

# THE ANDHRA SUGARS LIMITED

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51st ANNUAL REPORT 1997 - 98





# THE ANDHRA SUGARS LIMITED

## 51st ANNUAL REPORT

### 1997-98

#### **Board of Directors:**

Shri Mullapudi Harischandra Prasad  
Chairman & Managing Director

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

Shri T. Ramesh U. Pai

Shri A. Ranga Rao

Shri P. Narendranath Chowdary, B.Sc.  
Joint Managing Director  
(Chemical Complex - Kovvur)

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

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

Shri P. Achutaramayya, B.Com., M.B.A.(New York)  
Executive Director

Shri K. Kalyanaraman

Shri T. Sugunakara Rao

Shri M.S.R.V.K. Ranga Rao

Shri P.J.V. Sarma

Shri P.S.R.V.K. Ranga Rao

#### **Secretary:**

Shri M. Bulli Abbayi, B.Sc., B.L., F.C.S.

#### **Vice President (Finance):**

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

#### **Bankers:**

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

#### **Auditors:**

M/s Brahmayya & Co.,  
Chartered Accountants  
Vijayawada

#### **Registered Office:**

Venkatarayapuram  
Tanuku - 534 215  
West Godavari District, (A.P.)

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*The Andhra Sugars Limited***THE ANDHRA SUGARS LIMITED**

Registered Office: Venkatarayapuram, TANUKU - 534 215  
West Godavari District, (A.P)

**NOTICE TO SHAREHOLDERS**

Notice is hereby given that the FIFTYFIRST Annual General Meeting of THE ANDHRA SUGARS LIMITED will be held at the Registered Office of the Company, Venkatarayapuram, Tanuku on Saturday the 12th day of September, 1998 at 3.00 P.M. to transact the following business:

1. To receive, consider and adopt the audited Profit & Loss Account for the year ended 31<sup>st</sup> March, 1998 and the Balance Sheet as at that date together with the Reports of Directors and Auditors thereon.
2. To declare Dividend for the year 1997-98.
3. To appoint a Director in place of Shri P. Achuta Ramayya who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri T. Ramesh U. Pai who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors for the year 1998-99 and fix their remuneration. The present Auditors of the Company, M/s. Brahmayya & Co., Chartered Accountants, Vijayawada retire at this Annual General Meeting and are eligible for re-appointment.

**SPECIAL BUSINESS :**

6. To consider and if thought fit, to pass, with or without modifications, the following as an Ordinary Resolution:

“RESOLVED that Shri K Kalyanaraman who was appointed Additional Director of the Company with effect from 28-11-1997 pursuant to Article 116 of the Articles of Association and who holds office until the date of the 51st Annual General Meeting under Section 260 of the Companies Act, 1956 be and is hereby appointed Director of the Company subject to retirement by rotation.”

7. To consider and if thought fit, to pass, with or without modifications, the following as an Ordinary Resolution:

“RESOLVED that Shri P.S.R.V.K. Ranga Rao who was appointed Additional Director of the Company with effect from 28-11-1997 pursuant to Article 116 of the Articles of Association and who holds office until the date of the 51st Annual General Meeting under Section 260 of the Companies Act, 1956 be and is hereby appointed as Director of the Company subject to retirement by rotation.

***The Andhra Sugars Limited***

8. To consider and if thought fit, to pass, with or without modifications, the following as an Ordinary Resolution:

“RESOLVED that Shri B.B.Ramaiah who was appointed Additional Director of the Company with effect from 30-03-1998 pursuant to Article 116 of the Articles of Association and who holds office until the date of the 51st Annual General Meeting under Section 260 of the Companies Act, 1956 be and is hereby appointed Director of the Company not subject to retirement by rotation

9. To consider and if thought fit, to pass, with or without modifications, the following as an Ordinary Resolution:

“RESOLVED that Shri P.J.V. Sarma who was appointed Additional Director of the Company with effect from 28-05-1998 pursuant to Article 116 of the Articles of Association and who holds office until the date of the 51st Annual General Meeting under Section 260 of the Companies Act, 1956 be and is hereby appointed Director of the Company subject to retirement by rotation.”

