extractions for Cattle feed	396.68	232.58
Other Rawmaterials	565.32	245.20
Total	3500.43	2972.46

Note -24

(Increase)/ Decrease in Inventories	This Year	Previous Year	(Increase)/ Decrease
Inventories at the End of the year			2017-2018
Work in Progress	287.51	371.86	84.35
Finished Goods	14059.67	17807.38	3747.71
	14347.18	18179.24	3832.06
Inventories at the Beginning of the year			2016-2017
Work in Progress	371.86	269.70	(102.16)
Finished Goods	17807.38	23037.23	5229.85
	18179.24	23306.93	5127.69

Details of Inventory	This Year	Previous Year
Work-in-progress		
Sugar	46.71	74.55
Molasses	2.47	2.12
Sulphuric Acid	45.62	28.00
Caustic Potash	26.46	32.18
Caustic Soda	15.00	14.05
Aspirin	97.22	165.82
Potassium Carbonate	—	4.78
Others	54.03	50.36
Total	287.51	371.86
Finished goods		
Sugar	11214.32	13984.87
Molasses	1143.2	1297.62
Sulphuric Acid	86.83	53.49
Superphosphate	180.08	655.06
Caustic Soda	249.92	293.88
Caustic Potash	245.77	471.73
Chlorine	6.25	6.92
Sodium Hypochlorite	5.5	3.79
Hydrochloric acid	8.16	14.68
Industrial Alcohol& Ethanol	233.36	306.81
Aspirin	385.3	323.23
Organic Diervatives ofhydrzine or of hydroxyl amine	169.26	63.53
HTPB	65.84	19.49
Hydrogen Gas	0.18	1.03
Potassium Carbonate	12.87	122.49
Poly Aluminium Chloride	12.96	25.97
Others	39.87	162.79
Total	14059.67	17807.38

The Andhra Sugars Limited**Note -25**

(Rs. in Lakhs)

Employee Benefit Expense	This Year	Previous Year
Salaries, Wages and Bonus	8242.21	7947.57
Contribution to Provident and other fund	800.39	712.32
Gratuity Expense	673.60	192.58
Staff Welfare Expenses	405.70	360.37
Total	10121.90	9212.84

Note -26

Depreciation and Amortization Expense	This Year	Previous Year
Depreciation of Tangible Assets	4858.00	4415.23
Amortization of Intangible Assets	5.20	5.20
Total	4863.20	4420.43

Note -27

Finance Costs	This Year	Previous Year
Interest	2981.24	2736.06
Less:- Capitalisation cost	---	354.05
Total Interest	2981.24	2382.01
Diff in Exchange treated as Finance Cost	---	5.26
Other Borrowing Costs	19.57	43.18
Total	3000.81	2430.45

Note -28

(Rs. in Lakhs)

Other Expenses	This Year	Previous Year
Consumption of Stores and Spares	1478.91	1521.01
Increase/(Decrease) of Excise Duty on Inventory	(965.14)	(453.70)
Insurance	157.50	138.72
Sugarcane Development Expenses	248.22	105.55
Rent	51.80	55.24
Rates and Taxes	572.84	471.07
Repairs and maintenance		
Plant and machinery	2807.35	2884.45
Buildings	248.45	212.69
Others	771.59	625.35
Advertising and sales promotion	109.44	62.67
Handling, Transport & Expenses at Sales Depots	5907.48	4911.24
Sales Commission	95.26	117.85
Donations	10.00	140.10
CSR Expenditure	164.53	99.88
Directors' sitting fees	10.70	12.04
Payment to auditors (Refer details below)	32.01	42.79
Loss Allowance Provided	4.70	---
Reversal of loss allowance provided	---	(27.54)
Provision for doubtful debts and advances	1.34	---
Excess off Take charges to ISRO	127.06	264.06
Bank Charges	74.46	82.71
Assets Written off	95.03	---
Miscellaneous Expenses	1177.03	1014.78
Total	13180.56	12280.96

Payment to Auditors	This Year	Previous Year
As Auditor	14.50	14.31
For Taxation Matters	---	3.32
For Limited review & Other Certifications	9.99	18.74
For Reimbursement of expenses	1.51	1.98
As Cost Auditors	5.00	4.00
Fee for Certification	0.65	0.11
For Reimbursement of expenses	0.36	0.33
Total	32.01	42.79

The Andhra Sugars Limited

(Rs. in Lakhs)

CSR Expenditure	This Year	Previous Year
Sree Mullapudi Venkataramanamma Memorial Hospital, Tanuku	98.00	85.21
Sree Mullapudi Timma Raju Memorial Library & Cultural Centre	25.00	---
Sree Mullapudi Venkataraya Memorial Polytechnic.	24.00	---
LED Lights to Tanuku Municipality	---	10.00
Others	17.53	4.67
	164.53	99.88

Note -28 (a)

Items that will not be reclassified to P&L	This Year	Previous Year
Remeasurement of Defined Benefit Plan Loss/(Gain)		
Gratuity	(427.47)	(53.25)
Leave Encashment	5.49	(425.34)
Increase/Decrease in Fair Value of Investments	(4,073.88)	4108.07
Deferred Tax Liability on above items		
On Actuarial gain of Leave Encashment	(1.92)	
On Associate, Subsidiary and Joint Venture	610.86	(75.11)
On Long Term Non- Quoted Investments	1,202.12	(813.19)
Total	(2,684.80)	2,741.18

The amount of exchange differences recognised in profit or loss except for those arising on financial instruments measured at fair value through profit or loss is Rs. 55.48 lakhs (gain) and Rs. 77.20 lakhs (gain) during the period 2017-18 and 2016-17 respectively.

EARNINGS PER SHARE

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
Earnings per share has been computed as under		
Profit for the year attributable to equity shareholders of the company	9929.92	12051.05
Weighted average equity number of shares outstanding	271.07	271.07
Basic and Diluted Earnings per share (Face value Rs. 10 per share)	36.63	44.46

Defined benefit plans :

(Rs. in Lakhs)

The following table set out the funded status of the Gratuity Plans(funded) and compensated absences(unfunded) the amounts recognized in the Company's financial statements as at March 31, 2018 and March 31, 2017:

PARTICULARS	Gratuity		Compensated absences	
	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017
Change in benefit obligations				
Benefit obligations at the beginning	3,348.46	2,824.22	1,043.93	552.13
service cost	261.62	552.20	139.08	33.18
Interest expenses	230.63	225.94	68.20	36.75
Curtailment (gains)/losses				
Transfer of obligation (net)				
Remeasurements - Actuarial (gains)/losses	420.70	48.30	(5.49)	425.34
Benefits paid	(308.34)	(302.19)	(269.19)	(161.92)
Benefit obligations at the end	3,953.07	3,348.46	976.53	885.48

Change in plan assets		Gratuity	
Particulars	As at 31st March, 2018	As at 31st March, 2017	
Fair value of plan assets at the beginning of the year	2664.18	2375.86	
Interest income	204.21	190.07	
Transfer of assets (net)			
Remeasurements - Return on plan assets excluding amounts included in interest income	(6.77)	4.96	
Contributions	85.33	395.49	
Benefits paid	(308.34)	(302.19)	
Fair value of plan assets at the end	2,638.61	2,664.18	

Amount recognised in Balance Sheet

PARTICULARS	Gratuity		Compensated absences	
	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017
Present value of obligation at the end of the period	3953.07	3348.46	977.52	1043.93
Fair value of plan assets at the end of the period	2638.61	2664.18	0	0
Net (liability)/asset recognised in Balance Sheet	1314.46	684.29	977.52	1043.93

Amount for the year ended March 31, 2018 and March 31, 2017 recognized in the statement of Profit and Loss under employee benefit expenses head.

PARTICULARS	Gratuity		Compensated absences	
	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017
Service cost	647.19	552.20	139.08	33.18
Net interest on the net benefit liability/asset	26.41	35.87	68.20	36.75
Expected contributions by employees	-	(395.49)	-	-
Return on plan assets	-	-	-	-
Net expense recognised	673.60	192.58	207.28	69.93

The Andhra Sugars Limited

Amount for the year ended March 31, 2018 and March 31, 2017 recognized in the statement of other comprehensive income:

PARTICULARS	Gratuity		Compensated absences	
	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017
Actuarial (gain)/losses on obligations for the period	420.70	48.30	(5.49)	425.34
Return on plan assets, excluding interest income	6.77	4.96	-	-
Net (income)/expenses for the period recognised in OCI	427.47	53.25	(5.49)	425.34

PARTICULARS	Gratuity		Compensated absences	
	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017
Expected return on plan assets	8.00%	7.22%	Nil	Nil
Rate of discounting	8.00%	7.22%	8.00%	7.50%
Rate of salary Increase	10.00%	7.00%	10.00%	10.00%
Rate of employee turnover	10.00%	10.00%	2.00%	2.00%

Summary of Demographic Assumptions

PARTICULARS	Gratuity		Compensated Absences		Leave Encashment	
	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017
Mortality Rate	100%	100%	100%	100%	100%	100%
Disability Rate	5%	NA	5%	0%	5%	0%
Withdrawal Rate	2%	10%	2%	2%	2%	2%
Normal Retirement Age	60 Years	60 Years	60 Years	60 Years	60 Years	60 Years
Ajduced Average Furture Service	12.73	NA	NA	NA	NA	NA
Leave Encashment Rate	0	0	0	0	10	10
Leave Availment Rate	0	0	80	80	2	2

Maturity Profile of Defined Benefit Obligations:

PARTICULARS	31st March 2018		
	Gratuity	Leave encashment	Sick leave
Expected Cash flow in year 1	445.18	155.52	137.94
Expected Cash flow in year 2	331.03	122.26	29.22
Expected Cash flow in year 3	373.34	105.37	5.86
Expected Cash flow in year 4	377.10	96.66	1.19
Expected Cash flow in year 5	325.98	87.07	0.24
Expected Cash flow in year 6	296.06	76.50	0.05
Expected Cash flow in year 7	436.71	77.06	0.01
Expected Cash flow in year 8	337.34	66.90	0.00
Expected Cash flow in year 9	323.49	58.89	0.00
Expected Cash flow in year 10	348.29	52.86	0.00

Significant estimates: Sensitivity analysis

Discount rate, Salary escalation rate and Withdrawal rate are significant actuarial assumptions. The change in Present value of defined benefit obligation for a change of 100 basis points from the assumed assumption is given below:

PARTICULARS	Effect on Gratuity valuation	
	31st March 2018	% change
Impact on Present value of Defined obligation if salary escalation rate increases by 1%	4292.10	9.83%
Impact on Present value of Defined obligation if salary escalation rate decreases by 1%	364.96	(8.38%)
Impact on Present value of Defined obligation if withdrawal rate increases by 1%	3914.77	(1.60%)
Impact on Present value of Defined obligation if withdrawal rate decreases by 1%	3996.42	1.85%
Impact on Present value of Defined obligation if discount rate increases by 1%	3660.50	(8.10%)
Impact on Present value of Defined obligation if discount rate decreases by 1%	4290.68	9.75%

PARTICULARS	Effect on Compensated absences			
	Leave encashment		Sick leave	
	As at 31st March, 2018	% change	As at 31st March, 2018	% change
Impact on Present value of Defined obligation if salary escalation rate increases by 1%	848.34	5.20%	172.07	1.10%
Impact on Present value of Defined obligation if salary escalation rate decreases by 1%	767.71	(4.80%)	168.25	(1.10%)
Impact on Present value of Defined obligation if withdrawal rate increases by 1%	803.46	(0.40%)	169.21	(0.60%)
Impact on Present value of Defined obligation if withdrawal rate decreases by 1%	809.61	0.40%	171.12	0.60%
Impact on Present value of Defined obligation if discount rate increases by 1%	770.43	(4.50%)	169.68	(0.30%)
Impact on Present value of Defined obligation if discount rate decreases by 1%	846.23	4.90%	170.65	0.30%

Other Disclosures:

PARTICULARS	31st March 2018		
	Gratuity	Leave encashment	Sick leave
Best estimate contribution during the next year	657.23	403.19	85.08
Discontinuance liability	3531.43	702.46	–

As per the enterprises's accounting policy actuarial gains and losses are recognized immediately during the same year itself. The above information is certified by the Actuary.

Risk exposure and asset-liability matching

Provision of a defined benefit scheme poses certain risks, some of which are detailed hereunder, as companies take on uncertain long term obligations to make future benefit payments

The Andhra Sugars Limited

1) Liability risks

a) Asset-liability mismatch risk

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Company is successfully able to neutralize valuation swings caused by interest rate movements

b) Discount rate risk

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practice can have a significant impact on the defined benefit liabilities.

c) Future salary escalation and inflation risk

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

2) Asset risks

All plan assets are maintained in a trust fund managed by a public sector insurer viz. LIC of India and other insurance companies. LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years. The Company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets.

The Company has no control over the management of funds but this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured. Also interest rate and inflation risk are taken care of.

Taxation

a) Profit and loss section

PARTICULARS	31st March 2018	31st March 2017
Current Income tax		
Current tax charges	3174.23	3337.99
Tax (credit) under Minimum Alternate tax ('MAT')	711.23	(1553.48)
Adjustment in respect of Current income tax of previous year	(476.34)	(4.54)
Deferred Tax		
Relating to origination and reversal of temporary differences	1425.06	2134.39
Tax Expense reported in the Statement of Profit and Loss	4834.18	3914.36

Other Comprehensive Income ('OCI') Section

PARTICULARS	31st March 2018	31st March 2017
Deferred tax related to items recognised in OCI during the year		
On Actuarial gain of Leave Encashment	(1.92)	
Unrealised Loss/ (Gain) on FVTOCI Equity Securities	1,812.98	(888.30)
Tax Expense in the OCI Section	1811.06	(888.30)

b) Balance sheet section

PARTICULARS	31st March 2018	31st March 2017
Provision for income tax	9988.45	8852.99
Tax recoverable	11310.67	9531.00
Net advance tax recoverable	1322.22	678.01

Reconciliation of tax expenses and the accounting profit multiplied by India's domestic tax rate for March 31, 2018 and March 31, 2017

PARTICULARS	31st March 2018		31st March 2017	
	%	(Rs.in Lakhs)	%	(Rs.in Lakhs)
Accounting profit before Income tax		14764.10		15965.41
At India's Statutory income tax rate (34.608%)	0.35	5109.56	0.35	5525.31
Add /(Less) Adjustment in respect of current income tax of previous year				
Effect of Non Deductible Expenses	7.71	137.54	0.38	60.42
Corporate social responsibility expenditure		3.19	56.94	
Weighted deduction on Research and development expense	(1.42)	(25.42)	(0.13)	(21.29)
Dividends received		(2.87)	(51.25)	
Profit on sale of assets		(1.75)	(31.20)	
Tax credit on unrealised profit eliminated	(2.26)	(40.32)	(0.44)	(70.49)
Revaluation of current inv		(1.05)	(0.34)	(54.97)
Effect of exempt non operating income	(0.45)	(7.99)	(0.07)	(11.94)
Deduction under section 32AC			(6.01)	(959.36)
Deduction u/s 80IA/80IB	(10.22)	(182.36)	(1.89)	(301.99)
Deduction u/s 80G	(1.57)	(28.03)	(0.24)	(38.99)
MAT credit recognised for earlier years		(20.81)	(371.38)	
Deferred tax asset recognised	79.86	1425.06	13.37	2134.39
Adjustment for current tax of prior periods	(5.88)	(104.96)	(0.03)	(4.54)
Income tax reported in Statement of profit and Loss	32.94	4834.18	24.52	3914.36

Reconciliation of Deferred tax liabilities (net) (Rs.in lakhs)

PARTICULARS	31st March 2018	31st March 2017
Tax income / (expenses) during the period recognised in Statement of Profit and Loss	(1425.06)	(2,134.39)
Tax income / (expenses) during the period recognised in OCI	1,811.06	(888.30)
MAT credit	(472.90)	1,553.48
	(86.88)	(1,469.22)

Income tax expense

PARTICULARS	March 31, 2018	March 31, 2017
Current tax expense		
Current year	3885.46	1,784.51
Amount of the benefit arising from a previously unrecognised tax credit that is used to reduce current tax expense	(476.34)	(4.54)
(A)	3409.12	1779.97
Deferred tax expense		
Decrease/(Increase) in deferred tax asset	263.55	
Increase/(Decrease) in deferred tax liability	1161.51	2134.39
(B)	1425.06	2134.39
Tax expense recognised in the income statement (A+B)	4834.18	3914.36

Financial Instruments

a) Management of Credit Risk

Credit risk is the risk that the counterparty will not meet its obligation under a financial instrument or customer contract, leading to financial loss. The credit risk arises principally from its operating activities (primary trade receivables) and from its investing activities, including deposits with banks and other financial instruments. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom credit has been granted after obtaining necessary approvals for credit. The collection from the trade receivables are monitored on a continuous basis by the receivables team.

Credit risk arising from trade receivables is managed in accordance with the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on a detailed study of credit worthiness and accordingly individual credit limits are defined/modified.

The company's credit risk for trade receivables is as follows

Particulars	31.03.2018	31.03.2017
Trade receivables	12,745.78	9,412.08

The movement in allowance for credit loss in respect of trade receivables during the year is as follows:

Allowance for credit loss	31.03.2018	31.03.2017
Balance at the beginning	22.33	49.87
Loss allowance recognised	4.70	(27.54)
Balance at the end	27.03	22.33

Credit risk on cash and cash equivalent is limited as the company generally transacts with banks and financial institutions with high credit ratings assigned by international and credit rating agencies.

b) Management of market risk

- i) Commercial risk
- ii) Fair value risk
- iii) Foreign exchange risk

The above risks may affect income and expenses, or the value of its financial instruments of the Company. The objective of the Management of the Company for market risk is to maintain this risk within acceptable parameters, while optimising returns. The Company exposure to, and the Management of, these risks is explained below

i) Commercial risk
Sale price risk

Particulars	Impact on profit			
	2017-18		2016-17	
	increase by 5%	decrease by 5%	increase by 5%	increase by 5%
Product name				
Sugar	836.62	(836.62)	1,072.96	(1,072.96)
Aspirin	204.55	(204.55)	206.20	(206.20)
CS Lye	1,819.74	(1,819.74)	1,414.34	(1,414.34)
CS Flakes	294.11	(294.11)	273.82	(273.82)
Sulphuric acid	316.44	(316.44)	259.97	(259.97)

Raw material price risk

Particulars	Impact on profit			
	2017-18		2016-17	
	increase by 5%	decrease by 5%	increase by 5%	increase by 5%
Product name				
Sugar cane	(766.62)	766.62	(584.21)	584.21
Phenol	(49.15)	49.15	(35.53)	35.53
Salt	(189.81)	189.81	(183.47)	183.47
Sulphur	(185.27)	185.27	(144.15)	144.15

ii) **Fair value risk**

Potential impact of risk	Management policy	Sensitivity to risk
<p>The Company is mainly exposed to the Fair value risk due to its investments in equity instruments. The Fair value risk arises due to uncertainties about the future market values of these investments. Equity Fair value risk is related to the change in market reference price of the investments in equity securities.</p> <p>In general, these securities are not held for trading purposes. These investments are subject to changes in the market price of securities. The fair value of quoted equity instruments classified as fair value through Other Comprehensive Income as at March 31, 2018 of amount Rs. 21685.14 lakhs</p>	<p>In order to manage its Fair value risk arising from "investments in equity instruments, the Company "maintains its portfolio in accordance with the "framework set by the Risk Management policies." Any new investment or divestment must be "approved by the Board of Directors, Chief "Financial Officer and Risk Management" Committee. "</p>	<p>As an estimation of the approximate impact of Fair value risk, with respect to investments in equity instruments, the Company has calculated the impact as follows.</p>

Sensitivity analysis

Particulars	Impact in Other Comprehensive Income			
	2017-18		2016-17	
	increase by 5%	decrease by 5%	increase by 5%	increase by 5%
Jocil Ltd.	370.89	(370.89)	398.62	(398.62)
The Andhra Petro Chemicals Ltd.	806.09	(806.09)	357.40	(357.40)
The Andhra bank ltd.	0.52	(0.52)	0.73	(0.73)
The Indian bank ltd.	0.21	(0.21)	0.19	(0.19)
	1,177.70	(1,177.70)	756.94	(756.94)

iii) **Foreign exchange risk**

The company has international operations and is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risks arises from future commercial transactions and recognised financial assets and liabilities denominated in currency that is not the functional currency (INR) of the Company.