(BY ORDER OF THE BOARD)

Venkatarayapuram  
TANUKU  
29-07-1998

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

NOTE:

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 8th September, 1998 to 12th September, 1998 (both days inclusive).
3. The dividend recommended by Directors, if approved at the meeting will be paid to the Shareholders whose names are on the Register of Members as on 12th September, 1998.
4. Shareholders are requested to notify their change of address if any to the Company.
5. Pursuant to Section 205-A of the Companies Act, 1956, all unclaimed dividends upto the year 1994-95 (Interim) have been transferred to the General Revenue Account of the Central Government. Shareholders who have not encashed the dividend warrants for the said period are requested to claim the amount from the Registrar of Companies, Andhra Pradesh, Hyderabad.

*The Andhra Sugars Limited***ANNEXURE TO NOTICE****Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956****ITEM NO. 6**

Shri K. Kalyanaraman nominee of Life Insurance Corporation of India was co-opted as Additional Director by the Board on 28.11.1997. Pursuant to Section 260 of the Companies Act, 1956 read with Article 116 of the Articles of Association of the Company Shri K. Kalyanaraman will hold office only upto the date of the 51st Annual General Meeting of the Company.

Company has received a notice in writing along with a deposit of Rs.500/- from a member under Section 257 of the Companies Act, 1956 signifying his intention to propose Shri K. Kalyanaraman as a candidate for the office of the Director. Shri K. Kalyanaraman is retired Executive Director, Life Insurance Corporation of India.

The Board recommends the necessary Resolution for your approval.

Except Shri K. Kalyanaraman no other Director is deemed to be interested or concerned in the Resolution.

**ITEM NO. 7**

Shri P.S.R.V.K. Ranga Rao was co-opted as Additional Director by the Board on 28.11.1997. Pursuant to Section 260 of the Companies Act, 1956 read with Article 116 of the Articles of Association of the Company Shri P.S.R.V.K. Ranga Rao will hold office only upto the date of the 51st Annual General Meeting of the Company.

Company has received a notice in writing along with a deposit of Rs.500/- from a member under Section 257 of the Companies Act, 1956 signifying his intention to propose Shri P.S.R.V.K. Ranga Rao as a candidate for the office of the Director. Shri.P.S.R.V.K. Ranga Rao is an Industrialist.

The Board recommends the necessary Resolution for your approval.

Except Shri P.S.R.V.K. Ranga Rao no other Director is deemed to be interested or concerned in the Resolution.

*The Andhra Sugars Limited***ITEM NO. 8**

Shri B.B. Ramaiah was co-opted as Additional Director by the Board on 30.3.1998. Pursuant to Section 260 of the Companies Act, 1956 read with Article 116 of the Articles of Association of the Company Shri B.B. Ramaiah will hold office only upto the date of the 51st Annual General Meeting of the Company.

Company has received a notice in writing along with a deposit of Rs.500/- from a member under Section 257 of the Companies Act, 1956 signifying his intention to propose Shri B.B. Ramaiah as a candidate for the office of the Director.

Shri B.B. Ramaiah is a highly qualified technocrat and an eminent Industrialist. He was appointed as Managing Director (Tech.) for a period of five years with effect from 1.4.1998 by the Shareholders at the Extra-ordinary General Meeting held on 29.3.1998.

The Board recommends the necessary Resolution for your approval.

Apart from Shri B.B. Ramaiah, Shri P. Narendranath Chowdary and Shri P. Achuta Ramayya being related to Shri B.B. Ramaiah are deemed to be interested or concerned in the Resolution.

**ITEM NO. 9**

Shri P.J.V. Sarma nominee of ICICI was co-opted as Additional Director by the Board on 28.5.1998. Pursuant to Section 260 of the Companies Act, 1956 read with Article 116 of the Articles of Association of the Company Shri P.J.V. Sarma will hold office only upto the date of the 51st Annual General Meeting of the Company.

Company has received a notice in writing along with a deposit of Rs.500/- from a member under Section 257 of the Companies Act, 1956 signifying his intention to propose Shri P.J.V. Sarma as a candidate for the office of the Director. Shri P.J.V. Sarma is Zonal Manager, ICICI, Hyderabad.

The Board recommends the necessary Resolution for your approval.

Except Shri P.J.V. Sarma no other Director is deemed to be interested or concerned in the Resolution.