The company has exposure arising out of export and import transactions other than functional risks.

Potential impact of risk	Management policy	Sensitivity to risk
The Company has international operations and is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from future commercial transactions and recognised Financial assets and liabilities denominated in a currency that is not the functional currency (INR) of the Company. The risk also includes highly probable foreign currency cash flows. The objective of the cash flow hedges is to minimise the volatility of the cash flows of highly probable forecast transactions.	The Company has exposure arising out of export, "import and other transactions other than "functional risks. The Company hedges its foreign "exchange risk using foreign exchange forward "contracts and currency options after considering "the natural hedge. The same is within the "guidelines laid down by Risk Management policy"of the Company.	"As an estimation of the approximate impact of the foreign exchange rate risk, with respect to Financial Statements, the "Company has calculated as follows: "

Tabular form showing foreign exchange risk exposure item wise (if any)

The company has exposure arising out of export and import transactions other than functional risks.

Particulars	March 31, 2018	March 31, 2017
Financial assets		
Trade receivables	727.43	1022.15
Less:		
Hedged through derivatives	--	--
Foreign exchange forward contracts	--	--
Net exposure to foreign currency risk (assets)	727.43	1022.15

Particulars	March 31, 2018	March 31, 2017
Financial liabilities		
Trade payables	--	--
Less:		
Hedged through derivatives	--	--
Foreign exchange forward contracts	--	--
Net exposure to foreign currency risk (liabilities)	--	--

Sensitivity analysis

Particulars	Impact in Profit and loss statement			
	2017-18		2016-17	
	increase by 1%	decrease by 1%	increase by 1%	decrease by 1%
Liabilities				
USD sensitivity	--	--	--	--
Euro sensitivity	--	--	--	--
Assets				
USD sensitivity	7.27	(7.27)	10.22	(10.22)
Euro sensitivity	--	--	--	--
Total	7.27	(7.27)	10.22	(10.22)

C Management of Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset as they fall due. The Company is expected to this risk from its operating activities and financial activities. The Company's approach to managing liability is to ensure, as far as possible that it will have sufficient liquidity to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Liquidity requirements are maintained within the credit facilities established and are available to the company to meet its obligations. The table now provides details regarding the contractual maturities of significant financial liabilities as of the reporting date.

The Andhra Sugars Limited

As at 31st March 2018

Particulars	Contractual cash flows			
	Carrying value	Less than 1 year	1-2 years	More than 2 years
Borrowings (Non current)	14,667.50	-	7,117.75	7,549.75
Other Financial liabilities (Non current)	211.23	-	211.23	-
Current maturities of non-current borrowings	3,260.46	3,260.46	-	-
Trade payables (Current)	2,991.62	2,991.62	-	-
Other financial liabilities(Current)	10,241.57	10,241.57	-	-
	31,372.38	16,493.65	7,328.98	7,549.75

As at 31st March 2017

Particulars	Contractual cash flows			
	Carrying value	Less than 1 year	1-2 years	More than 2 years
Borrowings (Non current)	23,209.10	-	17,997.60	5,211.50
Other Financial liabilities (Non current)	197.51	-	197.51	-
Borrowings (Current)	3,622.03	3,622.03	-	-
Trade payables (Current)	3,886.47	3,886.47	-	-
Other financial liabilities(Current)	10,486.15	10,486.15	-	-
	41,401.26	17,994.65	18,195.11	5,211.50

The Andhra Sugars Limited

	As at 31st March, 2018	As at 31st March, 2017
29. Estimated amount of contracts remaining to be executed on Capital Account and not provided for	417.30	474.46
30. a) Uncalled liability on partly paid shares held as Investments	24.66	24.66
b) Liability on account of membership in Alkali Manufacturers Association of India, a Company limited by Guarantee	0.01	0.01
c) Other Commitments in respect of sale contracts	2353.39	6853.93
31. Claims against the Company not acknowledged as debts relating to the following areas :		
i) Excise	794.85	2666.91
ii) Service Tax	88.59	88.59
iii) Sales Tax	148.21	146.03
iv) Income Tax	21.92	16.90
v) State Levies	13.46	13.46
vi) Suppliers and Service Contract	42.60	42.60
vii) Labour related	5.00	5.00
32. 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	1533.67	1749.06
(b) On letter of Credit opened with banker for purchase of Material	526.60	844.48
(c) Under the provisions of "The Levy Sugar Price Equalization Fund Act, 1976" the excess amount collected over the notified levy sale price pursuant to the interim stay granted by the Courts vests in the fund. In a writ petition No: 1534/76 filed by the Company against these provisions, the High Court of Andhra Pradesh has held that provisions of the said Act are not applicable to the excess collections made prior to 15-6-1972, against which the Union Government filed a civil appeal No: 274/79 before the Supreme Court, which is pending.		
<p>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. 64.39 lakhs (Rs 62.66 lakhs) has not been provided for in the accounts pending final legal decision in the matter. However, an amount of Rs.66.80 lakhs was appropriated during the financial year 2008-2009 by Govt India, New Delhi, against payment of buffer stock subsidy dues, which was protested by the company.</p>		

Notes Forming Part of Accounts

(Rs. in Lakhs)

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

	This year		Previous Year	
	Value	Percentage	Value	Percentage
Imported	4947.48	16	5064.30	21
Indigenous	25450.42	84	19464.88	79
	<u>30397.90</u>	<u>100</u>	<u>24529.18</u>	<u>100</u>

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	43.46	1	449.66	9
Indigenous	5661.18	99	4598.57	91
	<u>5704.64</u>	<u>100</u>	<u>5048.23</u>	<u>100</u>

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

	This year	Previous Year
Capital Goods	2348.96	1558.59
Components and spare parts	2458.65	445.37
Raw - materials	4394.68	4839.82
	<u>9202.29</u>	<u>6843.79</u>

	This year	Previous Year
36. Earnings in foreign exchange on FOB basis:	3089.25	3471.85

37. Expenditure incurred in foreign currency:

	This year	Previous Year
Books, Periodicals & Subscriptions	22.37	5.11
Foreign travel (excluding tickets purchased in India)	76.43	39.39
Delegation fee	7.40	2.82
Bank Charges	8.34	3.06
Interest paid	0.00	5.78

Notes Forming Part of Accounts

(Rs. in Lakhs)

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

	This year	Previous Year
<u>Sugar Cane R & D</u>		
a) Capital Expenditure	55.08	61.52
b) Revenue Expenditure (charged to appropriate heads)	198.24	207.58
<u>General R & D</u>		
a) Capital Expenditure	18.35	--
b) Revenue Expenditure (charged to appropriate heads)	88.90	72.65
	360.56	341.75

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

	This year	Previous Year
Salaries, Wages and Bonus	147.72	95.97
Contribution to Provident, Gratuity and other funds	15.42	11.52
Workmen and Staff Welfare Expenses	0.95	4.73
Power and Fuel	3.59	2.48
Repair to Others	1.32	--
Repairs to Buildings	1.73	0.40
Repairs to P & M	1.90	0.54
Miscellaneous Expenses	2.96	2.07
Depreciation	2.73	2.77
	178.32	120.48

The Andhra Sugars Limited

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

	31.03.2018 Rs.in Lakhs
1. Amount remaining un paid to any " Supplier" at the end of the year,	
(a) Principal amount of bills to be paid	--
(b) Interest due thereon	0.02
2. Payments made to suppliers, during the year, but beyond appointed / agreed by	
(a) Payments made to Suppliers	3.03
(b) Interest paid along with such payments during the year u/s 16 of the Act.	--
3. The amount of interest due and payable for the period of delay in making payment but without adding the interest specified under MSMED Act, 2006	--
4. Amount of interest accrued and remaining unpaid, at the end of each accounting year	0.02
5. Amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of deductible expenditure under section 23 of MSMED Act, 2006	--

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.

41. Loans and Advances include an amount of Rs.3600.00 Lakhs (Rupees Thirty Six Crores only) being the amount given as an Inter Corporate Advances u/s 186 of the Companies Act 2013, to The Andhra Petrochemicals Ltd and Sree Akkamamba Textiles Ltd, on the following terms and conditions.

	The Andhra Petrochemical Ltd	Sree Akkamamba Textiles Ltd
a) Amount of Advance	: Rs.3000.00 Lakhs	Rs.600.00 Lakhs
b) Interest Rate	: 12.00% p.a	11.00% p.a
c) Security	: Unsecured	Unsecured
d) Purpose	: To meet the gap of working capital	To meet the working capital
e) Repayable on	: By the end of March 2019.	By the end of March 2021.

42. RELATED PARTY DISCLOSURES FOR THE PERIOD 01.04.2017 to 31.03.2018.

PARTICULARS DISCLOSED PURSUANT TO "IND. ACCOUNTING STANDARD -24 RELATED PARTY DISCLOSURES"

(A) LIST OF RELATED PARTIES:

1) Subsidiary Companies:

- (a) JOCIL LIMITED
- (b) The Andhra Farm Chemicals Corporation Limited
- (c) Hindustan Allied Chemicals Limited

2) Key Management Personnel (KMP) :

Whole-time Directors and their Immediate Relatives

Dr. B.B.Ramaiah, (upto 14th February, 2018)

Son-Sri B.V.V.S. Ramesh Kumar, Daughter-Smt. Pendyala Jhansi Jayalakshmi.

Sri Pendyala Narendranath Chowdary, Wife-Smt. Pendyala Jhansi Jayalakshmi, Brother-Sri Pendyala Venkata Krishna Rao, Sister-Smt. Sri Balusu Ranganayaki Alias Radhika, Smt. Ethirajulu Rama Lakshmi, Smt. Jujavarapu Usha Rani, Smt. Maddipoti Kamala Devi, Smt. Mullapudi Satyanarayanamma, Smt. Nutakki Anantha Lakshmi.

Sri Mullapudi Narendranath, Wife-Smt. Mullapudi Narayanamma, Sister-Smt. Jayaraman Anantha Lakshmi, Smt. Kosaraju Rama Lakshmi, Smt. Nidadavolu Venkata Ramanamma, Smt. Yelamarthy Narayanamma, Son-Sri Mullapudi Vikram Prasad, Daughter-Smt. Gaddipati Anuradha, Goli Jayashree.

Sri Mullapudi Thimmaraja, Wife-Smt. Mullapudi Renuka, Son-Sri Mullapudi Mrutyumjaya Prasad, Daughter-Smt. Goli Devi.

Sri Pendyala Achuta Ramayya, Wife-Smt. Pendyala Sesha Shailaja, Daughter-Smt. Pendyala Divya Atchmamba, Smt. Pendyala Sruthi Rajeswari.

Sri P.S.R.V.K.Ranga Rao, Mother-Smt. Pendyala Sujatha, Wife-Smt. Pendyala Usha Lakshmi, Son-Chy. Pendyala Prithvi Sri Narendra Rayudu, Daughter-Kum. Pendyala Meghana Sri Sai Sujatha.

Independent Directors :

Sri A.Ranga Rao

Dr. P.Kotaiah

Sri V.S.Raju

Dr.A.V.Rama Rao

Sri P.A.Chowdary

Dr.D. Manjulata

Company Secretary :

Sri M. Palachandra

General Manager (Finance) & Dy. Secretary :

Sri P.V.S. Viswanadha Kumar

3) Enterprises in which Key Management Personnel and/or their relatives are Interested

Andhra Pradesh Gas Power Corporation Limited, Jaya Industries, Jayalakshmi Estates , Jayalakshmi Estates Limited, Jayalakshmi Fertilisers, Jayalakshmi Plastics and Chemicals , Ramaiah & Co., Royal Printing Works, Mullapudi Venkatarayudu Eye Centre, Mullapudi Kamala Devi Cardiovascular Centre, Sree Akkamamba Textiles Limited, Sree Mullapudi Timma Raju Memorial Library & Cultural Centre, Sree Mullapudi Venkataramanamma Memorial Hospital, Sree Rangaraya Estates, Sree Sarvaraya Sugars Limited, Sree Satyanarayana Spinning Mills Limited, Sree Pendyala Venkata Krishna Rangaraya Memorial Trust, Sree Harischandra Prasad Investment & Finance Company Limited, Sree Mullapudi Venkatarayudu Memorial Educational Trust, Sree Mullapudi Venkataraya Memorial Polytechnic, Sree Mullapudi Venkatarayudu Memorial Medical Trust, Sugarfield Constructions Pvt. Limited, The Mullapudi Investment & Finance company Pvt. Limited, Thimmaraja Investment & Finance Company Pvt. Limited, Vibhaas Polymers Pvt. Limited,

4) Associate Company :

The Andhra Petrochemicals Limited

The Andhra Sugars Limited

(B) TRANSACTIONS WITH THE RELATED PARTIES:

Notes Forming Part of Accounts

(Corresponding figures related to 31st March, 2017)

(Rs. in Lakhs)

Particulars	Subsidiary Companies	Entities in which KMP or their relatives have significant influence	Associate Company	Key Management Personnel	Relatives of Key Management Personnel	TOTAL	Out Standing As on 31.03.2018
<u>Purchase of Goods from</u>	61.67	6967.57	0.00	45.28	60.42	7134.93	331.85
	(16.23)	(3894.27)	(0.00)	(7.68)	(2.46)	(3920.64)	(252.20)
JOCIL Limited	29.13						
The Andhra Farm Chemicals Corporation Limited	32.54						
Pendyala Narendranath Chowdary				21.01			
Pendyala Achuta Ramayya				20.62			
Pendyala Sujatha					9.48		
Jujjavarapu Usha Rani					15.32		
Pendyala Venkata Krishna Rao					6.40		
Sribalusu Ranganayaki Alias Radhika					16.49		
B.V.V.S.Ramesh Kumar					12.13		
Andhra Pradesh Gas Power Corporation Limited		6476.67					325.82
Others		490.90		3.65	0.60		6.03
<u>Purchase of Fixed Assets from</u>	137.55	0.00	0.00	0.00	0.00	137.55	-
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	
The Andhra Farm Chemicals Corporation Limited	137.55						
<u>Inter Corporate Loans given to</u>	0.00	600.00	0.00	0.00	0.00	600.00	3600.00
	(1500.00)	(0.00)	(2500.00)	(0.00)	(0.00)	(4000.00)	(4000.00)
The Andhra Petrochemicals Limited							3000.00
Sree Akkamamba Textiles Limited		600.00					600.00
<u>Inter Corporate Loans re-payment from</u>	0.00	1000.00	0.00	0.00	0.00	1000.00	-
	(1500.00)	(0.00)	(0.00)	(0.00)	(0.00)	(1500.00)	
The Andhra Petrochemicals Limited		1000.00					
<u>Fixed Deposits Received from :</u>	160.00	0.00	0.00	1402.00	2114.80	3676.80	15713.90
	(0.00)	(0.00)	(0.00)	(649.00)	(1047.60)	(1696.60)	(13340.10)
Hindustan Allied Chemicals Limited	160.00						160.00
Dr. B.B.Ramaiah				200.00			
Mullapudi Narendranath				370.00			
Mullapudi Thimmaraja				185.00			
Pendyala Narendranath Chowdary				337.00			2563.45
P.S.R.V.K. Ranga Rao				200.00			
B.V.V.S.Ramesh Kumar					570.00		
Others				110.00	1544.80		12990.45

Particulars	Subsidiary Companies	Entities in which KMP or their relatives have significant influence	Associate Company	Key Management Personnel	Relatives of Key Management Personnel	TOTAL	Out Standing As on 31.03.2018
<u>Fixed Deposits repaid on maturity/cancellation</u>	0.00 (142.25)	0.00 (0.00)	0.00 (0.00)	886.00 (198.00)	417.00 (145.45)	1303.00 (485.70)	--
Dr. B.B.Ramaiah				510.00			
Mullapudi Narendranath				110.00			
Pendyala Achuta Ramayya				236.00			
B.V.V.S.Ramesh Kumar					250.00		
Dr. B.B. Ramaiah Huf					60.00		
Mullapudi Renuka					80.00		
Others				30.00	27.00		
<u>Loans Received from Directors</u>	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	135.00 (50.00)	0.00 (0.00)	135.00 (50.00)	99.64 (124.64)
P.S.R.V.K. Ranga Rao				135.00			
<u>Loans re-paid to Directors</u>	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	160.00 (117.00)	0.00 (0.00)	160.00 (117.00)	--
Dr. B.B.Ramaiah				100.00			
Pendyala Achuta Ramayya				20.00			
P.S.R.V.K. Ranga Rao				40.00			
<u>Services Rendered by</u>	0.00 (3.67)	19.90 (20.02)	0.00 (0.00)	31.16 (27.58)	2.26 (2.07)	53.31 (53.34)	--
Mullapudi Thimmaraja				5.42			
Royal Printing Works				25.74			
Mullapudi Mrutyumjaya Prasad					2.26		
Sree Mullapudi Venkataramanamma							
Memorial Hospital		13.04					
Others		6.86					
<u>Sale of Goods to</u>	21.42 (246.87)	2396.03 (974.12)	99.93 (67.23)	0.00 (0.00)	0.00 (0.00)	2517.38 (1288.22)	206.88 (214.17)
JOCIL LIMITED	21.42						
The Andhra Petrochemicals Limited			99.93				
Jayalakshmi Fertilisers		754.37					204.33
Sri Sarvaraya Sugars Ltd.,		1627.30					
Others		14.36					2.55
<u>Services Rendered to</u>	0.00 (0.00)	13.65 (0.11)	0.89 (0.81)	0.00 (0.00)	0.00 (0.00)	14.54 (0.92)	--
The Andhra Petrochemicals Limited			0.89				
Sri Sarvaraya Sugars Ltd.,		13.56					
Others		0.09					

The Andhra Sugars Limited

Particulars	Subsidiary Companies	Entities in which KMP or their relatives have significant influence	Associate Company	Key Management Personnel	Relatives of Key Management Personnel	TOTAL	Out Standing As on 31.03.2018
<u>Interest Paid on Fixed Deposits</u>	11.48 (4.56)	0.00 (0.00)	0.00 (0.00)	367.28 (327.75)	1132.90 (1037.78)	1511.66 (1370.09)	348.89 (305.98)
Hindustan Allied Chemicals Limited	11.48						3.55
Pendyala Narendranath Chowdary				250.00			50.26
Pendyala Jhansi Jaya Lakshmi					151.78		35.78
Pendyala Sujatha					126.11		29.40
Others				117.28	855.01		229.90
<u>Interest paid to Directors</u>	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	12.68 (13.19)	0.00 (0.00)	12.68 (13.19)	2.01 (2.92)
Dr. B.B.Ramaiah				8.81			
P.S.R.V.K. Ranga Rao				2.40			1.84
Others				1.47			0.17
<u>Independent Directors Sitting Fee Paid to</u>	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	10.70 (12.04)	0.00 (0.00)	10.70 (12.04)	--
A.Ranga Rao				2.60			
V.S.Raju				2.65			
Sri P.A.Chowdary				2.80			
Others				2.65			
<u>Remuneration (including Comm.) paid to</u>	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	1614.08 (1729.12)	16.30 (14.48)	1630.38 (1743.60)	1256.88 (1475.32)
Dr. B.B.Ramaiah				397.13			282.81
Mullapudi Narendranath				240.97			203.00
Mullapudi Thimmaraja				240.92			203.00
Pendyala Achuta Ramayya				233.84			202.19
Pendyala Narendranath Chowdary				401.20			325.20
Others				100.02			39.77
Mullapudi Mrutyumjaya Prasad					6.65		0.41
Mullapudi Vikram Prasad					9.65		0.50
<u>Donations paid to</u>	0.00 (0.00)	10.00 (140.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	10.00 (140.00)	--
Sree Pendyala Venkata Krishna Rangaraya Memorial Trust		10.00					
<u>Contribution towards CSR Expenses</u>	0.00 (0.00)	147.00 (99.88)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	147.00 (99.88)	--
Sree Mullapudi Venkataramanamma Memorial Hospital		70.00					
Mullapudi Kamala Devi Cardiovascular Centre		28.00					
Sree Mullapudi Venkataraya Memorial Polytechnic		24.00					
Sree Mullapudi Timma Raju Memorial Library & Cultural Centre		25.00					

Particulars	Subsidiary Companies	Entities in which KMP or their relatives have significant influence	Associate Company	Key Management Personnel	Relatives of Key Management Personnel	TOTAL	Out Standing As on 31.03.2018
<u>Dividend Paid to</u>	0.00	153.40	0.00	391.86	696.04	1241.30	--
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	
Mullapudi Narendranath				108.90			
Mullapudi Thimmaraja				81.70			
Pendyala Achuta Ramayya				46.75			
Pendyala Narendranath Chowdary				67.70			
P.S.R.V.K. Ranga Rao				64.41			
Pendyala Jhansi Jaya Lakshmi					97.03		
Pendyala Sujatha					81.41		
Others					517.60		
Sree Akkamamba Textiles Limited		30.19					
Sree Mullapudi Venkataramanamma Memorial Hospital		89.03					
Others		34.18		22.40			
<u>Dividend Received from</u>	146.60	1.40	0.00	0.00	0.00	148.00	--
	(0.00)	(2.80)	(0.00)	(0.00)	(0.00)	(2.80)	
JOCIL Limited	146.60						
Sree Akkamamba Textiles Limited		1.40					
<u>Interest Received on Inter Corporate Loan</u>	0.00	2.17	479.67	0.00	0.00	481.84	--
	(27.39)	(0.00)	(393.70)	(0.00)	(0.00)	(421.09)	
Sree Akkamamba Textiles Limited		2.17					
The Andhra Petrochemicals Limited			479.67				
C) Balances as at 31-03-2018:							
<u>Share Capital held by the Company, in</u>	479.10	17530.25	3660.56	0.00	0.00	21669.91	--
	(479.10)	(7162.84)	(3660.56)	(0.00)	(0.00)	(11302.50)	
JOCIL Limited	441.79						
Others	37.31						
The Andhra Petrochemicals Limited			3660.56				
Andhra Pradesh Gas Power Corporation Limited		17358.99					
Sree Akkamamba Textiles Limited		171.26					
<u>Share Capital of the Company held by</u>	0.00	153.40	0.00	391.86	696.04	1241.30	--
	(0.00)	(154.20)	(0.00)	(391.63)	(678.16)	(1223.99)	
Mullapudi Narendranath				108.90			
Mullapudi Thimmaraja				81.70			
Pendyala Achuta Ramayya				46.75			
Pendyala Narendranath Chowdary				67.70			
P.S.R.V.K. Ranga Rao				64.41			
Pendyala Jhansi Jaya Lakshmi					97.03		
Pendyala Sujatha					81.41		
Others					517.60		
Sree Akkamamba Textiles Limited		30.19					
Sree Mullapudi Venkataramanamma Memorial Hospital		89.03					
Others		34.18		22.40			

Independent Auditor's Report

To the Members of THE ANDHRA SUGARS LIMITED, TANUKU

Report on Consolidated Ind AS Financial Statements:

We have audited the accompanying consolidated Ind AS financial statements of The Andhra Sugars Limited (the "Holding Company"), its subsidiaries and its associate (collectively referred to as "the Group"), comprising of the Consolidated Balance sheet as at 31st March, 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flow and the Consolidated Statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements:

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the Indian Accounting Standards (IND AS) prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued there under and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting the frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated

Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the consolidated state of affairs of the Group as at 31st March, 2018, and their consolidated profit including other

comprehensive income, its consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Other matter

- (a) We did not audit the financial statements of three subsidiaries whose financial statements reflect total assets of Rs.21,434.40 lacs as at March 31, 2018, total revenues of Rs.34,845.68 lacs and net cash outflows amounting to Rs.354.87 lacs for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind AS financial statements also include the Group's share of net profit (including one associate) of Rs.1,871.06 lacs and total comprehensive income of Rs.1,634.46 for the year ended March 31, 2018, as considered in the consolidated Ind AS financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associates and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associates is based solely on the reports of the other auditors
- (b) The comparative financial information for the year ended March 31, 2017 in respect of three subsidiaries and one associates included in this consolidated Ind AS financial statements prepared in accordance with the Ind AS have been audited by the predecessor auditor. The report of the predecessor auditor on the comparative financial information expressed an unmodified opinion.
- (c) The comparative financial information of the Group, associates and joint ventures for the year ended March 31, 2017 prepared in accordance with Ind AS included in these consolidated Ind AS financial statements have been audited by the predecessor auditor. The report of the predecessor auditor on the comparative financial information dated May 27, 2017 expressed an unmodified opinion. Our report is not modified in respect of this matter.

Our opinion on the consolidated Ind AS financial statements above, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

- 1) As required by Section 143(3) of the Act, we report to the extent applicable, that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books.
 - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement and Consolidated Statement of changes in equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
 - d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards (IND AS) prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued there under and other accounting principles generally accepted in India.
 - e) On the basis of written representations received from the directors of the Holding Company as on 31st March, 2018 taken on record by the Board of Directors of the Holding Company, and the reports of the statutory auditors of its subsidiary companies and its associate incorporated in India, none of the directors of the Group Companies and its associate incorporated in India is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164(2) of the Companies Act;
 - f) With respect to the adequacy of Internal Financial Controls over Financial Reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure-A", and
 - g) With respect to the other matters to be included in the Auditor's report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

The Andhra Sugars Ltd. - Group Consolidated Financial Statements

- i. The Consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer Note 31 to the Consolidated Ind AS financial statements;
- ii. The Group did not have any material foreseeable losses on long term contracts including derivative contracts;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, and its Subsidiaries incorporated in India.

For M/s K.S RAO & Co.,
Chartered Accountants
Firm Registration No. 003109S
K. VAMSI KRISHNA
Partner
ICAI Membership No.238809

Camp : Tanuku
Date : 30.05.2018

ANNEXURE-A TO THE INDEPENDENT AUDITOR'S REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of the company as of and for the year ended 31st March 2018, we have audited the internal financial controls over financial reporting of The Andhra Sugars Limited ("the Holding company") and its subsidiary companies which are incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company, its Subsidiaries and its Associate, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements. Inherent

The Andhra Sugars Ltd. - Group Consolidated Financial Statements

Limitations of Internal Financial Controls over Financial Reporting Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company, its Subsidiaries and Associate which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For M/s K.S RAO & Co.,
Chartered Accountants
Firm Registration No. 003109S

Camp :Tanuku
Date : 30.05.2018

K. VAMSI KRISHNA
Partner
ICAI Membership No.238809

The Andhra Sugars Ltd. - Group Consolidated Financial Statements

CONSOLIDATED BALANCE SHEET AS ON 31ST MARCH 2018

(Rupees in lakhs)

Particulars	Notes	As At 31st March 2018	As At 31st March 2017
ASSETS			
Non-current assets			
Property, Plant and Equipment	2	64888.48	65727.41
Capital Work-in-progress		9847.06	2966.31
Investment Property	2.1	7.48	9.45
Other Intangible Assets	2.1	135.02	29.10
Financial Assets			
Investments	3	23241.53	25805.50
Loans	4	400.00	4000.00
Others Financial Assets	5	65.26	109.21
Other Non-current Assets	6	3025.14	3544.39
Current assets			
Inventories	7	28010.43	30242.79
Financial Assets		--	--
Investments	8	2812.54	9980.57
Trade Receivables	9	17637.99	18488.59
Cash and cash equivalents	10	3519.58	2456.47
Other Bank balances		1510.53	1805.86
Loans	11	3200.00	100.02
Other Financial Assets	12	257.86	295.29
Current Tax Assets	27	1403.79	810.88
Other Current assets	13	3282.22	5215.03
Assets classified as held for Sale		--	47.91
Total Assets		163244.91	171634.78
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	14	2711.01	2711.01
Other Equity	15	96034.41	90564.04
Equity attributable to the equity holders of the company		98745.42	93275.05
Non-controlling interests		7787.99	7597.00
Total Equity		106533.41	100872.05
Deferred Government Grant	16	862.25	1212.17
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
Borrowings	17	14507.50	23209.10
Trade Payables			
Other financial liabilities	18	220.14	206.42
Provisions	19	1621.92	754.49
Deferred Tax Liabilities	26	11709.13	11676.06
Other non-current liabilities	20	4239.79	4111.27
Current liabilities			
Financial Liabilities			
Borrowings	21	3925.95	6463.90
Trade payables	22	4338.02	7123.33
Other financial liabilities	23	10477.88	10741.33
Other current liabilities	24	4014.97	4566.00
Provisions	25	793.95	698.66
Current tax Liabilities	27		
Total Equity and Liabilities		163244.91	171634.78

The Accompanying Notes are an Integral Part of the Financial Statements.

As per our report of even date
for K.S. Rao & Co.,
Chartered Accountants
Firm Regn. No. 003109S
K. Vamsi Krishna
Partner M. Palachandra
Membership No: 238809

For and on behalf of the Board of Directors...
of The ANDHRA SUGARS LTD,

P. Narendranath Chowdary
A. Ranga Rao
Company Secretary
P.V.S. Viswanadha Kumar

Managing Director
Director
G.M.(Finance) & Dy. Secretary

Tanuku
Date: 30.05.2018

Tanuku
30.05.2018

STATEMENT OF CONSOLIDATED PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2018
(Rs. in Lakhs)

PARTICULARS	Notes	Current Reporting Period 2017-18	Previous Reporting Period 2016-17
Income			
I Revenue from operations (Gross)	28	133250.06	137951.43
II Other Income	29	2830.53	2627.66
III Total Revenue (I + II)		136080.59	140579.09
IV Expenses			
Cost of raw materials consumed	30	54150.14	52038.52
[Increase]/Decrease in Inventories of finished goods, Work-in-progress.	31	5054.48	4780.63
Employee Benefits expense	32	12371.43	11594.08
Power and Fuel		21556.68	21249.56
Excise duty		2490.49	10087.96
Finance Costs	33	3131.36	2574.29
Depreciation and amortization expense	34	5516.58	5127.24
Other expenses	35	16619.69	16200.99
Total Expenses (IV)		120890.85	123653.27
V Profit/(Loss) Before Exceptional items & Tax (III-IV)		15189.74	16925.82
VI Exceptional Items		--	--
VII Profit/(Loss) Before Tax (V-VI)		15189.74	16925.82
VIII Profit from Associate		1591.72	(251.96)
IX Add : Income Tax Refund			
Add : Income Tax Excess Provision Credited Back		104.93	2.01
Add : Short Entitlement of MAT Credit		371.38	--
Less : Tax expenses			
Current tax		4032.53	3593.03
MAT Credit Entitlement		(9.20)	(1553.48)
Deferred tax		1379.47	2158.96
Total tax expense		4926.49	4196.50
X Profit/(Loss) for the year after tax (VII + VIII - IX)		11854.97	12477.36
Less:-			
XI Minority Interest		200.63	336.04
XII Profit/(Loss) After Minority Interest (X-XI)		11654.33	12141.32
Other Comprehensive Income			
i) Items that will not be reclassified to P&L		(4196.63)	3619.22
ii) Income Tax Relating to Items that will not be Reclassified to Profit or Loss		1811.06	(888.30)
Share of OCI from Associate		(401.27)	119.97
Total Other comprehensive Income	36	(2786.84)	2850.89
Less: Non Controlling Interest		134.56	60.66
Other Comprehensive Income after Controlling Interest		(2921.40)	2790.23
Total Comprehensive Income		9068.13	15328.24
Less: Non Controlling Interest		335.19	396.70
Total Comprehensive Income after Non Controlling Interest		8732.93	14931.54
Basic Earning Per Share		42.99	44.79
Diluted Earning Per Share		42.99	44.79

The Accompanying Notes are an Integral Part of the Financial Statements.

Firm Regn. No. 003109S

As per our report of even date for BRAHMAYYA & Company

Chartered Accountants

Firm Regn. No. 003109S

K. Vamsi Krishna, Partner

Membership No: 238809

Camp: TANUKU

Date: 30-05-2018

P. Narendranath Chowdary

For and on behalf of the Board of Directors of THE ANDHRA SUGARS LTD,

P Narendranath Chowdary

A. Ranga Rao

M. Palachandra

P.V.S. Viswanadha Kumar

TANUKU

Date: 30-05-2018

Managing Director

Managing Director

Director

Company Secretary

G.M.(Finance) & Dy. Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2018 (Rupees in lakhs)

Particulars	Figures for the current reporting period '31st March 2018	Figures for the previous reporting period '31st March 2017
Profit before tax from continuing operations	15,189.74	16,925.82
Adjustments for		
Net gain on sale of current investments	(786.68)	(152.49)
Net gain on revaluation of current investments	(3.04)	(158.84)
Interest expense	3,134.91	2,586.08
Interest income	(857.64)	(954.24)
Dividend income	(7.87)	(16.01)
Loss Allowance provided	4.70	(27.54)
Government Grant amortised	(349.91)	(431.83)
Depreciation/amortization on continuing operation	5,516.59	5,127.24
Impairment/other write off on tangible/intangible assets	0.17	0.35
Loss/[profit] on sale of fixed assets	(175.11)	(1.47)
Remeasurement of defined benefit plans	(442.22)	(490.28)
Preliminary expenses written off	0.94	
Operating profit before working capital changes	21,224.57	22,406.78
Movements in working capital:		
Increase/[decrease] in trade payables	(2,937.71)	3,862.88
Increase/[decrease] in long-term provisions	875.44	236.71
Increase/[decrease] in short-term provisions	74.15	(40.00)
Increase/[decrease] in other liabilities (current)	(655.39)	2,268.91
Increase/[decrease] in other financial liabilities (non-current)	13.72	15.32
Increase/[decrease] in other liabilities (non-current)	235.89	(237.88)
Decrease/[increase] in trade receivables	1,559.78	(3,906.36)
Decrease/[increase] in inventories	2,232.36	3,850.87
Decrease/[increase] in short-term loans and advances	4.13	0.20
Decrease/[increase] in long-term loans and advances	(39.81)	26.84
Decrease/[increase] in other current assets	1,343.82	(1,463.63)
Decrease/[increase] in other financial assets (current)	(14.09)	(22.37)
Cash generated from/[used in] operations	23,916.86	26,998.28
Direct taxes paid [net of refunds]	3,675.29	2,456.96
Net cash flow from/[used in] operating activities (A)	20,241.57	24,541.32
Cash flows from investing activities		
Purchase of fixed assets, including intangible assets, CWIP and capital advances	(11,144.39)	(15,900.11)
Proceeds from sale of fixed assets	235.88	2.65
Proceeds of non-current investments	--	0.01
Purchase of non-current investments	--	(1,002.50)
Purchase of current investments	(35,406.39)	(25,349.99)
Proceeds from sale/maturity of current investments	43,044.16	15,828.11
Proceeds from repayment of Inter-corporate loans	245.02	199.98
Interest received	857.64	954.24
Dividends received from subsidiary company	146.60	
Dividends received from Long- Term investments	1.48	--
Dividends received from Current Investments	6.39	16.01
Other Bank Balances	295.33	(647.46)
Net cash flow from/[used in] investing activities (B)	(1,718.28)	(25,899.05)
Proceeds from non-current borrowings	(10,901.71)	9,372.04
Inter-corporate loan	255.00	(2,500.00)
Proceeds from borrowings (Current)	(361.57)	(2,281.14)
Interest paid	(2,898.46)	(2,196.12)
Dividends paid including Interim Dividend	(3,031.46)	--
Tax on equity dividend paid	(521.99)	--
Net cash flow from/[used in] in financing activities [C]	(17,460.19)	2,394.78

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Net increase/[decrease] in cash and cash equivalents (A+B+C)	1,063.12	1,037.05
Cash and cash equivalents at the beginning of the year	2,341.47	1,304.42
Cash and cash equivalents at the end of the year	3,404.58	2,341.47
Components of cash and cash equivalents		
Cash on hand	14.89	66.95
Cheques/drafts on hand	757.84	130.05
With banks Accounts	1,845.85	2,144.47
Fixed Deposits (Short Term)	786.00	
Total cash and cash equivalents (Note 10)	3,404.59	2,341.47

The Accompanying Notes are an Integral Part of the Financial Statements.

As per our report of even date
for K.S. Rao & Co.,
Chartered Accountants
Firm Regn. No. 003109S
K. Vamsi Krishna
Partner
Membership No: 238809

For and on behalf of the Board of Directors...
of The ANDHRA SUGARS LTD,

P. Narendranath Chowdary
A. Ranga Rao
M. Palachandra
P.V.S. Viswanadha Kumar

Managing Director
Director
Company Secretary
G.M.(Finance) & Dy. Secretary

Tanuku
Date: 30.05.2018

Tanuku
30.05.2018

Ind AS policies of consolidated financial statements

Note 1: Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the group consisting of The Andhra Sugars Limited (the 'Company') and its subsidiaries.

(a) Basis of preparation

Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

1. certain financial assets and liabilities and contingent consideration that is measured at fair value;
2. assets held for sale - measured at fair value less cost to sell;
3. defined benefit plans - plan assets measured at fair value; and
4. share-based payments

(b) Principles of consolidation and equity accounting

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group.

The group combines the financial statements of its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

(ii) Associates

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iii) below), after initially being recognised at cost.

(iii) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit and loss, and the group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The Andhra Sugars Ltd. - Group Consolidated Financial Statements

(iv) Changes in ownership interests

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(c) **Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

(d) **Revenue Recognition**

Revenue is measured at the fair value of the consideration received or receivable and net of returns, trade allowances rebates and amounts collected on behalf of third parties. It includes Excise Duty but excludes Value Added Tax, Sales Tax and Service tax.

Sale of products:

Revenue from sale of products is recognized, when significant risks and rewards of ownership pass to the dealer / customer, as per terms of contract and it is probable that the economic benefits associated with the transaction will flow to the Company. Internal Transfers from one unit to the other unit are recognized at Market value of the Product/Service at the Time of Transfer.

Interest Income:

Interest income from debt instruments is recognized using the effective interest rate method and is accrued on a time basis. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying value of a financial asset. While calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options), but does not consider the expected credit losses.

Dividends:

Dividends are recognized in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of dividend can be reliably measured.

(e) **Government Grants**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

(f) Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, branches and associates and interest in joint arrangements where the group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, branches and associates and interest in joint arrangements where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

- (g) Leases
- (h) Impairment
- (i) Cash and Cash Equivalents
- (j) Trade Receivables
- (k) Inventories
- (l) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised.

A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group)

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is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit and loss.

(m) Investments and other financial assets

(i) Classification

The group classifies its financial assets in the following measurement categories:

1. those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
2. those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

(n) Debt instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

1. Amortised cost : Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
2. Fair value through other comprehensive income (FVOCI) : Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and

loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

3. Fair value through profit or loss : Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

(o) Equity instruments

The group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/ (losses) in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(p) Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Transition to Ind AS

On transition to Ind AS, the group has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of certain leased furniture, fittings and equipment, the shorter lease term as follows:

1. Freehold buildings 25-40 years
2. Machinery 10-15 years
3. Furniture, fittings and equipment 3-5 years

The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term.