(BY ORDER OF THE BOARD)

Venkatarayapuram,  
Tanuku - 534 215.  
29-07-1998

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



*The Andhra Sugars Limited***Directors' Report**

To  
The Shareholders

Your Directors have pleasure in presenting this FIFTYFIRST ANNUAL REPORT together with the audited Statement of Accounts for the year ending 31st March, 1998.

**Financial Results :**

	(Rupees in lakhs)	
	<b>This Year</b>	<b>Previous Year</b>
Sales	27344.80	26504.88
Other Income	1568.20	1447.83
	<u>28913.00</u>	<u>27952.71</u>
Profit for the year	1978.29	3832.79
Depreciation	922.72	460.67
Profit after depreciation	<u>1055.57</u>	<u>3372.12</u>
Add: Excess provision of Income Tax / Wealth Tax in earlier years credited back	11.68	50.84
Income Tax refund received	0.93	---
	<u>1068.18</u>	<u>3422.96</u>
Less: Provision for Income Tax	110.00	460.00
Provision for Wealth Tax	0.50	0.75
	<u>957.68</u>	<u>2962.21</u>
Add: Balance brought forward from last year	1034.04	1053.53
Transfer from Investment Allowance Reserve (utilised)	0.04	26.88
Transfer from Debenture Redemption Reserve	100.00	---
Transfer from General Reserve	250.00	---
Profit available for appropriation	<u>2341.76</u>	<u>4042.62</u>
<b>APPROPRIATIONS:</b>		
Debenture Redemption Reserve	1963.00	1963.00
General Reserve	----	300.00
Proposed Dividend on Equity Shares @ 10 %	235.58	677.80
Tax on distributable Profits	23.56	67.78
Balance carried forward to next year	119.62	1034.04
	<u>2341.76</u>	<u>4042.62</u>

*The Andhra Sugars Limited***STATEMENT OF PROJECTIONS VS. PERFORMANCE**

<u>Year 1997-98</u>	<u>Projections (as contained in Letter of Offer dt. 20-11-1995.</u>	<u>Actuals</u>
Gross Income	Rs.330.37 Crores	289.16 Crores
Profit after Tax	Rs. 42.32 Crores	9.45 Crores
Dividend	25%	10%
E.P.S. (Rs.)	15.61	4.02

The decline in profits is due to steep fall in prices of Caustic Soda because of surplus production in the Country and sluggish market for Chloro Alkali products due to recession in the Paper and other end user Industries. Further, there is considerable increase in Power tariff due to which profit is reduced. Increase in interest is due to interest on Debentures @ 16.5% for Rs. 113 Crores obtained for new Projects viz., Caustic Soda Unit at Saggonda and Sugar unit at Taduvai.

**DIVIDENDS:**

In view of the requirement to transfer Rs. 19.63 Crores to Debenture Redemption Reserve from the Profit available for appropriation for the year under report, your Directors recommend dividend of 10%, from out of General Reserves, maximum permissible under the Companies (Declaration of Dividend out of Reserves) Rules, 1975 of the Companies Act 1956, on the enlarged Equity Capital of Rs. 27.11 Crores. Equity Shares allotted consequent upon conversion of warrants into equity will carry prorata dividend. If approved the dividend will be paid to all the Members, whose names appear on the Register of Members as on 12th September, 1998.

**CAPITAL & RESERVES:**

Authorised Capital: The Authorised Capital of the Company is Rs.30 Crores.

Paid-up Capital: The paid up capital of the Company increased from Rs.22.59 Crores to Rs.27.11 Crores consequent upon allotment of 45,20,000 equity shares arising out of conversion of warrants into equity. Total Reserves position as on 31.3.1998 is Rs. 103.56 Crores as against Rs. 85.13 Crores as on 31.3.1997.

**REVIEW OF OPERATIONS:****SUGAR UNIT:****TANUKU**

The total cane crushed during the season 1997-98 was 6,44,506 M.Ts (including the cane crushed during the season 1996-97 which was extended upto 25-4-1997) and Sugar produced was 67,421 M.Ts as against 5,61,580 M.Ts of cane crushed and 59,616 M.Ts of Sugar produced during the previous season. The Crushing operations were carried on for 123 days as against 150 days in the previous season. Average recovery achieved was 10.32% as against 10.97% achieved in the previous season. The performance of this unit was satisfactory.