Schedule II

The useful lives have been determined based on technical evaluation done by the management's expert which are higher than those specified by Schedule II to the Companies Act; 2013, in order to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/(losses).

(q) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the group, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment properties are depreciated using the straight-line method over their estimated useful lives. Investment properties generally have a useful life of 25-40 years. The useful life has been determined based on technical evaluation performed by the management's expert.

Transition to Ind AS

On transition to Ind AS, the group has elected to continue with the carrying value of all of its investment properties recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of investment properties.

Statement of Changes in Equity for the year ended 31st March 2018

A. Equity share capital

(Rs.in Lakhs)

Particulars	No's	INR
As at 31st March, 2017	271.10	2711.01
Changes in equity share capital	0.00	0.00
As at 31st March, 2018	271.10	2711.01

B. Other Equity

Particulars	Reserves and Surplus						Other Items of Other Comprehensive Income			Total
	Capital Reserve	Capital Redemption Reserve	Forfeited Debentures	Securities Premium Reserve	Other Reserves (General reserve)	Retained Earnings	Equity instruments through Other Comprehensive Income	Actuarial Gains/ losses	Deferred Tax on OCI Items	
Balance at the end of reporting period - 31st March 2017	74.27	3.84	0.30	1,560.70	50,543.71	26,160.20	14,297.95	(577.33)	(1499.60)	90,564.04
Profit for the period						11,654.33				11,654.33
Other Comprehensive Income							(4,293.07)	(439.39)	1811.06	(2,921.40)
Total Comprehensive Income for the year						11,654.35	(4,293.07)	(439.39)	1811.06	8,732.93
Transfer To/From General Reserve					1,000.00	(1,166.16)	166.16			-
Final Dividends						(2,710.71)				(2,710.71)
Dividend Distribution tax						(551.85)				(551.85)
Balance at the end of reporting period - 31st March 2018	74.27	3.84	0.30	1,560.70	51,543.71	33,385.81	10,171.04	(1016.72)	311.46	96,034.41

Note No -2

Property, Plant and Equipment

(Rs.in Lakhs)

Description	Gross as on 31st March 2017	Additions during 2017-18	Disposal during 2017-18	Gross cost as on 31st March 2018	Dep upto 16-17	Dep for 17-18	Dep on Deductions for 17-18	Dep.upto 31st March 2018	WDV as on 31st March 2018	WDV as on 31st March 2017
Land	3,880.51	97.55	-	3,978.06	-	-	-	-	3,978.06	3,880.51
Buildings	5,778.13	1,041.89	-	6,820.02	547.49	313.54	-	861.03	5,958.99	5,230.64
Plant & Machinery	62,083.12	2,760.46	132.98	64,710.60	8,814.99	4,622.44	37.95	13,399.48	51,311.12	53,268.17
Transport Equipment	4,261.93	785.29	34.91	5,012.31	1,138.42	465.22	21.34	1,582.30	3,430.01	3,123.51
Furniture & Fittings	428.62	75.56	0.23	503.95	204.04	89.66	0.05	293.65	210.30	224.58
TOTAL	76,432.31	4,760.75	168.12	81,024.94	10,704.94	5,490.86	59.34	16,136.46	64,888.48	65,727.41
Previous Year Total:	56653.36	19828.39	49.44	76,432.31	5584.79	5120.15		10,704.94	65,727.41	

Note No. 2.1

PARTICULARS	Gross cost on 31st March 2017	Additions 2017-18	Disposal during 2017-18	as on 31st March 2018	Dep.upto 31st March 2017	Dep for FY 2017-18	Dep on Deductions for 17-18	Dep.upto 31st March 2018	WDV as on 31st March 2018	WDV as on 31st March 2017
Intangible Assets	43.50	132.38	-	175.88	14.40	26.46	-	40.86	135.02	29.10
Previous Year Total	42.45	1.05	-	43.5	7.09	7.31	-	14.40	29.10	
Investment Property	15.58	-	-	15.58	6.12	1.98	-	8.10	7.48	9.45
Previous Year Total	15.58	-	-	15.58	3.50	2.63		6.13	9.45	

Particulars	31st March 2018	31st March 2017
Capital work-in-progress	9,701.17	2,738.42
Total	9,701.17	2,738.42

Note : Depreciation Capitalised for an amount of Rs.2.73 Lakhs in The Andhra Sugars Limited.(Parent Company)

Note-3

(Rs. in Lakhs)

Non-current Investments	As at 31st March 2018	As at 31st March 2017
1) Investment in Associate: 2,90,94,594 (31st March 2017: '2,90,94,594) fully paid Equity Shares of Rs.10/- each in The Andhra Petrochemicals Ltd.,	5681.92	4169.42
2) Investment in Other Companies		
a) 38,704 (31st March 2017: 38,704) fully paid Equity Shares of Rs.10/- each in Andhra Bank	16.1	22.43
b) 1391 (31st March 2017: 1391) Equity Shares of Rs.10/- each , fully paid up in Indian Bank (Quoted)	4.17	3.87
c) 200 (31st March 2017 : 200)Equity Shares of Rs. 10 each fully Paid -Up in The Industrial Finance Corporation of India	0.04	0.06
d) 11,360 (31st March 2017 : 200) Equity Shares of Rs.10 each fully paid up in Industrial Development Bank of India	8.2	8.53
3) TRADE INVESTMENTS		
a) 1,40,000 (31st March 2017: 1,40,000) fully paid Equity Shares of Rs.10/- each in Sree Akkamamba Textiles Ltd.,	171.26	70.00
b) 1,10,04,080 (31st March 2017 : 1,10,04,080) fully paid Equity shares of Rs.10/- each in Andhra Pradesh Gas Power Corporation Ltd.,	17358.98	21530.33
4) Investment in Govt Securities :-		
a) National Plan Saving Certificates (lodged with Govt. Department towards Security)	0.86	0.87
Total	23241.53	25805.50

Aggregate amount of un quoted Investments	17531.10	21601.20
Aggregate amount of quoted investments	5,710.43	4,204.31
Total	23,241.53	25,805.50
Aggregate Market value of quoted investments	16,728.81	7,439.46
Aggregate Book value of quoted investments (cost)	3,801.50	3,801.50
Aggregate amount of impairment in value of investments	-	-

Details of Material Associate

(Rs. in Lakhs)

Name of the associate	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest/voting rights	
			As at 31st March 2018	As at 31st March 2017
The Andhra Petrochemicals Limited	Manufacturers of Oxo Alcohols	India	34.23	34.23

Pursuant to a shareholding agreement, the group has the right to cast 34.23% of the votes at shareholders meeting of The Andhra Petrochemicals Ltd.

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Details of material Subsidiaries

(Rs. in Lakhs)

Name of the Subsidiaries	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest/voting rights	
			As at 31st March 2018	As at 31st March 2017
Jocil Limited	Manufacturers of Fatty acids & Generation of Power	India	55.03	55.03
The Andhra farm Chemicals Corporation Limited	Manufacturers of Hydrozine Hydrite	India	76.83	76.83
Hindustan Allied Chemicals Limited	NIL	India	77.36	77.36

Current Investments	As at 31st March 2018	As at 31st March 2017
Investment in Liquid / Debt Mutual Funds		
HDFC Mutual Fund	---	505.40
Birla Sun Life Mutual Fund	400.61	3,310.22
Reliance Mutual Fund	300.45	3,022.41
ICICI Mutual Fund	---	1,855.76
UTI Mutual Fund	300.62	446.69
L & T Mutual Fund	---	336.85
SBI Mutual Fund	300.50	500.14
Baroda Pioneer Mutual Fund	500.86	---
HDFC-Liquid funds- Dividends-Daily Reinvest	1,009.50	3.10
TOTAL	2,812.54	9,980.57

Category wise investments- as per Ind AS 109 classification

(Rs. in Lakhs)

	As at 31st March 2018	As at 31st March 2017
Financial assets carried at fair value through profit or loss(FVTPL)		
Mandatorily measured at FVTPL	2,809.50	9,819.74
Financial assets carried at amortised cost		
Debt/equity instrument	26,525.96	27,146.23
Financial assets measured at FVTOCI		
Debt/equity instrument	10,898.91	10,898.91
TOTAL	40,234.37	47,864.88

Reasons for classification of financial assets as per Ind AS 107:

(a) The company has classified all the current investments under fair value through profit or loss as they are held for trading. "(b) For Non current investments which are not held primarily for trading, the company has elected an irrevocable option of classifying them as fair value through other comprehensive income. "(c) Accounting for investments in Subsidiaries and Associates are mentioned in policy J of note:1.1

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Details of Material Associates

(Rs. in Lakhs)

Name of the associate	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest/voting rights	
			As at 31st March 2018	As at 31st March 2017
The Andhra Petrochemicals Limited	Manufacturers of Oxo Alcohols	India	33.05	33.05

Pursuant to a shareholding agreement, the company has the right to cast 33.05% of the votes at shareholders meeting of The Andhra Petrochemicals Ltd.

Details of material Subsidiaries

(Rs. in Lakhs)

Name of the Subsidiaries	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest/voting rights	
			As at 31st March 2018	As at 31st March 2017
1. Jocil Limited	Manufacturers of Fatty acids & Generation of Power	India	55.03	55.03
2. The Andhra farm Chemicals Corporation Limited	Manufacturers of Hydrazine Hydrate	India	76.83	76.83
3. Hindustan Allied Chemicals Limited	NIL	India	77.36	77.36

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Note -4

(Rs. in Lakhs)

Loans (Non-Current)	As at 31st March, 2018	As at 31st March, 2017
Security Deposit (A)		
Loans to related parties		
Unsecured, considered good (B)	400.00	4000.00
	400.00	4000.00
Total [A+B]	400.00	4000.00

Note -5

Other Financial Assets(Non-Current)	As at 31st March, 2018	As at 31st March, 2017
Security Deposits with government authorities	65.26	109.21
Total	65.26	109.21

Note -6

Other Non-current Assets	As at 31st March, 2018	As at 31st March, 2017
Capital Advances [A]	632.18	1145.63
	632.18	1145.63
Advances other than Capital Advances		
Security Deposits (B)	2246.51	2207.26
	2246.51	2207.26
Prepaid expenses	14.43	13.87
Unamortized expenditure	—	0.94
Balance with Statutory/government Authorities		
Balance in Gratuity Fund (net of obligations) (C)	132.02	176.69
	146.45	191.50
Total [A+B+C]	3025.14	3544.39

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Note -7

(Rs. in Lakhs)

Inventories (valued at lower of cost and net realizable value)	As at 31st March, 2018	As at 31st March, 2017
Raw materials and components at Cost	5759.37	3848.62
Work-in-progress		
: At Cost	1232.86	2476.45
: At Estimated Realisable Value	34.55	18.72
Finished goods		
: At Cost	3178.40	13904.48
: At Estimated Realisable Value	12413.47	5514.11
Stores and spares at Cost (includes in transit)	5337.40	4416.43
Loose tools	37.96	35.61
Others	16.42	28.37
Total	28010.43	30242.79

The cost of inventories recognized as an expense during the year in respect of continuing operations was Rs. 62500.29 Lakhs for the year ended 31st March 2018 and Rs. 60477.49 Lakhs for the year ended 31st March 2017.

The mode of valuation of inventories has been stated in note "K" in significant accounting policies.

Note -8

Current Investments	As at 31st March, 2018	As at 31st March, 2017
Investment in Mutual Funds	2812.54	9980.57
	2812.54	9980.57

Note -9

Trade Receivables (Current)	As at 31st March, 2018	As at 31st March, 2017
Secured, considered good	92.00	46.29
Unsecured, considered good (Less than 6 Months from Due Date)	16838.02	17784.65
Unsecured, considered good (More Than 6 Months)	735.00	679.98
Doubtful	161.90	161.90
Less:	17826.92	18672.82
Provision for doubtful receivables	161.90	161.90
Loss allowance provided	27.03	22.33
Total	17637.99	18488.59

Ageing	Expected credit loss %
Within the credit period	Nil
Up to 60 days past due	0.25
60-90 days past due	0.50
more than 90 days past due	1.00

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(Rs. in Lakhs)

Age of receivables	As at 31st March, 2018	As at 31st March, 2017
Less than 6 months	16930.02	17830.94
More than 6 Months	735.00	679.98

Note -10

Cash and cash equivalents	As at 31st March, 2018	As at 31st March, 2017
Cash and Cash Equivalents :		
Balances with Banks:		
On current accounts	1845.85	2144.47
Other Deposits	901.00	115.00
Cheques/drafts on hand	757.84	130.05
Cash on hand	14.89	66.95
(A)	3519.58	2456.47
Other Bank Balances :		
For more than 3 months but less than 12 months	5.60	5.60
On Unpaid dividend account	156.98	126.55
Earmarked Balances with Banks(15% Liquidity on Fixed Deposits held under The Companies Act 2013)	1196.96	1419.94
Margin money deposit	150.99	253.77
(B)	1510.53	1805.86
Total (A+B)	5030.11	4262.33

Note -11

Loans (Current)	As at 31st March, 2018	As at 31st March, 2017
Security Deposit		
(A)		
Loans to related parties		
Unsecured, considered good	3200.00	100.02
(B)	3200.00	100.02
TOTAL [A+B]	3200.00	100.02

Note -12

Other Financial Assets(Current)	As at 31st March, 2018	As at 31st March, 2017
Interest accrued on fixed Deposits	--	--
Interest accrued on other Deposits	219.30	205.21
Claims receivable	38.56	90.08
Others		
Total	257.86	295.29

Note -13

(Rs. in Lakhs)

Other Assets(Current)	As at 31st March, 2018	As at 31st March, 2017
Advances other than Capital Advances		
Trade Deposit		
Security Deposits	74.83	74.83
(A)	74.83	74.83
Other Advances		
Advances recoverable in cash or kind		
Secured, considered good	1740.3	2017.83
Unsecured, considered good	21.97	20.62
Doubtful	1762.27	2038.45
Provision for doubtful debts	21.97	20.62
	1740.3	2017.83
Excise Duty paid in advance (including CENVAT credit pending utilisation)	-	949.14
Prepaid expenses	290.45	280.03
Balance with Statutory/government Authorities	1171.61	1891.98
Others	5.03	1.22
(B)	3207.39	5140.20
Total [A+B]	3282.22	5215.03

Note -14

Share Capital	As at 31st March, 2018	As at 31st March, 2017
Authorised Share Capital:		
2,87,50,000 (31 March 2017 : 2,87,50,000) Equity shares of Rs.10/- each		
30000(31st March 2017:30000)'9.5% First Cumulative Redeemable Preference Shares of Rs 100/- each.		
95000 (31st March 2017:95000)'9.5% Second Cumulative Redeemable Preference Shares of Rs 100/- each.	3000.00	3000.00
Issued Share Capital:		
27113091 (31st March 2017: 27113091)'Equity shares of Rs.10 /- each	2711.31	2711.31
Subscribed and fully paid-up :		
27107078 (31st March 2017: 27107078)'Equity shares of Rs.10 /- each "fully paid up	2710.71	2710.71
Forfeited amount on 6013 shares of Rs.10/-each, Rs.5/-paid up	0.30	0.30
Total issued, subscribed and fully paid-up capital	2711.01	2711.01

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period	As at 31st March, 2018		As at 31st March, 2017	
	No.	Rs.	No.	Rs.
Equity Shares				
At the beginning of the period	271.07	2710.71	271.07	2710.71
Add: Fresh Issue during the year	-	-	-	-
Less: Buy Back of Shares during the year	--	-	-	-
Outstanding at the end of the period	271.07	2710.71	271.07	2710.71

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(Rs. in Lakhs)

b. Shareholders holding more than 5% shares	As at 31st March, 2018	As at 31st March, 2017
Details of shareholders holding more than "5% shares in the company	Nil	Nil

C) Rights, Preference and restrictions attached to Equity shares

- 1) The Company has only one class of Equity shares having a face value of Rs 10/- each. Each holder of equity share is entitled to one vote per share held. In the event of liquidation of Company, the holders of equity share will be entitled to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to the number of equity shares held by the share holders.
- 2) The financial statements of the company were approved by Board of Directors on 30-05-2018.

Note -15

Other Equity	As at 31st March, 2018	As at 31st March, 2017
Capital Reserve		
Capitalisation of bonus shares	52.45	52.45
Capital Redemption Reserve	3.84	3.84
Capital Subsidy	21.82	21.82
Total Capital Reserve	78.12	78.12
Forfeited Debentures	0.30	0.30
Securities Premium	1560.70	1560.70
General Reserve		
Balance as per the last Financial Statements	50543.71	48433.65
Add: Amount transferred from Retained Earnings	1000.00	2110.06
Closing Balance	51543.71	50543.71
Other Comprehensive Income		
Balance as per the last Financial Statements	12221.01	9430.78
Other Comprehensive Income for the year	(2921.40)	2790.23
Less: Transfer to Retained Earnings	166.16	
Closing Balance	9465.77	12221.01
Surplus/(Deficit) in the Statement of Profit and Loss		
Balance as per the last Financial Statements	26160.20	16128.94
Profit for the year	11654.33	12141.32
	37814.53	28270.26
Less : Appropriations		
Final Equity Dividend	2710.71	
Tax on Distributed Profits	551.84	
Transfer to Other Reserve	1166.16	2110.06
Total Appropriations	4428.71	2110.06
Net Surplus in Statement of Profit and Loss	33385.82	26160.20
Total Reserves and Surplus taken to Balance Sheet	96,034.41	90,564.04

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

General reserve: The general reserve is used from time to time profits from retained earnings for appropriation purposes

NOTE:

- 1) The amount that can be distributed by the company as dividends to equity shareholders is determined based on separate financial statements and as per the requirements of companies Act 2013.
- 2) In respect of the year ended March 31,2018 the directors propose that a dividend of Rs. 10 per share shall be paid on fully paid equity shares .This equity dividend is subject to approval by shareholders at the Annual General Meeting .The proposed equity dividend is payable to all holders of fully paid equity shares and the total estimated equity dividend to be paid is Rs. 2711.01 Lakhs

Note -16

(Rs. in Lakhs)

Deferred Government Grant	As at 31st March, 2018	As at 31st March, 2017
Interest Subvention Loan	32.22	142.58
Deferred Sales Tax Loan	828.56	1061.94
Capital Investment Subsidy Caustic Soda Unit at Saggonda	1.47	7.65
	862.25	1212.17

Note -17

BORROWINGS (Non-Current):	As at 31st March, 2018	As at 31st March, 2017
Rupee Term Loans from Banks - Secured		
Term loan for 3 MW Solar Power Plant (Secured)		
Term loan for Railway Wagons (Secured)	-	238.67
33 MW Power Plant Term Loan from Andhra Bank (Secured)	-	466.33
33 MW Power Plant Term Loan from Axis Bank{Secured)	-	6250.04
Interest Subvention Loan (Secured)	-	2499.91
[A]	-	9454.95
Other Loans and advances:		
Deferred Sales Tax Loan (Unsecured)	2092.15	2121.50
[B]	2092.15	2121.50
Other Loans and advances:		
Deposits (unsecured)		
From Directors/Related Parties	10381.85	9157.25
From Others	2033.50	2475.40
[C]	12415.35	11632.65
Total [A+B+C]	14507.50	23209.10

The above amount includes

Secured borrowings	-	9,454.95
Unsecured borrowings	14,507.50	13,754.15

The Andhra Sugars Ltd. - Group Consolidated Financial Statements

Term Loans as at 31st March 2017 & 31st March 2018 From Banks Comprise of :

Particulars	Interest Subvention Loan	Rail Tanker Wagons Loan	33 MW Term Loan	33 MW Term Loan
a) Loan Sanctioned	Rs. 2194.00	Rs. 1540.00	Rs. 10000.00	Rs. 4000.00
b) Loan Availed	Rs. 2193.47	Rs. 1522.00	Rs. 7142.92	Rs. 2857.05
c) No. of Installements	36 Monthly Installements after 2 years Moratorium Period.	12 Quarterly	32 Quarterly	32 Quarterly
d) Installements Commencing from	Feb, 2016	Oct, 2015	June, 2017	June, 2017
e) Rate of Interest	Interest Subvention at 12.00% p.a. will be met from Sugar Development Fund as per the Govt. of India Notification.	Base Rate+1.35%	Base Rate+0.40 % % (Spread)+.50% (Temper EQI) p.a.	Base Rate+1.15% p.a.
f) Installment Amount	Rs. 60.95	Rs. 128.33	Rs. 223.22	Rs. 89.29
g) Lending Bank	Andhra Bank	State Bank of Hyderabad	Andhra Bank	Axis Bank
h) Security	Pari Passu Second Charge on Fixed Assets of the Company	Exclusive First Charge on Assets created out of the loan	Pari Passu First Charge by way of Hypothecation Movable and Immovable	Pari Passu First Charge by way of Hypothecation Movable and Immovable Assets

During the year 2017-18, the Company has Repaid fully the following Term loans

Particulars	Outstanding as on 31.03.2017	Loan Amount Repaid During 2017-18	Outstanding as on 31.03.2018
Term Loans			
Term loan for Rail Tanker Wagons from SBI (secured)	752.00	752.00	Nil
33 MW Power Plant Term Loan from Andhra Bank (Secured)	7142.92	7142.92	Nil
33 MW Power Plant Term Loan from Axis Bank (Secured)	2857.05	2857.05	Nil
Total	10751.97	10751.97	Nil

Carrying value of Assets Pledged

Particulars	Rail tanker wagons		33 MW power plant	
	As At 31st March 2018	As At 31st March 2017	As At 31st March 2018	As At 31st March 2017
Railway tank wagon	nil	2082.01	nil	nil
Land	nil	nil	nil	55.18
Buildings	nil	nil	nil	1085.31
Plant and Machinery	nil	nil	nil	17081.17
Furniture and Fixtures	nil	nil	nil	13.34

Note -18

(Rs. in Lakhs)

Other Financial Liabilities (Non-Current)	As at 31st March 2018	As at 31st March 2017
Trade Deposits	201.35	186.11
Staff Security deposits	9.88	11.40
Deposits Payable-Contractors	8.91	8.91
Interest accrued but not due	-	-
Outstanding Liabilities for Expenses	-	-
Total	220.14	206.42

Note -19

PROVISIONS (Non-current)	As at 31st March 2018	As at 31st March 2017
Provision for employee benefits:		
Provision for gratuity	869.18	262.63
Provision for leave benefits	752.74	491.86
Total	1,621.92	754.49

Statement of additions, write off and payments closing as per IND AS 37 Para 84

Provisions	Leave Benefits	Gratuity	Income Tax	Wealth Tax
Balance as at 31st March, 2017	1,043.93	507.60	1,092.14	12.59
Provision recognised during the year	-	-	-	-
- In Statement of Profit & Loss	207.28	319.48	3,210.00	-
- In Statement of Other Comprehensive Income	(5.49)	447.71	-	-
Amounts incurred and charged against the provision	(269.19)	(92.35)	(1,068.69)	-
Balance as at 31st March, 2018	976.53	1,182.44	3,233.45	12.59

Note -20

OTHER NON-CURRENT LIABILITIES	As at 31st March 2018	As at 31st March 2017
Trade payables	-	-
Total	-	-
Others		
Outstanding Liabilities for Trade Payables	-	-
for Expenses	-	-
Outstanding Liabilities for Others-Other than Financail Liability	4,239.79	4,111.27
Total	4,239.79	4,111.27

The Andhra Sugars Ltd. - Group Consolidated Financial Statements

Note -21

(Rs. in Lakhs)

BORROWINGS (Current):	As at 31st March 2018	As at 31st March 2017
Cash Credit from Banks		
: Secured	3,108.02	3,474.24
: Unsecured		
Other Short Term Borrowings	-	-
Working Capital Loans	11.52	1,210.13
Deposits (unsecured)		
Deposits from Directors/Related Parties	109.56	153.13
Deposits from Share holders and Public	484.38	405.01
Loans From Directors	99.64	124.64
Deposits from Others	112.83	96.75
The above amount includes	3,925.95	5,463.90
Secured borrowings	3,119.54	4,684.37
Unsecured borrowings	806.41	779.53
Total [A+B+C]	3,925.95	5,463.90

- a) 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, 3 MW Solar Plant at Kovvur, ISRO Plants and 33 MW Power Plant assets, ranking pari passu among the members of the consortium of working capital lending banks.
- b) Foreign Currency Exposure hedged by derivative Instruments as on 31st March 2018 is Nil and as on 31.03.2017 is Nil.

Particulars of Inventories and Receivables for Security	Cash Credit	
	As at 31st March 2018	As at 31st March 2017
Trade receivables	22454.18	24701.96
Inventories	12718.75	9389.75

Note -22

Trade payables	As at 31st March 2018	As at 31st March 2017
Due to Micro and Small Enterprises	-	4.10
Due to Others	4,338.02	7,119.23
Total	4,338.02	7,123.33

Note -23

(Rs. in Lakhs)

OTHER FINANCIAL LIABILITIES(Current)	As at 31st March 2018	As at 31st March 2017
Others		
Current Maturities of Long Term Borrowings	7,102.81	7,227.13
Interest Accrued but not due on borrowings	452.27	431.31
Interest Accrued and due on borrowings	-	1.43
Unclaimed Dividend	155.58	125.14
Unclaimed matured deposits And interest accrued thereon	71.30	48.60
Accrued Salaries and Benefits	1,399.88	1,383.65
Directors Remuneration Payable	1,273.80	1,494.04
Staff Security Deposit	6.75	10.37
Outstanding Liabilities for Others	15.49	19.66
Total	10,477.88	10,741.33

Note -24

Other Current Liabilities	As at 31st March 2018	As at 31st March 2017
Revenue received in advance	298.09	359.47
Statutory Dues	1,341.81	2,160.07
Others	2,375.07	2,046.46
Total	4,014.97	4,566.00

Note -25

PROVISIONS (Current)	As at 31st March 2018	As at 31st March 2017
Provision for employee benefits:		
Provision for gratuity	445.28	36.08
Provision for leave benefits	348.67	662.58
Total	793.95	698.66

Note -26

Deferred Tax Liability (Net)	As at 31st March 2018	As at 31st March 2017
Deferred Tax Liability		
Deferred Tax Liability on PPE	13,278.93	12,150.11
On Legal Cases Discounting	749.44	705.11
On Current Investments	1.06	54.97
Deferred Tax Liability on Investments	-	1,499.61
Gross Deferred Tax Liability	14,029.43	14,409.80
Deferred Tax Asset		
MAT Credit	1,091.88	1,556.56
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	841.34	1,106.28
Provision for doubtful debts and advances	73.70	70.90
On Non-current Investments	313.38	-
Employee benefits related and others		
Gross Deferred tax Asset	2,320.30	2,733.74
Net Deferred Tax Liability	11,709.13	11,676.06

Details of Deferred tax for the year 2017-18

(Rs. in Lakhs)

Deferred tax (liabilities)/assets in relation to:	Opening balance	Recognised in profit/loss	Recognised in Comprehensive Income	Closing balance
Non-current Investments	(1499.61)	0.00	1812.99	313.38
Current Investments	(54.97)	56.03		(1.06)
Property, Plant and Equipment	(12150.11)	(1128.82)	0.00	(13278.93)
Legal cases	(705.11)	(44.33)	0.00	(749.44)
Provision for doubtful debts & Expected credit loss	70.90	2.80	0.00	73.70
Expected credit loss	0.00	0.00	0.00	0.00
Expenditure charged to statement of profit and loss in the current year but allowed for tax purposes on payment basis	1106.28	(264.94)	0.00	841.34
Unabsorbed Losses		0.00		0.00
MAT Credit	1556.56	(464.68)		1091.88
Total	(11676.06)	(1843.94)	1812.99	(11709.13)

Note -27

Current Tax Assets (Net)	As at 31st March 2018	As at 31st March 2017
Advance tax		
Advance payment of Direct Taxes/TDS	16,249.15	14,395.17
Income Tax Deducted at source	197.40	175.81
Income Tax Refund Receivable	17.95	17.99
	16,464.50	14,588.98
Provision for Tax		
Provision for Wealth tax	10.00	10.00
Provision for Income tax	15,050.71	13,768.10
	15,060.71	13,778.10
Total	1,403.79	810.88

Minority Interest	As at 31st March 2017	Increase during the year	Decrease during the year	As at 31st March 2018
Share Capital	412.24			412.24
Add: Share in				
General Reserves	5,774.19			5,774.19
Capital Reserves	19.00			19.00
Securities Premium	352.45			352.45
Surplus in Profit & Loss	982.86	200.63	(144.21)	1,039.29
OCI Reserves	56.26	134.56		190.82
Total	7597.00	335.19	(144.21)	7787.99

The Andhra Sugars Ltd. - Group Consolidated Financial Statements

A The following tables show the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments and mutual fund units that have a quoted price. The fair value of all equity instruments which are traded on Stock Exchanges is valued using the closing price as at the reporting period. The mutual fund units are valued using the closing net asset value (NAV).

Level 2: The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. These instruments are collectively not material and hence disclosures regarding significant unobservable inputs used in level 3 fair values have not been made.

As at 31st March,2018

Particulars	Carrying amount					Fair value			
	Note	Financial assets - FVTOCI	Financial assets - FVTPL	Financial assets- Amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial instruments measured at fair value									
Current Investments	3.2	-	2,809.50	-	2,809.50	2,812.54			2,812.54
Non Current investments	3	10,898.91			10,898.91	5,710.43	17,531.10		23,241.53
Financial assets not measured at fair value									
Trade receivables	9	-		17,637.99	17,637.99	-	17,637.99	-	17,637.99
Cash and Cash Equivalents	10	-		3,519.58	3,519.58	3,519.58	-	-	3,519.58
Bank balances other than above	10	-		1,510.53	1,510.53	1,510.53	-	-	1,510.53
Intercompany loans	4			3,600.00	3,600.00	3,600.00			3,600.00
Other Financial assets									-
Interest accrued on fixed deposits	5	-	-	257.86	257.86	257.86	-	-	257.86
		10,898.91	2,809.50	26,525.96	40,234.37	17,410.94	35,169.09	-	52,580.03
Financial liabilities not measured at fair value									
Borrowings	13	-	-		21,610.31	21,610.31	-	-	21,610.31
Trade payables	18	-	-		4,338.02	4,338.02	-	-	4,338.02
Other financial liabilities									-
Accrued salaries and benefits	18.2	-	-		1,399.88	1,399.88	-	-	1,399.88
Trade and staff security deposits	15 & 18.2	-	-		226.89	226.89	-	-	226.89
Cash credit form banks	14				3,108.02	3,108.02			3,108.02
Deposits from directors/ related parties and others	14				806.41	806.41			806.41
Outstanding liabilities for expenses		-	-		-	-	-	-	-
Others	18.2	-	-		1,968.44	1,968.44	-	-	1,968.44
		-	-	-	33,457.97	33,457.97	-	-	33,457.97

Reasons for classification of financial assets as per Ind AS 107:

- (a) The company has classified all the current investments under fair value through profit or loss as they are held for trading. “(b) For Non current investments which are not held primarily for trading, the company has elected an irrevocable option of classifying them as fair value through other comprehensive income. “(c) Accounting for investments in Subsidiaries and Associates are mentioned in policy J of note:1.1

As at 31st March,2017

Particulars	Carrying amount				Fair value				
	Note	Financial assets - FVTOCI	Financial assets - FVTPL	Financial assets- Amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial instruments measured at fair value									
Current Investments	3.2	-	9,819.74	-	9,819.74	9,980.57			9,980.57
Non Current investments	3	10,898.91			10,898.91	4,204.31	21,601.20		25,805.50
Financial assets not measured at fair value									
Trade receivables	9	-		18,488.59	18,488.59	-	18,488.59	-	18,488.59
Cash and Cash Equivalents	10	-		2,456.47	2,456.47	2,456.47	-	-	2,456.47
Bank balances other than above	10	-		1,805.86	1,805.86	1,805.86	-	-	1,805.86
Intercompany loans	4			4,100.02	4,100.02	4,100.02			4,100.02
Other Financial assets									-
Interest accrued on fixed deposits	5	-	-	295.29	295.29	295.29	-	-	295.29
		10,898.91	9,819.74	27,146.23	47,864.88	22,842.52	40,089.79	-	62,932.30
Financial liabilities not measured at fair value									
Borrowings	13	-	-		30,436.23	30,436.23	-	-	30,436.23
Trade payables	18	-	-		7,123.33	7,123.33	-	-	7,123.33
Other financial liabilities									-
Accrued salaries and benefits	18.2	-	-		1,383.65	1,383.65	-	-	1,383.65
Trade and staff security deposits	15&18.2	-	-		216.79	216.79	-	-	216.79
Cash credit form banks	14				3,474.24	3,474.24			3,474.24
Deposits from directors/ related parties and others	14				779.53	779.53			779.53
Outstanding liabilities for expenses		-	-		-	-	-	-	-
Others	18.2	-	-		2,118.75	2,118.75	-	-	2,118.75
		-	-		45,532.52	45,532.52	-	-	45,532.52

The Andhra Sugars Ltd - Group Consolidated Financial Statements
Notes Forming Part of Accounts

Note -28

(Rs. in Lakhs)

Revenue from operations	This Year	Previous year
Sale of products:		
Finished goods	132099.74	136010.40
Traded goods		
Sale of services	63.30	391.14
Other operating revenue		
Freight & Sale Expenses Recovered	698.78	1014.43
Subsidy Received on Super phosphate Sales	388.15	535.28
Processing & Job Work Income	0.09	0.19
Revenue from operations (gross)	133250.06	137951.43

Note -29

Other Income	This Year	Previous year
Interest income on		
Bank deposits	237.13	307.83
Others	137.29	240.87
Interest on loan to APL	479.67	393.70
Dividend income on		
Long-term investments	1.48	3.02
Current Investments	6.39	12.99
Rent received	59.08	47.25
Export Incentive	0.00	121.79
Net gain on sale of Assets	175.12	1.47
Government Grant		
Ramgiri	0.00	8.33
Saggonda	6.18	6.18
Interest Subvention Loan A/C	110.37	180.26
Deferred Sales Tax Loan A/C	233.36	237.06
Exchange difference (Net)	168.84	---
Loss from Agriculture (Net)	11.47	9.89
Net gain on Sale of Current Investments	786.68	152.49
Net gain on Revaluation of Current Investments	3.04	158.84
Other non-operating income #	414.43	745.69
Total	2830.53	2627.66

# Other non-operating income includes :	This Year	Previous year
Credit balances Written Back	0.16	--
Excess Provision In Earlier Years Credited Back	3.90	135.49
Claims Received	59.74	43.33
Weighment Charges Received	3.11	3.87
Refund of Cross Subsidy from APEPDCL for 2015-16	--	361.08
Income not relating to this year	0.91	16.62
Misc.Scrap Sales	90.84	72.05
Excise Duty Recovery-Scrap Sales	0.08	2.54
Misc. Receipts	255.69	110.71
		--
Total	414.43	745.69

Notes Forming Part of Accounts

Note -30

(Rs. in Lakhs)

Cost of raw material consumed	This Year	Previous year
Inventory at the beginning of the year	3848.61	2472.98
Add: Purchases	56355.78	53931.45
Less: Sale of raw material	294.88	516.15
Less: Inventory Written off	-	1.15
Less: Inventory at the end of the year	5759.37	3848.61
Cost of raw material consumed	54150.14	52038.52

Note -31

(Increase)/decrease in inventories	This Year	Previous Year	Increase/ Decrease in Inventory
Changes in Inventories at the end of the year			
Traded goods			
Work in progress	1267.41	2495.17	1227.76
Finished goods	15591.87	19418.59	3826.72
	16859.28	21913.76	5054.48
Inventories at the beginning of the year			
Traded goods			
Work in progress	2495.17	1991.57	(503.60)
Finished goods	19418.59	24702.82	5284.23
	21913.76	26694.39	4780.63

Note -32

Employee benefit expense	This Year	Previous year
Rent received	59.08	47.25
Salaries, wages and bonus	10166.81	9932.16
Contribution to provident and other fund	1080.68	975.30
Gratuity expense	673.60	232.49
Staff welfare expenses	450.34	454.13
Total	12371.43	11594.08

Note -33

Finance Costs	This Year	Previous year
Interest	3098.46	2867.10
Less : Capitalised Cost	-	354.05
	3098.46	2513.05
Diff in Exchange treated as Finance Cost	-	5.26
Other Borrowing Costs	32.90	55.98
Total	3131.36	2574.29

The Andhra Sugars Ltd - Group Consolidated Financial Statements
Notes Forming Part of Accounts

Note -34

(Rs. in Lakhs)

Depreciation and amortization expense	This Year	Previous year
Depreciation of tangible assets	5490.12	5119.94
Amortization of intangible assets	26.46	7.30
Total	5516.58	5127.24

Note -35

Other expenses	This Year	Previous year
Consumption of stores and spares	3294.27	3654.30
Increase/(decrease) of excise duty on inventory	(965.14)	(453.70)
Sugarcane development Expenses	248.22	105.55
Rent	61.48	66.76
Rates and taxes	609.11	523.39
Insurance	217.67	211.42
Repairs and maintenance		
Plant and machinery	3165.20	3299.68
Buildings	258.85	274.32
Others	788.65	650.01
Advertising and sales promotion	113.60	69.87
Handling Transport & Expenses	6490.72	5485.55
Sales commission	353.12	350.64
Bank Charges	74.46	82.72
Traveling Expenses	0.06	0.07
Legal and professional fees	0.23	0.35
Directors' sitting fees	22.18	23.25
Payment to auditors (Refer details below)	40.09	50.05
Exchange differences (net)	-	65.92
Donations	10.05	140.27
CSR Expenditure	202.54	141.98
Assets Written off	95.20	0.37
Rawmaterials Written off	-	1.15
Finished Goods Written off	-	2.35
Stores & Spare written off	1.40	4.04
Provision for doubtful debts and advances	1.34	-
Provision for expected credit loss	4.70	-
Reversal of Loss allowance provided	-	(27.54)
Preliminary Expenses Written off	0.94	-
Bad Debts written -off	9.81	8.77
Excess off take charges to ISRO	127.06	264.06
Miscellaneous expenses	1393.88	1205.39
Total	16619.69	16200.99

Payment to Auditors	This Year	Previous year
As Auditor	18.18	17.70
For Taxation Matters	1.60	4.92
For Limited review & Other Certification	11.29	19.45
For Reimbursement of Expenses	1.51	1.98
As Cost Auditors	6.50	5.50
Fee for Certification	0.65	0.11
For Reimbursement of Expenses	0.36	0.33
Total	40.09	49.99

Notes Forming Part of Accounts

Note -36

(Rs. in Lakhs)

Items that will not be reclassified to P&L	This Year	Previous year
Remeasurement of Defined Benefit Plan Loss/(Gain)		
Gratuity	(447.71)	(64.94)
Leave Encashment	5.49	(425.34)
Increase/Decrease in Fair Value of Investments	(3754.41)	4109.50
Deferred Tax Liability on above items		
On Defined Benefit Obligations	(1.92)	
On Associate, Subsidiary and Joint Venture	610.86	(75.11)
On Long Term Non- Quoted Investments	1202.12	(813.19)
Total	(2,385.57)	2,730.92
Share of OCI from APL	(401.27)	119.97
Total Other comprehensive Income	(2,786.84)	2,850.89
Less : Controlling Interest	134.56	60.66
Other comprehensive Income after Non Controlling Interest	(2,921.40)	2,790.23

The amount of exchange differences recognised in profit or loss except for those arising on financial instruments measured at fair value through profit or loss is Rs.168.84 lakhs(gain) and 65.92 lakhs (loss) during the period 2017-18 and 2016-17 respectively.

EARNINGS PER SHARE

Particulars	Year ended 31st March 2018	Yearended 31st March 2017
Earnings per share has been computed as under		
Profit for the year attributable to equity shareholders of the company	11654.33	12141.32
Weighted average equity number of shares outstanding	271.07	271.07
Basic and Diluted Earnings per share (Face value Rs. 10 per share)	42.99	44.79

Defined benefit plans :

The following table set out the funded status of the Gratuity Plans(funded) and compensated absences(unfunded) the amounts recognized in the Company's financial statements as at March 31, 2018 and March 31, 2017:

Particulars	Gratuity As at		Compensated absences As at	
	31st March 2018	31st March 2017	31st March 2018	31st March 2017
Change in benefit obligations				
Benefit obligations at the beginning	4,199.15	3,627.93	1,043.93	710.58
service cost	307.49	606.00	140.07	33.18
Interest expenses	297.13	290.24	68.20	36.75
Curtailment (gains)/losses				
Transfer of obligation (net)				
Remeasurements - Actuarial (gains)/losses	435.92	62.43	(5.49)	425.34
Benefits paid	(347.15)	(387.45)	(269.19)	(161.92)
Benefit obligations at the end	4,892.54	4,199.15	977.52	1,043.93

The Andhra Sugars Ltd - Group Consolidated Financial Statements
Notes Forming Part of Accounts

Change in plan assets

(Rs. in Lakhs)

Particulars	Gratuity As at	
	This Year	Previous year
Fair value of plan assets at the beginning of the year	3691.56	3403.38
Interest income	285.13	268.26
Transfer of assets (net)		
Remeasurements - Return on plan assets excluding amounts included in interest income	(11.79)	7.40
Contributions	92.35	399.97
Benefits paid	(347.15)	(387.45)
Fair value of plan assets at the end	3,710.10	3,691.56

Amount recognised in Balance Sheet

Particulars	Gratuity As at		Compensated absences As at	
	31st March 2018	31st March 2017	31st March 2018	31st March 2017
Present value of obligation at the end of the period	4892.54	4199.15	977.52	1043.93
Fair value of plan assets at the end of the period	3710.10	3691.56	-	-
Net (liability)/asset recognised in Balance Sheet	1182.44	507.59	977.52	1043.93

Amount recognized in the statement of Profit and Loss under employee benefit expenses head.

Particulars	Gratuity For the year ended		Compensated absences For the year ended	
	31st March 2018	31st March 2017	31st March 2018	31st March 2017
Service cost	693.06	606.00	139.08	33.18
Net interest on the net benefit liability/asset	11.99	21.98	68.20	36.75
Net expense recognised	705.05	627.98	207.28	69.93

Amount for the year ended March 31, 2018 and March 31, 2017 recognized in the statement of other comprehensive income:

Particulars	Gratuity For the year ended		Compensated absences For the year ended	
	31st March 2018	31st March 2017	31st March 2018	31st March 2017
Actuarial (gain)/losses on obligations for the period	435.92	62.43	(5.49)	425.34
Return on plan assets, excluding interest income	11.79	2.52	-	-
Net (income)/expenses for the period recognised in OCI	447.71	64.94	(5.49)	425.34

Notes Forming Part of Accounts

Assumptions

(Rs. in Lakhs)

Particulars	The Andhra Sugars Limited Gratuity for the Year ended		JOCIL Gratuity for the Year ended	
	31st March 2018	31st March 2017	31st March 2018	31st March 2017
Expected return on plan assets	8.00%	7.22%		
Rate of discounting	8.00%	7.22%	8.00%	8.00%
Rate of salary Increase	10.00%	7.00%	7.00%	7.00%
Rate of employee turnover	10.00%	10.00%	8.00%	8.00%

Assumptions

Particulars	Compensated absences Year ended	
	31st March 2018	31st March 2017
Expected return on plan assets	Nil	Nil
Rate of discounting	8.00%	7.50%
Rate of salary Increase	10.00%	10.00%
Rate of employee turnover	2.00%	2.00%

Maturity Profile of Defined Benefit Obligations:

Particulars	31st March 2018		
	Gratuity	Leave encashment	Sick leave
Expected Cash flow in year 1	522.68	155.52	137.94
Expected Cash flow in year 2	377.15	122.26	29.22
Expected Cash flow in year 3	444.65	105.37	5.86
Expected Cash flow in year 4	456.78	96.66	1.19
Expected Cash flow in year 5	388.72	87.07	0.24
Expected Cash flow in year 6	374.05	76.50	0.05
Expected Cash flow in year 7	485.82	77.06	0.01
Expected Cash flow in year 8	410.19	66.90	--
Expected Cash flow in year 9	379.16	58.89	--
Expected Cash flow in year 10	398.43	52.86	--

The Andhra Sugars Ltd - Group Consolidated Financial Statements
Notes Forming Part of Accounts

Significant estimates: Sensitivity analysis

Discount rate, Salary escalation rate and Withdrawal rate are significant actuarial assumptions. The change in Present value of defined benefit obligation for a change of 100 basis points from the assumed assumption is given below:

Particulars	The Andhra Sugars Limited Effect on Gratuity valuation	
	31st March 2018	% change
if salary escalation rate increases by 1%	4292.10	9.83%
if salary escalation rate increases by 1%	364.96	(8.38%)
if withdrawal rate increases by 1%	3914.77	(1.60%)
if withdrawal rate decreases by 1%	3996.42	1.85%
if discount rate increases by 1%	3660.50	(8.10%)
if discount rate decreases by 1%	4290.68	9.75%

Particulars	JOCIL Limited Effect on Gratuity valuation	
	31st March 2018	% change
if salary escalation rate increases by 1%	106.07	11.30%
if salary escalation rate increases by 1%	(90.89)	(9.70%)
if withdrawal rate increases by 1%	8.8	0.90%
if withdrawal rate decreases by 1%	(10.25)	(1.10%)
if discount rate increases by 1%	(90.25)	(9.60%)
if discount rate decreases by 1%	107.31	11.40%

Particulars	Effect on Compensated absences			
	Leave encashment		Sick leave	
	31st March 2018	% change	31st March 2018	% change
if salary escalation rate increases by 1%	848.34	5.20%	172.07	1.10%
if salary escalation rate increases by 1%	767.71	(4.80%)	168.25	(1.10%)
if withdrawal rate increases by 1%	803.46	(0.40%)	169.21	(0.60%)
if withdrawal rate decreases by 1%	809.61	0.40%	171.12	0.60%
if discount rate increases by 1%	770.43	(4.50%)	169.68	(0.30%)
if discount rate decreases by 1%	846.23	4.90%	170.65	0.30%

As per the enterprises's accounting policy actuarial gains and losses are recognized immediately during the same year itself.

The above information is certified by the Actuary.

Risk exposure and asset-liability matching

Provision of a defined benefit scheme poses certain risks, some of which are detailed hereunder, as companies take on uncertain long term obligations to make future benefit payments.

1) Liability risks

a) Asset-liability mismatch risk

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Company is successfully able to neutralize valuation swings caused by interest rate movements.

Notes Forming Part of Accounts

b) Discount rate risk

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practice can have a significant impact on the defined benefit liabilities.

c) Future salary escalation and inflation risk

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

2) Asset risks

All plan assets are maintained in a trust fund managed by a public sector insurer viz. LIC of India and other insurance companies. LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years. The Company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The Company has no control over the management of funds but this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured. Also interest rate and inflation risk are taken care of.

Taxation

a) Profit and loss section

Particulars	For the Current reporting period 2017-18	For the Previous reporting period 2016-17
Current Income tax		
Current tax charges	4032.53	3593.03
Tax (credit) under Minimum Alternate tax ('MAT')	(9.20)	(1553.48)
Adjustment in respect of Current income tax of previous year	(104.93)	(2.01)
Deferred Tax		
Short Entitlement of MAT Credit	(371.38)	
Relating to origination and reversal of temporary differences	1379.47	2158.96
Tax Expense reported in the Statement of Profit and Loss	4926.49	4196.50

Other Comprehensive Income ('OCI') Section

Particulars	For the Current reporting period 2017-18	For the Previous reporting period 2016-17
Deferred tax related to items recognised in OCI during the year		
Net Loss/(Gain) on remeasurements of defined benefit plan	-	-
On Actuarial gain of Leave Encashment	(1.92)	0.00
Unrealised Loss/(Gain) on FVTOCI Equity Securities	1812.98	(888.30)
Tax Expense in the OCI Section	1811.06	(888.30)

b) Balance sheet section

Particulars	As at 31st March 2018	As at 31st March 2017
Provision for Tax	15,060.71	13,778.10
Tax recoverable	16,464.50	14,588.98
Net of advance tax recoverable	1,403.79	810.88

The Andhra Sugars Ltd - Group Consolidated Financial Statements
Notes Forming Part of Accounts

Reconciliation of tax expenses and the accounting profit multiplied by India's domestic tax rate for March 31, 2018 and March 31, 2017

Particulars	For the current reporting period 2017-18		For the Previous reporting period 2016-17	
	%	(Rs.in Lakhs)	%	(Rs.in Lakhs)
Accounting profit before Income tax		15189.74		16925.82
At India's Statutory income tax rate (34.608%)	34.608%	5256.87	34.608%	5857.69
Add/(Less) Adjustment in respect of current income tax of previous year				
Effect of Non Deductible Expenses	0.09%	13.36	-0.10%	(17.67)
Corporate social responsibility expenditure	0.37%	56.94		
Weighted deduction on Research and devolpment expense	-0.17%	(25.42)	-0.13%	(21.29)
Dividends received	-0.34%	(51.25)		
Profit on sale of assets	-0.21%	(31.20)		
Tax credit on unrealised profit eliminated	-0.27%	(40.32)	-0.42%	(70.49)
Effect of Accelerated depreciation	-6.60%	(1001.97)	-13.73%	(2323.66)
Effect of exempt non operating income	-0.02%	(3.23)	-0.60%	(102.12)
Deduction under section 32AC	0.00%		-5.67%	(959.36)
Deduction u/s 80IA/80IB	-1.20%	(182.36)	-1.78%	(301.99)
Deduction u/s 80G	-0.18%	(28.03)	-0.23%	(38.99)
MAT credit recognised/utilised for earlier years	-2.38%	(362.18)		
Deferred tax asset recognised	9.08%	1379.47	12.87%	2178.88
Adjustment for current tax of prior periods	-0.69%	(104.92)	-0.03%	(4.50)
Difference due to elimination of dividend received from group companies	0.33%	50.74		
Total				
Income tax reported in Statement of profit and Loss	32.43%	4926.49	24.79%	4196.50

Reconciliation of Deferred tax liabilities (net) (Rs.in lakhs)

Particulars	For the Current reporting period 2017-18	For the Previous reporting period 2016-17
Tax income / (expenses) during the period recognised in Statement of Profit and Loss	(1379.47)	(2158.96)
Tax income / (expenses) during the period recongnised in OCI	1,811.06	(888.30)
MAT credit	(464.68)	107.69
	(33.09)	(2,939.57)

Notes Forming Part of Accounts

Income tax expense

(Rs. in Lakhs)

Particulars	For the Current reporting period 2017-18	For the Previous reporting period 2016-17
Current tax expense		
Current year	4023.33	2039.55
Amount of the benefit arising from a previously unrecognised tax credit that is used to reduce current tax expense	(104.93)	(2.01)
(A)	3918.40	2037.54
Deferred tax expense		
Decrease/(Increase) in deferred tax asset	262.14	199.23
Increase/(Decrease) in deferred tax liability	(695.87)	(1,731.05)
(B)	(433.73)	(1531.82)
Tax expense recognised in the income statement (A+B)	3484.67	505.72

Financial Instruments

a) Management of Credit Risk

Credit risk is the risk that the counterparty will not meet its obligation under a financial instrument or customer contract, leading to financial loss. The credit risk arises principally from its operating activities (primary trade receivables) and from its investing activities, including deposits with banks and other financial instruments. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom credit has been granted after obtaining necessary approvals for credit. The collection from the trade receivables are monitored on a continuous basis by the receivables team.

Credit risk arising from trade receivables is managed in accordance with the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on a detailed study of credit worthiness and accordingly individual credit limits are defined/modified.

The company's credit risk for trade receivables is as follows

Particulars	As at 31st March 2018	As at 31st March 2017
Trade receivables	17,637.99	18,488.59

The movement in allowance for credit loss in respect of trade receivables during the year is as follows:

Allowance for credit loss	As at 31st March 2018	As at 31st March 2017
Balance at the beginning	22.33	49.87
Loss allowance recognised	4.70	-27.54
Balance at the end	27.03	22.33

Credit risk on cash and cash equivalent is limited as the company generally transacts with banks and financial institutions with high credit ratings assigned by international and credit rating agencies.

b) Management of market risk

- i) Fair value risk
- ii) Foreign exchange risk

The above risks may affect income and expenses, or the value of its financial instruments of the Company. The objective of the Management of the Company for market risk is to maintain this risk within acceptable parameters, while optimising returns. The Company exposure to, and the Management of, these risks is explained below:

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Notes Forming Part of Accounts

i) Fair value risk

Potential impact of risk	Management policy	Sensitivity to risk
<p>The Company is mainly exposed to the Fair value risk due to its investments in equity instruments. The Fair value risk arises due to uncertainties about the future market values of these investments. Equity Fair value risk is related to the change in market reference price of the investments in equity securities.</p> <p>In general, these securities are not held for trading purposes. These investments are subject to changes in the market price of securities. The fair value of equity instruments classified as fair value through Other Comprehensive Income as at March 31, 2018 of amount Rs. 22277.83 lakhs.</p>	<p>In order to manage its Fair value risk arising from investments in equity instruments, the Company maintains its portfolio in accordance with the framework set by the Risk Management policies.</p> <p>Any new investment or divestment must be approved by the Board of Directors, Chief Financial Officer and Risk Management Committee.</p>	<p>As an estimation of the approximate impact of Fair value risk, with respect to investments in equity instruments, the Company has calculated the impact as follows.</p>

Sensitivity analysis

Particulars	Impact in Other Comprehensive Income			
	2017-18		2016-17	
	increase by 5%	decrease by 5%	increase by 5%	decrease by 5%
ANDHRA PETRO CHEMICALS	835.01	(835.01)	370.23	(370.23)
ANDHRA BANK	0.81	(0.81)	1.12	(1.12)
INDIAN BANK	0.21	(0.21)	0.19	(0.19)
IDBI	0.41	(0.41)	0.43	(0.43)
	1,177.70	(1,177.70)	756.94	(756.94)

iii) Foreign exchange risk

The company has international operations and is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risks arises from future commercial transactions and recognised financial assets and liabilities denominated in currency that is not the functional currency (INR) of the Company.

The company has exposure arising out of export and import transactions other than functional risks.

Notes Forming Part of Accounts

Potential impact of risk	Management policy	Sensitivity to risk
The Company has international operations and is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from future commercial transactions and recognised Financial assets and liabilities denominated in a currency that is not the functional currency (INR ?) of the Company. The risk also includes highly probable foreign currency cash flows. The objective of the cash flow hedges is to minimise the volatility of the cash flows of highly probable forecast transactions.	The Company has exposure arising out of export, import and other transactions other than functional risks. The Company hedges its foreign exchange risk using foreign exchange forward contracts and currency options after considering the natural hedge. The same is within the guidelines laid down by Risk Management policy of the Company.	"As an estimation of the approximate impact of the foreign exchange rate risk, with respect to Financial Statements, the "Company has calculated as follows: "

Tabular form showing foreign exchange risk exposure item wise (if any)

The company has exposure arising out of export and import transactions other than functional risks.

Particulars	As at 31.03.2018	As at 31.03.2017
Financial assets		
Trade receivables	1,115.05	4,723.35
Cash & Cash Equivalents	651.16	836.66
Less:		
Hedged through derivatives	-	-
Foreign exchange forward contracts	-	-
Net exposure to foreign currency risk (assets)	1,766.21	5,560.01

Particulars	As at 31.03.2018	As at 31.03.2017
Financial liabilities		
Trade payables	-	-
Less:		
Hedged through derivatives	-	-
Foreign exchange forward contracts	-	-
Net exposure to foreign currency risk (liabilities)	-	-

Sensitivity analysis

Particulars	Impact in Profit and loss statement			
	2017-18		2016-17	
	increase by 1%	decrease by 1%	increase by 1%	decrease by 1%
Liabilities				
USD sensitivity	-	-	-	-
Euro sensitivity	-	-	-	-
Assets				
USD sensitivity	17.66	(17.66)	55.60	(55.60)
Euro sensitivity	-	-	-	-
Total	17.66	(17.66)	55.60	(55.60)

The Andhra Sugars Ltd - Group Consolidated Financial Statements
Notes Forming Part of Accounts

C Management of Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset as they fall due. The Company is expected to this risk from its operating activities and financial activities. The Company's approach to managing liability is to ensure as far as possible that it will have sufficient liquidity to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Liquidity requirements are maintained within the credit facilities established and are available to the Company to meet its obligations.

(Rs. in Lakhs)

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

	This year		Previous Year	
	Value	Percentage	Value	Percentage
Imported	7126.01	13	9571.51	18
Indigenous	47024.13	87	42467.01	82
	<u>54150.14</u>	<u>100</u>	<u>52038.52</u>	<u>100</u>

38. 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	46.76	0.5	450.15	5
Indigenous	9869.53	99.5	9086.50	95
	<u>9916.29</u>	<u>100</u>	<u>9536.65</u>	<u>100</u>

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

	This year	Previous Year
Capital Goods	2348.96	1558.59
Components and spare parts	2580.17	674.91
Raw - materials	6437.49	9305.12
	<u>11366.62</u>	<u>11538.63</u>

	This year	Previous Year
40. Earnings in foreign exchange on FOB basis:	5984.59	9600.59

41. Expenditure incurred in foreign currency:

	This year	Previous Year
Books, Periodicals & Subscriptions	22.37	5.11
Foreign travel (excluding tickets purchased in India)	77.80	39.39
Delegation fee	7.40	2.82
Bank Charges	8.34	3.06
Interest paid	0.00	5.78

Notes Forming Part of Accounts

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

	This year	Previous Year
Sugar Cane R & D		
a) Capital Expenditure	55.08	61.52
b) Revenue Expenditure (charged to appropriate heads)	198.24	207.58
General R & D		
a) Capital Expenditure	18.35	0
b) Revenue Expenditure (charged to appropriate heads)	88.90	72.65
	<u>360.56</u>	<u>341.75</u>

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

	This year	Previous Year
Salaries, Wages and Bonus	147.72	95.97
Contribution to Provident, Gratuity and other funds	15.42	11.52
Workmen and Staff Welfare Expenses	0.95	4.73
Power and Fuel	3.59	2.48
Repair to Others	1.32	0.00
Repairs to Buildings	1.73	0.40
Repairs to P & M	1.90	0.54
Miscellaneous Expenses	2.96	2.07
Depreciation	2.73	2.77
	<u>178.32</u>	<u>120.48</u>

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	As at 31-3-2018	As at 31-3-2017
44. Estimated amount of contracts remaining to be executed on Capital Account and not provided for	2590.90	4626.29
45. a) Uncalled liability on partly paid shares held as Investments	24.66	24.66
b) Liability on account of membership in Alkali Manufacturers' Association of India, a Company limited by Guarantee	0.01	0.01
c) Other Commitments in respect of sale contracts	2353.39	6853.93
46. Claims against the Company not acknowledged as debts relating to the following areas :		
i) Excise	923.75	2789.67
ii) Service Tax	88.59	88.59
iii) Sales Tax	148.21	146.03
iv) Income Tax	84.61	458.04
v) State Levies	29.36	29.35
vi) Suppliers and Service Contract	42.60	42.60
vii) Labour related	5.00	5.00
viii) Other Contracts	4.20	4.08
47. 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	1533.67	1749.06
(b) On letter of Credit opened with banker for purchase of Material	526.60	844.48
(c) Under the provisions of "The Levy Sugar Price Equalization Fund Act, 1976" the excess amount collected over the notified levy sale price pursuant to the interim stay granted by the Courts vests in the fund. In a writ petition No: 1534/76 filed by the Company against these provisions, the High Court of Andhra Pradesh has held that provisions of the said Act are not applicable to the excess collections made prior to 15-6-1972, against which the Union Government filed a civil appeal No: 274/79 before the Supreme Court, which is pending.		

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. 64.39 lakhs (Rs 62.66 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.

Notes Forming Part of Accounts

48. Disclosures on payments and dues to "suppliers" as defined in Micro, Small and Medium enterprises Development Act 2006 ("The Act").	31.03.2018
	Rs.in Lakhs
1. Amount remaining un paid to any " Supplier" at the end of the year,	
(a) Principal amount of bills to be paid	0.00
(b) Interest due thereon	0.02
2. Payments made to suppliers, during the year, but beyond appointed / agreed by	
(a) Payments made to Suppliers.	3.03
(b) Interest paid along with such payments during the year u/s 16 of the Act.	0.00
3. The amount of interest due and payable for the period of delay in making payment but without adding the interest specified under MSMED Act, 2006	0.00
4. Amount of interest accrued and remaining unpaid, at the end of each accounting year	0.02
5. Amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of deductible expenditure under section 23 of MSMED Act, 2006	0.00

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.

49. Loans and Advances include an amount of Rs.3600.00 Lakhs (Rupees Thirty Six Crores only) being the amount given as an Inter Corporate Advances u/s 186 of the Companies Act 2013, to The Andhra Petrochemicals Ltd and Sree Akkamamba Textiles Ltd, on the following terms and conditions.

	The Andhra Petrochemical Ltd.,	Sree Akkamamba Textiles Ltd
a) Amount of Advance	: Rs.3000.00 Lakhs	Rs.600.00 Lakhs
b) Interest Rate	: 12.00% p.a	11.00% p.a
c) Security	: Unsecured	Unsecured
d) Purpose	: To meet the gap of working capital	To meet the working capital
e) Repayable on	: By the end of March 2019.	By the end of March 2021.

THE ANDHRA SUGARS LIMITED - Group Consolidated Financial Statements

ANNEXURE - I

Particulars disclosed pursuant to "IND-AS -24 Related Party Disclosures"

(A) LIST OF RELATED PARTIES:

1) **Subsidiary Companies:**

- (a) JOCIL LIMITED
- (b) The Andhra Farm Chemicals Corporation Limited
- (c) Hindustan Allied Chemicals Limited

2) **Key Management Personnel (KMP) :**

Whole-time Directors and their Immediate Relatives

The Andhra Sugars Limited :

Dr. B.B.Ramaiah, (upto 14th February, 2018) :

Son-Sri B.V.V.S. Ramesh Kumar, Daughter-Smt. Pendyala Jhansi Jayalakshmi.

Sri Pendyala Narendranath Chowdary : Wife-Smt. Pendyala Jhansi Jayalakshmi, Brother-Sri Pendyala Venkata Krishna Rao, Sisters-Smt. Sri Balusu Ranganayaki Alias Radhika, Smt. Ethirajulu Rama Lakshmi, Smt. Jujavarapu Usha Rani, Smt. Maddipoti Kamala Devi, Smt. Mullapudi Satyanarayanamma, Smt. Nutakki Anantha Lakshmi.

Sri Mullapudi Narendranath : Wife-Smt. Mullapudi Narayanamma, Son-Sri Mullapudi Vikram Prasad, Daughters-Smt. Gaddipati Anuradha, Goli Jayashree, Sisters-Smt. Jayaraman Anantha Lakshmi, Smt. Kosaraju Rama Lakshmi, Smt. Nidadavolu Venkata Ramanamma, Smt. Yelamarthy Narayanamma,

Sri Mullapudi Thimmaraja : Wife-Smt. Mullapudi Renuka, Son-Sri Mullapudi Mrutyumjaya Prasad, Daughter-Smt. Goli Devi.

Sri Pendyala Achuta Ramayya : Wife-Smt. Pendyala Sessa Shailaja, Daughters-Smt. Pendyala Divya Atchmamba, Smt. Pendyala Sruthi Rajeswari.

Sri P.S.R.V.K.Ranga Rao, Mother-Smt. Pendyala Sujatha, Wife-Smt. Pendyala Usha Lakshmi, Son-Chy. Pendyala Prithvi Sri Narendra Rayudu, Daughter-Kum. Pendyala Meghana Sri Sai Sujatha.

Sri Pendyala Narendranath Chowdary & Sri Pendyala Achuta Ramayya are brothers

Sri Mullapudi Narendranath & Sri Mullapudi Thimmaraja are brothers

Independent Directors :

Sri A.Ranga Rao	Dr.A.V.Rama Rao
Dr. P.Kotaiah	Sri P.A.Chowdary
Sri V.S.Raju	Dr.D. Manjulata

Jocil Limited : Sri Jagarlamudi Murali Mohan, Mother-Smt. Jagarlamudi Ganga Bhavani Devi, Wife-Smt. Jagarlamudi Sunitha Mohan, Daughter-Smt. Jagarlamudi Namrata, Sister-Smt. Vemana Indira

The Andhra Farm Chemicals Corporation Limited : Sri Pendyala Venkata Krishna Rao, Sons-Sri Pendyala Venkata Rayudu, Sri Pendyala Ravi, Daughter-Smt. Pendyala Archana

3) **Enterprises in which Key Management Personnel and/or their relatives are Interested**

Andhra Pradesh Gas Power Corporation Limited, Jayalakshmi Estates, Jayalakshmi Fertilisers, Jayalakshmi Plastics and Chemicals , Ramaiah & Co., Royal Printing Works, Mullapudi Venkatarayudu Eye Centre, Mullapudi Kamala Devi Cardiovascular Centre, Sree Akkamamba Textiles Limited, Sree Mullapudi Timma Raju Memorial Library & Cultural Centre, Sree Mullapudi Venkataramanamma Memorial Hospital, Sree Rangaraya Estates, Sree Sarvaraya Sugars Limited, Sree Satyanarayana Spinning Mills Limited, Sree Pendyala Venkata Krishna Rangaraya Memorial Trust, Sree Harischandra Prasad Investment & Finance Company Limited, Sree Mullapudi Venkatarayudu Memorial Educational Trust, Sree Mullapudi Venkataraya Memorial Polytechnic, Sree Mullapudi Venkatarayudu Memorial Medical Trust, Sugarfield Constructions Pvt. Limited, The Mullapudi Investment & Finance company Pvt. Limited, Thimmaraja Investment & Finance Company Pvt. Limited, Vibhaas Polymers Pvt. Limited,

4) **Associate Company :**

The Andhra Petrochemicals Limited

(B) TRANSACTIONS WITH THE RELATED PARTIES:

(Corresponding figures related to 31st,Mar'2017)

(Rs. in Lakhs)

Particulars	Entities in which KMP or their relatives have significant influence	Associate Company	Key Management Personnel	Relatives of Key Management Personnel	TOTAL	Out Standing As on 31.03.2018
<u>Purchase of Goods from</u>	6967.57 (3894.27)	0.00 (0.00)	45.28 (7.68)	60.42 (2.46)	7073.27 (3904.41)	331.85 (252.20)
The Andhra Sugars Limited	6967.57	0.00	45.28	60.42		331.85
<u>Inter Corporate Loans given to</u>	600.00 (0.00)	0.00 (2500.00)	0.00 (0.00)	0.00 (0.00)	600.00 (2500.00)	3600.00 (4000.00)
The Andhra Sugars Limited	600.00					3600.00
<u>Inter Corporate Loans re-payment from</u>	0.00 (0.00)	1000.00 (0.00)	0.00 (0.00)	0.00 (0.00)	1000.00 (0.00)	- -
The Andhra Sugars Limited		1000.00				
<u>Fixed Deposits Received from</u>	0.00 (0.00)	0.00 (0.00)	1402.00 (649.00)	2114.80 (1047.60)	3516.80 (1696.60)	15770.26 (13617.77)
The Andhra Sugars Limited			1402.00			15553.90
JOCIL Limited						216.36
<u>Fixed Deposits re-paid on maturity</u>	0.00 (0.00)	0.00 (0.00)	886.00 (198.00)	417.00 (145.45)	1303.00 (343.45)	- -
The Andhra Sugars Limited			886.00	417.00		
<u>Loans Received from Directors</u>	0.00 (0.00)	0.00 (0.00)	135.00 (50.00)	0.00 (0.00)	135.00 (50.00)	99.64 (124.64)
The Andhra Sugars Limited			135.00			99.64
<u>Loans re-paid to Directors</u>	0.00 (0.00)	0.00 (0.00)	160.00 (117.00)	0.00 (0.00)	160.00 (117.00)	- -
The Andhra Sugars Limited			160.00			
<u>Services Rendered by</u>	19.90 (20.02)	0.00 (0.00)	31.16 (27.58)	2.83 (2.64)	53.89 (50.24)	- -
The Andhra Sugars Limited	19.90		31.16	2.26		
JOCIL Limited				0.57		
<u>Sale of Goods to</u>	2396.03 (974.12)	99.93 (67.23)	0.00 (0.00)	0.00 (0.00)	2495.96 (1041.35)	204.65 (211.94)
The Andhra Sugars Limited	2396.03	99.93	0.00	0.00		204.65

The Andhra Sugars Limited

Particulars	Entities in which KMP or their relatives have significant influence	Associate Company	Key Management Personnel	Relatives of Key Management Personnel	TOTAL	Out Standing As on 31.03.2018
<u>Services Rendered to</u>	13.65 (0.11)	0.89 (0.81)	0.00 (0.00)	0.00 (0.00)	14.54 (0.92)	- -
The Andhra Sugars Limited	13.65	0.89	0.00	0.00		
<u>Interest Paid on Fixed Deposits</u>	0.00 (0.00)	0.00 (0.00)	379.76 (342.98)	1146.16 (1057.38)	1525.92 (1400.36)	345.34 (305.98)
The Andhra Sugars Limited			367.28	1132.90		345.34
JOCIL Limited			12.48	13.26		
<u>Interest paid to Directors</u>	0.00 (0.00)	0.00 (0.00)	12.68 (13.19)	0.00 (0.00)	12.68 (13.19)	2.01 (2.92)
The Andhra Sugars Limited			12.68			2.01
<u>Interest Received on Inter Corporate Loan</u>	2.17 (0.00)	479.67 (393.70)	0.00 (0.00)	0.00 (0.00)	481.84 (393.70)	- -
The Andhra Sugars Limited	2.17	479.67				
<u>Independent Directors Sitting Fee Paid to</u>	0.00 (0.00)	0.00 (0.00)	10.70 (12.04)	0.00 (0.00)	10.70 (12.04)	- -
The Andhra Sugars Limited			10.70			
<u>Remuneration (including Commission) paid to</u>	0.00 (0.00)	0.00 (0.00)	1733.47 (1852.51)	16.30 (14.48)	1749.77 (1866.99)	1293.63 (1524.26)
The Andhra Sugars Limited			1614.08	16.30		1256.88
JOCIL Limited			119.39	0.00		14.83
The Andhra Farm Chemicals Corporation Limited			0.00	0.00		21.92
<u>Donations paid to</u>	10.00 (140.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	10.00 (140.00)	- -
The Andhra Sugars Limited	10.00					
<u>Contribution towards CSR Expenses</u>	147.00 (85.21)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	147.00 (85.21)	- -
The Andhra Sugars Limited	147.00					
<u>Dividend Paid to</u>	153.40 (0.00)	0.00 (0.00)	391.94 (0.00)	697.13 (0.00)	1242.47 (0.00)	- -
The Andhra Sugars Limited	153.40		391.86	696.04		
JOCIL Limited			0.08	1.09		
<u>Dividend Received from</u>	1.40 (2.80)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	1.40 (2.80)	- -
The Andhra Sugars Limited	1.40					

Particulars	Entities in which KMP or their relatives have significant influence	Associate Company	Key Management Personnel	Relatives of Key Management Personnel	TOTAL	Out Standing As on 31.03.2018
Balances as at 31-03-2018						
a) Share Capital held by the Company, in	17530.25 (7162.84)	3660.56 (3660.56)	0.00 (0.00)	0.00 (0.00)	21190.81 (10823.40)	– –
The Andhra Sugars Limited	17530.25	3660.56				
b) Share Capital of the company held by	153.40 (154.20)	0.00 (0.00)	392.52 (392.29)	701.99 (684.11)	1247.91 (1230.60)	– –
The Andhra Sugars Limited	153.40		391.86	696.04		
JOCIL Limited			0.26	3.62		
The Andhra Farm Chemicals Corporation Limited				0.40	2.33	

STATEMENT SHOWING SEGMENT WISE ANALYSIS AS ON 31.03.2018

(Rs. in lakhs)

Description	SUGARS		CAUSTIC SODA		POWER GENERATION		INDUSTRIAL CHEMICALS		SOAP		OTHERS		ELIMINATIONS		CONSOLIDATED	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
REVENUE:																
External sales	17189.93	23115.81	57650.27	51595.81	2053.94	2294.94	39547.30	38630.34	9236.44	14478.46	7572.18	7836.06			133250.06	137951.43
Inter-segment sales	3937.43	3592.30	2422.31	2067.98	6219.78	3693.69	7459.12	9674.41	0.00	0.00	0.00	15.89	20038.64	19044.26		
Total revenue	21127.36	26708.11	60072.58	53663.79	8273.72	5988.63	47006.42	48304.75	9236.44	14478.46	7572.18	7851.95	20038.64	19044.26	133250.06	137951.43
RESULT:																
Segment result before Interest,	(5055.53)	1474.16	19202.81	12126.55	(594.18)	3310.29	5305.34	1978.63	(284.59)	(215.39)	666.13	2086.41			19239.98	20760.65
Extra-ordinary items																
Unallocated corporate expense less Income															1772.97	2202.94
Operating Profit															17467.01	18557.71
Interest expenses															3131.36	2574.29
Interest income															854.09	942.40
Profit before tax															15189.74	16925.82
Loss from Associate															1591.72	251.96
"Provision for current and deferred tax"															4926.49	4196.50
Net profit after tax															11854.97	12477.36
OTHER INFORMATION:																
Segment Assets	22762.46	25667.75	44228.11	34437.86	30507.07	31425.98	19123.11	18959.89	3826.90	4329.56	5908.83	5828.72			126356.48	120649.76
Unallocated Corporate Assets											36888.43	50985.02			36888.43	50985.02
Total Assets															163244.91	171634.78
Segment Liabilities	4844.52	5979.20	8794.89	8524.46	2444.47	3392.99	1167.80	4392.08	657.78	326.62	826.73	592.34			18736.19	23207.69
Unallocated Corporate Liabilities											10896.43	11457.70			10896.43	11457.70
Total Liabilities															29632.62	34665.39
Capital Employed	17917.94	19688.55	35433.22	25913.40	28062.60	28032.99	17955.31	14567.81	3169.12	4002.94	31074.10	44763.70			133612.29	136969.39
Capital Expenditure	799.72	586.53	8594.74	897.48	272.52	14120.90	982.48	316.31	22.99	22.99	1276.67	606.09			11949.12	16550.30
Depreciation	834.09	912.70	1975.41	2135.75	466.39	462.41	966.00	1010.15	72.77	103.74	1201.92	502.49			5516.58	5127.24

Notes:

- 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.
- 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.
- The business segments that are disclosed under "Others" comprise Fertilizers, Bulk Drugs, Edible oils and Transportation receipts etc.,
- 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.
- Inter Segment transfers are priced at market rates.

The Andhra Sugars Limited - Group Consolidated Financial Statements

Notes Forming Part of Consolidated Accounts

Share of Entities in Group

(Rs. in Lakhs)

	Net Assets i.e. Total Assets minus Total Liabilities		Share in Profit or Loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As % of consolidated net assets	Amount (Rs. In lakhs)	As % of consolidated profit or loss	Amount (Rs. In lakhs)	As % of consolidated Other Comprehensive Income	Amount (Rs. In lakhs)	As % of consolidated Total Comprehensive Income	Amount (Rs. In lakhs)
Parent The Andhra Sugars Limited	85.32	113996.70	83.95	9783.27	(91.90)	(2684.80)	81.28	7098.47
Subsidiaries JOCIL Ltd.	13.44	17948.84	1.94	225.87	5.64	164.67	4.47	390.54
The Andhra Farm Chemicals Corporation Limited	0.04	54.58	0.38	45.12	-	-	0.52	45.12
Hindustan Allied Chemicals Ltd.	0.12	169.39	0.07	8.35	-	-	0.09	8.35
Associate The Andhra Petrochemicals Ltd.	1.08	1442.78	13.66	1591.72	(13.74)	(401.27)	13.64	1190.45
	100.00	133612.29	100.00	11654.33	(100.00)	(2921.40)	100.00	8732.93

The Andhra Sugars Limited - Group Consolidated Financial Statements

Notes Forming Part of Consolidated Accounts

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures

Part A Subsidiaries

(Rs. in Lakhs)

1. Name of the Subsidiary	JOCIL Ltd.	The Andhra Farm Chemicals Corporation Ltd.	Hindustan Allied Chemicals Ltd.
2. The date since when subsidiary was acquired	27-10-1988	29-11-1980	15-10-1971
3. Reporting period for the subsidiar	01-04-2017 to 31-03-2018	01-04-2017 to 31-03-2018	01-04-2017 to 31-03-2018
4. Share capital	888.16	45.00	10.63
5. Reserves and surplus	16320.29	0.38	160.87
6. Total assets	21188.98	84.92	171.80
7. Total Liabilities	3980.53	39.53	0.30
8. Investments	1602.18	-	-
9. Turnover	34683.69	-	-
10. Profit before taxation	494.86	62.82	14.60
11. Provision for taxation	84.41	NIL	3.81
12. Profit after taxation	410.45	58.72	10.79
13. Proposed Dividend	Rs.2/- per share	NIL	NIL
14. Extent of shareholding (in percentage)	55.02%	77.35%	76.82%

Part B Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of Associates or Joint Ventures	The Andhra Petrochemicals Ltd.
1. Latest audited Balance Sheet Date	31-03-2018
2. Date on which the Associate or Joint Venture was associated or acquired	14-08-2014
3. Shares of Associate or Joint Ventures held by the company on the year end	
No.s	28086613
Amount of Investment in Associates or Joint Venture	Rs. 3660.56 Lakhs
Extent of Holding (in percentage)	33.05%
4. Description of how there is significant influence	Associate Company
5. Reason why the associate/joint venture is not consolidated	Not Applicable
6. Networth attributable to shareholding as per latest audited Balance Sheet	Rs. 5210.65 Lakhs
7. Profit or Loss for the year	Rs. 4650.07 Lakhs
i. Considered in Consolidation	Rs. 1591.72 Lakhs
ii. Not Considered in Consolidation	Not Applicable



THE ANDHRA SUGARS LIMITED

Registered Office: Venkatarayapuram, TANUKU - 534 215
West Godavari District, (A.P)

Website: www.theandhrasugars.com CIN: L15420AP1947PLC000326

NOTICE TO SHAREHOLDERS

Notice is hereby given that the SEVENTY FIRST Annual General Meeting of THE ANDHRA SUGARS LIMITED (CIN: L15420AP1947PLC000326) will be held at the Registered Office of the Company, Venkatarayapuram, Tanuku on Wednesday, the 26th day of September, 2018 at 3:00 P.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Statement of Profit & Loss for the year ended 31st March, 2018 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 2017-18.
3. To appoint a Director in place of Sri Mullapudi Thimmaraja (DIN 00016711) who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Sri P.S.R.V.K. Ranga Rao (DIN 00015795) who retires by rotation and being eligible offers himself for re-appointment.
5. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an ORDINARY RESOLUTION:

Board of Directors recommend a remuneration of Rs.15,50,000/- to present Auditors M/s. K.S. Rao & Co., Hyderabad for the year 2018-19 who were appointed by Shareholders at the 70th Annual General Meeting for a period of 5 years viz., 2017-18, 2018-19, 2019-20, 2020-21 and 2021-22.

SPECIAL BUSINESS

6. To Consider and if thought fit to pass with or without modifications the following Resolution as an **Ordinary Resolution**.

"RESOLVED THAT pursuant to the provisions of Sec.148 of the Companies Act, 2013 and other applicable provisions if any and rules made thereunder the Company hereby ratifies the remuneration of Rs.5,00,000/- per annum payable to M/s. Narasimha Murthy & Co., Cost Accountants, Hyderabad, who were appointed as Cost Auditors by the Board at its meeting held on 30.05.2018 for conducting the Cost Audit for the year 2018-19 in respect of the products viz., Sugar, In-organic Chemicals & other their derivatives, Organic Chemicals & other their derivatives, Bulk Drugs and Fertilizers."

7. To Consider and if thought fit to pass with or without modifications the following Resolution as an **Ordinary Resolution**.

"RESOLVED THAT having regard to the recommendations of Nomination and Remuneration Committee and pursuant to the provisions of Sections 197 and other applicable provisions, if any, of the Companies Act, 2013 (Act) read with Schedule V 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 Sri P.S.R.V.K. Ranga Rao as Executive Director of the Company for a period of five years with effect from 01-05-2019 on the following terms and conditions:-

Sri P.S.R.V.K. Ranga Rao is subject to retirement by rotation during the tenure of his office as Executive Director from 1-5-2019 to 30-04-2024.

"RESOLVED FURTHER THAT the Overall Remuneration payable to Sri P.S.R.V.K. Ranga Rao not exceeding 1.30% of the Net Profit of the Company comprising of Salary Rs.1,20,000/- per month, Perquisites (as detailed hereunder) and commission during his above said tenure of Appointment."

"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 Executive Director, the remuneration and perquisites set out above be paid or granted to Sri P.S.R.V.K. Ranga Rao, Executive Director as or as minimum remuneration stipulated in Section II of Part II of Schedule V of the said Act or such other amount and perquisites as may be provided in the said Schedule V as may be amended from time to time or any equivalent statutory re-enactment(s) thereof."

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 $\frac{1}{2}$ 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 or more 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 197 of the Companies Act, 2013 read with Schedule V 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.

8. To Consider and if thought fit to pass with or without modifications the following Resolution as an **Ordinary Resolution**.

"RESOLVED THAT having regard to the recommendations of Nomination and Remuneration Committee and pursuant to the provisions of Section 197 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V of Companies Act, 2013 or any statutory modification(s) or re-enactment of the said Act consent of the Company be and is hereby accorded for payment of overall Remuneration to Sri P. Narendranath Chowdary not exceeding 3% of the Net Profit of the Company comprising of Salary Rs.3,00,000/- per month, Perquisites (as approved by the Shareholders at the 68th Annual General Meeting held on September 26, 2015) and Commission from the Financial year 2018-19 up to the balance period of his current tenure of appointment i.e., January 11, 2021"

"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, Managing Director as or as minimum remuneration stipulated in Section II of Part II of Schedule V of the said Act or such other amount and perquisites as may be provided in the said Schedule V 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 modifications the following Resolution as an **Ordinary Resolution**.

"RESOLVED THAT having regard to the recommendations of Nomination and Remuneration Committee and pursuant to the provisions of Section 197 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V of Companies Act, 2013 or any statutory modification(s) or re-enactment of the said Act consent of the Company be and is hereby accorded for payment of overall Remuneration to Sri Mullapudi Narendranath not exceeding 1.90% of the Net Profit of the Company comprising of Salary Rs.1,50,000/- per month, Perquisites (as approved by the Shareholders at the 70th Annual General Meeting held on September 23, 2017) and Commission from the Financial year 2018-19 up to the balance period of his current tenure of appointment i.e., 31.12.2022."

"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 Mullapudi Narendranath, Joint Managing Director as or as minimum

remuneration stipulated in Section II of Part II of Schedule V of the said Act or such other amount and perquisites as may be provided in the said Schedule V as may be amended from time to time or any equivalent statutory re-enactment(s) thereof."

10. To Consider and if thought fit to pass with or without modifications the following Resolution as an **Ordinary Resolution**.

"RESOLVED THAT having regard to the recommendations of Nomination and Remuneration Committee and pursuant to the provisions of Section 197 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V of Companies Act, 2013 or any statutory modification(s) or re-enactment of the said Act consent of the Company be and is hereby accorded for payment of overall Remuneration to Sri Mullapudi Thimmaraja not exceeding 1.90% of the Net Profit of the Company comprising of Salary Rs.1,50,000/- per month, Perquisites (as approved by the Shareholders at the 70th Annual General Meeting held on September 23, 2017) and Commission from the Financial year 2018-19 up to the balance period of his current tenure of appointment i.e., 31.12.2022."

"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 Mullapudi Thimmaraja, Joint Managing Director as or as minimum remuneration stipulated in Section II of Part II of Schedule V of the said Act or such other amount and perquisites as may be provided in the said Schedule V 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 modifications the following Resolution as an **Ordinary Resolution**.

"RESOLVED THAT having regard to the recommendations of Nomination and Remuneration Committee and pursuant to the provisions of Section 197 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V of Companies Act, 2013 or any statutory modification(s) or re-enactment of the said Act consent of the Company be and is hereby accorded for payment of overall Remuneration to Sri P. Achuta Ramayya not exceeding 1.90% of the Net Profit of the Company comprising of Salary Rs.1,50,000/- per month, Perquisites (as approved by the Shareholders at the 70th Annual General Meeting held on September 23, 2017) and Commission from the Financial year 2018-19 up to the balance period of his current tenure of appointment i.e., 31.12.2022."

"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, Joint Managing Director as or as minimum remuneration stipulated in Section II of Part II of Schedule V of the said Act or such other amount and perquisites as may be provided in the said Schedule V as may be amended from time to time or any equivalent statutory re-enactment(s) thereof."

12. To Consider and if thought fit to pass with or without modifications the following Resolution as an **Ordinary Resolution**.

"RESOLVED THAT having regard to the recommendations of Nomination and Remuneration Committee and pursuant to the provisions of Section 197 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V of Companies Act, 2013 or any statutory modification(s) or re-enactment of the said Act consent of the Company be and is hereby accorded for payment of overall Remuneration to Sri P.S.R.V.K. Ranga Rao not exceeding 1.30% of the Net Profit of the Company comprising of Salary Rs.90,000/- per month, Perquisites (as approved by the Shareholders at the 66th Annual General Meeting held on September 26, 2013) and Commission from the Financial year 2018-19 up to the balance period of his current tenure of appointment i.e., 01.05.2019."

"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 Executive Director, the remuneration and perquisites set out above be paid or granted to Sri P.S.R.V.K. Ranga Rao, Executive Director as or as minimum remuneration stipulated in Section II of Part II of Schedule V of the said Act or such other amount and perquisites as may be provided in the said Schedule V as may be amended from time to time or any equivalent statutory re-enactment(s) thereof."

The Andhra Sugars Limited

13. To Consider and if thought fit to pass with or without modifications the following Resolution as a Special Resolution.

"RESOVLED THAT pursuant to the provisions of Section 185 and other applicable provisions, if any, of the Companies Act, 2013 read with rules framed thereunder ("the Act"), the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 the consent of the Company be and is hereby accorded to the Board of Directors to grant Loan or give guarantee or provide security in respect of any Loan to Subsidiary Companies viz., JOCIL Limited, The Andhra Farm Chemicals Corporation Ltd., Hindustan Allied Chemicals Ltd., and Associate Company, The Andhra Petrochemicals Ltd., or any other Company that may come within the purview of the above said section up to an amount of Rs.100 Crores (Rupees One Hundred Crores only) in single or multiple tranches and on such terms and conditions as may be agreed upon by the Company and the borrowing Company."

"RESOVLED FURTHER THAT the Board of Directors of the Company, including any Committee thereof, be and are hereby authorised to do all acts, deeds and things in their absolute discretion that may be considered necessary, proper and expedient or incidental for the purpose of giving effect to this resolution in the interest of the Company."

(BY ORDER OF THE BOARD)

Venkatarayapuram
TANUKU - 534 215
28-07-2018

For THE ANDHRA SUGARS LIMITED
P. NARENDRANATH CHOWDARY
Chairman 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 17th September, 2018 to 26th September, 2018 (both days inclusive).
3. Shareholders in physical mode are requested to notify their change of address, if any, to the Company or XL Softech Ltd., Registrars & Transfer Agents, Hyderabad.
4. 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 2009-2010 has been transferred to Investor Education and Protection Fund as envisaged in Section 125 of the Companies Act, 2013. 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 2010-11 onwards in order to enable the Company to proceed with their request in case the dividend warrants remain un-encashed.

Further as per the provisions of Companies Act, 2013 and relevant rules made their under the shares relating to dividend which has not been encashed for a consecutive period of 7 years will be Transferred to Investor Education and Protection Fund. Therefore Shareholders who have not encashed a dividend for a period of 7 consecutive years may make a claim to the Company so that the shares may not be transferred.

5. **It is specifically brought to the attention of those Shareholders holding Shares in Physical Form that as per the SEBI Guidelines, with effect from 5th December, 2018 no transfer of Shares can be made through Physical Share Certificate. Transfer of your Shares can only be done through Demat Mode.**

For this purpose, it is suggested to get your Shares held in Physical Form converted into Demat Mode by opening a Demat Account with any Depository Participant (D.P). The list of D.P's will be available on <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=19>

6. Voting through electronic means

As provided by the Companies Act, 2013 E-Voting facility shall be made available to vote on the resolutions proposed to be passed at ensuing 71st Annual General Meeting. Necessary papers to facilitate E-voting are enclosed.

7. Information about the Directors seeking re-appointment at the 71st Annual General Meeting as required under Corporate Governance is detailed hereunder:

A. Sri Mullapudi Thimmaraja has been the Whole-time Director of your Company from 1978. Sri Mullapudi 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. Sri Mullapudi Thimmaraja is a Graduate in Chemical Engineering. He did his Postgraduation in Business Administration from the University of Florida, U.S.A.

He is a Director on the Board of The Andhra Petrochemicals Limited and JOCIL Limited. His Committeeship includes- Member Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee of JOCIL Limited, Member Stakeholders Relationship Committee of The Andhra Petrochemicals Limited and Member Corporate Social Responsibility Committee and Stakeholders Relationship Committee constituted by the Board of the Company.

B. Sri P.S.R.V.K.Ranga Rao is a Graduate in Commerce. He has been the Executive Director of the Company since 1st May, 1999. As Executive Director, he assist Chairman Managing Director in looking after day to day affairs of Chemical Complex at Saggonda. He is instrumental in successful expansion of Chemical Complex at Saggonda. (Also refer explanatory statement Item No.7)

* * * *

ANNEXURE TO NOTICE

Explanatory Statement Pursuant to Section 102 of the Companies Act, 2013.

ITEM NO. 6:

The Board approved the appointment of M/s Narasimha Murthy & Co., the Cost Auditors to conduct the audit of the Cost records of the Company for the Financial Year ending March 31, 2019 and remuneration of Rs. 5,00,000/- plus applicable taxes, out-of-pocket and travelling expenses have been fixed for this purpose.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, ratification of the remuneration payable to the Cost Auditors for the Financial Year 2018-19 by way of Ordinary Resolution is being sought from the members as set out at Item No.6 of the Notice.

Your Directors therefore recommend the Resolution for approval.

None of the Directors or Key Managerial Personnel of the Company or their relatives is/are concerned or interested in the Resolution.

ITEM NO. 7:

Shareholders at the 66th Annual General Meeting of the Company held on 26th August, 2013 approved the re-appointment of Sri P.S.R.V.K. Ranga Rao as Executive Director for a period of five years with effect from 1st May, 2014. The said term of re-appointment will be expiring on 30th April, 2019.

Sri P.S.R.V.K.Ranga Rao is a Graduate in Commerce. He has been the Executive Director of the Company since 1st May, 1999. As Executive Director, he assist Chairman Managing Director in looking after day to day affairs of Chemical Complex at Saggonda. He is instrumental in successful expansion of Chemical Complex at Saggonda. It is therefore considered desirable in the best interests of the Company to extend his term of appointment as Executive Director for a further period of five years with effect from 1st May, 2019 subject to the approval of the Shareholders.

Your Board of Directors on the recommendation of Nomination and Remuneration Committee recommend the Resolution for your approval.

Except Sri P.S.R.V.K. Ranga Rao no other Director is interested or concerned in the Resolution.

ITEM NO.s 8, 9, 10, 11 and 12

Presently Managing Director / Whole-time Directors are paid total Remuneration as detailed hereunder:-

Name of the Managing Director / Whole-time Directors	Salary	Perquisites	Commission
1. Sri P. Narendranath Chowdary	3,00,000/-	Standard	Up to 3% of the Net Profit
2. Sri Mullapudi Narendranath	1,50,000/-	Standard	Up to 1.25% of the Net Profit
3. Sri Mullapudi Thimmaraja	1,50,000/-	Standard	Up to 1.25% of the Net Profit
4. Sri P. Achuta Ramayya	1,50,000/-	Standard	Up to 1.25% of the Net Profit
5. Sri P.S.R.V.K. Ranga Rao	90,000/-	Standard	Up to 0.75% of the Net Profit

In order to rationalise the payment of Remuneration to the above Managing Director / Whole-time Directors your Board of Directors recommend for your approval their revision as detailed hereunder:

Sri P. Narendranath Chowdary : Overall Remuneration not exceeding 3% of the net profit of the Company comprising Salary Rs.3,00,000/- per month Standard Perquisites and Commission from the Financial Year 2018-19 till the balance of his existing tenure.

Sri Mullapudi Narendranath : Overall Remuneration not exceeding 1.90% of the net profit of the Company comprising Salary Rs.1,50,000/- per month Standard Perquisites and Commission from the Financial Year 2018-19 till the balance of his existing tenure.

Sri Mullapudi Thimmaraja : Overall Remuneration not exceeding 1.90% of the net profit of the Company comprising Salary Rs.1,50,000/- per month Standard Perquisites and Commission from the Financial Year 2018-19 till the balance of his existing tenure.

Sri P. Achuta Ramayya : Overall Remuneration not exceeding 1.90% of the net profit of the Company comprising Salary Rs.1,50,000/- per month Standard Perquisites and Commission from the Financial Year 2018-19 till the balance of his existing tenure.

Sri P.S.R.V.K. Ranga Rao : Overall Remuneration not exceeding 1.30% of the net profit of the Company comprising Salary Rs.90,000/- per month Standard Perquisites and Commission from the Financial Year 2018-19 till the balance of his existing tenure.

The Concerned Managing Director / Whole-time Directors along with their relatives shall be deemed to be interested in the Resolution relating to payment of their remuneration.

ITEM NO. 13:

Company has three Subsidiary Companies viz., JOCIL Limited, The Andhra Farm Chemicals Corporation Ltd., Hindustan Allied Chemicals Ltd., and Associate Company, The Andhra Petrochemicals Ltd. These companies sometimes approach the Company with a request to grant loans to meet their funding requirements to carry on their business operations. Since, the said Companies are Subsidiaries and Associate, it is considered advisable to extend financial support to them. Further, the surplus funds with the Company can also be effectively utilised. As such, it is proposed to extend loans up to a limit of Rs.100 Cores in aggregate to the above said Companies. Extending of such loans requires approval of Shareholders.

The proposed Loan to be extended or Guarantee to be given or Security to be provided shall be for the principal business activities of the above named Companies and will be utilised only for their business activities. The rate of interest for the Loans extended will be determined as per the mutual agreed terms between the parties.

Your Directors therefore recommend the Resolution for approval.

Apart from Sri P. Narendranath Chowdary, Managing Director (as well as KMP) who is also Managing Director of The Andhra Petrochemicals Limited, the other Directors of your Company who are on the Board of Borrowing Companies along with their relatives shall be deemed to be interested in the Resolution.

No other KMP or their relatives are interested in the Resolution.

Inspection of Documents

All the documents referred to in the notice and Explanatory Statement including the Memorandum and Articles of Association of the Company are open for inspection at the Registered Office of the Company between 09:00 a.m. and 11:00 a.m. on any working day prior to the date of the Annual General Meeting.

(BY ORDER OF THE BOARD)

Venkatarayapuram
TANUKU - 534 215
28-07-2018

For THE ANDHRA SUGARS LIMITED
P.NARENDRANATH CHOWDARY
Chairman Managing Director

CIN: L15420AP1947PLC000326
Tel.:+91-8819-224911

e-mail : info.tnk@theandhrasugars.com
Website : www.theandhrasugars.com



THE ANDHRA SUGARS LIMITED

Regd. Office : Venkatarayapuram, TANUKU - 534 215

CIN : L15420 AP1947 PLC 000326

Website : www.theandhrasugars.com, Email : investors@theandhrasugars.com

Phone : 08819-224911, Fax : 08819-224168

I/We being the member(s) of shares of the above named Company hereby appoint :

- (1) Name : Address :
E-mail ID : Signature or failing him
- (2) Name : Address :
E-mail ID : Signature or failing him
- (3) Name : Address :
E-mail ID : Signature

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 71st Annual General Meeting of the Company to be held on Wednesday, 26th September, 2018 at 3.00 p.m. at Regd. Office : Venkatarayapuram, Tanuku and at any adjournment thereof in respect of such Resolutions as are indicated below :

Resolution No.	RESOLUTIONS	Optional	
		For	Against
	Ordinary Business		
1.	Adoption of Audited Financial Statements for the year ended 31 st March, 2018		
2.	Approval of dividend for the year 2017-18		
3.	Re-appointment of Sri Mullapudi Thimmaraja, as Director who retires by rotation		
4.	Re-appointment of Sri P.S.R.V.K. Ranga Rao, as Director who retires by rotation		
5.	To fix the Remuneration of Statutory Auditors M/s. K.S. Rao & Co., Chartered Accountants.		
	Special Business		
6.	Ratification of remuneration of Cost Auditors		
7.	Re-appointment of Sri P.S.R.V.K. Ranaga Rao as Executive Director		
8.	Revision in Remuneration of Sri P. Narendranadh Chowdary, Managing Director		
9.	Revision in Remuneration of Sri Mullapudi Narendranadh, Joint Managing Director		
10.	Revision in Remuneration of Sri Mullapudi Thimmaraja, Joint Managing Director		
11.	Revision in Remuneration of Sri P. Achuta Ramayya, Joint Managing Director		
12.	Revision in Remuneration of Sri P.S.R.V.K. Ranaga Rao, Executive Director		
13.	Loans/Guarantees/Securities to be extended to Subsidiary Companies and Associate Company		

Signed this day of 2018

Signature of Shareholder

Signature of Proxy holder(s)

Affix Revenue Stamp not less than Re 0.15

Note :

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 71st Annual General Meeting.
3. It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.
4. Please complete all details including details of member(s) in above box before submission.

**PRINTED MATTER
BOOK - POST**

To

If undelivered, please return to :
THE ANDHRA SUGARS LIMITED
Venkatarayapuram,
Tanuku - 534 215,
West Godavari Dist.,
Andhra Pradesh.