

THE ANDHRA SUGARS LIMITED

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53rd ANNUAL REPORT 1999-2000



THE ANDHRA SUGARS LIMITED

53rd ANNUAL REPORT

1999-2000

Board of Directors:

Dr. Mullapudi Harischandra Prasad
Chairman & Managing Director

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

Shri T. Ramesh U. Pai

Shri A. Ranga Rao

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

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

Shri P.J.V. Sarma

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

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.)

CONTENTS	PAGE NOS.
Management	1
Contents	2
Notice	3
Directors' Report	9
Auditors' Report	20
Statement on Accounting Policies	23
General Business Profile	25
Balance Sheet	26
Profit & Loss Account	27
Schedules to Balance Sheet	28
Schedules to Profit & Loss Account	35
Notes to Accounts	37
Cash Flow Statement	45
Statement pursuant to Section 212 of the Companies Act	46
Subsidiary Companies:	
JOCIL Limited	47
The Andhra Farm Chemicals Corporation Limited	73
Hindustan Allied Chemicals Limited	90

THE ANDHRA SUGARS LIMITED

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

NOTICE TO SHAREHOLDERS

Notice is hereby given that the FIFTY THIRD Annual General Meeting of THE ANDHRA SUGARS LIMITED will be held at the Registered Office of the Company, Venkatarayapuram, Tanuku on Saturday the 23rd day of September, 2000 at 3.00 P.M. to transact the following business:

1. To receive, consider and adopt the audited Profit & Loss Account for the year ended 31st March, 2000 and the Balance Sheet as at that date together with the Reports of Directors and Auditors thereon.
2. To declare Dividend for the year 1999-2000.
3. To appoint a Director in place of Shri K. Kalyanaraman who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri P.J.V. Sarma who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Shri P.S.R.V.K. Ranga Rao who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint Auditors for the year 2000-2001 and fix their remuneration. The present Auditors of the Company, M/s Brahmaya & Co., Chartered Accountants, Vijayawada retire at this Annual General Meeting and are eligible for re-appointment.

SPECIAL BUSINESS :

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

"RESOLVED THAT subject to the provisions of Sections 269, 198, 309, 310, 311 read with Schedule XIII and other applicable provisions if any of the Companies Act, 1956 consent of the company be and is hereby accorded to the re-appointment of Shri P. Narendranath Chowdary as Joint Managing Director of the Company for a period of 5 years with effect from 12.01.2001 on such salary, commission and perquisites as set out hereunder :-

1. Shri P. Narendranath Chowdary is not subject to retirement by rotation during the tenure of his office as Joint Managing Director from 12.01.2001 to 11.01.2006.
2. **Salary:**
Rs.40,000/- per month.
3. **Commission**
Upto 1% of the net profits of the Company subject to the overall ceiling stipulated in Sections 198 & 309 of the Companies Act, 1956.
4. **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:**
Expenses incurred for himself and his family subject to a ceiling of one month's salary in a year or 3 months salary over a period of 3 years.
 - iii) **Leave Travel Concession:**
For himself and his family as per Rules of the Company.
 - iv) **Club Fees:**
Subject to a maximum of two clubs. This will not include admission and Life Membership Fees.

The Andhra Sugars Limited

- v) **Personal Accident Insurance:**
Premium not to exceed Rs. 4000/- per annum.
- vi) **Provident Fund:**
Company's contribution towards Provident Fund at 12% of his salary or such rate as may be applicable from time to time.
- vii) **Superannuation Fund:**
The Company's contribution towards superannuation fund as per the Company's Rules, such contribution together with the Company's contribution to the Provident Fund 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:**
Gratuity not exceeding half 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.
Un-availed leave during the earlier term be carried forward to the present term.
Encashment of leave at the end of the tenure will not be included in computation of the ceiling on perquisites.
- x) **Telephone:**
Free telephone facility at the residence for the use of the Company's business.
- xi) **Car:**
Use of Company's Car on Company's business with Driver and all expenses on 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. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Joint Managing Director).
- xii) Any other perquisites that may be allowed as per the guidelines issued by the Central Government from time to time.
(Perquisites shall be restricted to Rs.4,50,000/- per annum)

"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 salary and perquisites set out above be paid or granted to Shri P. Narendranath Chowdary as minimum remuneration stipulated in Section II of Part II of Schedule XIII of the said Act or such other amount and perquisites as may be provided in the said Schedule XIII as may be amended from time to time or any equivalent statutory re-enactment(s) thereof".

"FURTHER RESOLVED THAT the Board of Directors be and is hereby authorised to alter, vary such salary, commission and perquisites as may be permitted by any applicable law from time to time during the said period of office and as may be agreed to by the Board of Directors of the Company and Shri P. Narendranath Chowdary".

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

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered as follows:-

I. The following new Article as indicated be inserted as Article 51A after the existing Article 51.

51A Nomination

- (a) Every shareholder or debentureholder of the Company, may at anytime, nominate, in the prescribed manner, a person to whom his shares in, or debentures of the Company shall vest in the event of his death.
- (b) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such shares in or debentures of the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in or debentures of the Company, the nominee shall, on the death of the shareholder or debentureholder or, as the case may be, on the death of the joint holders, become entitled to all the rights in such shares or debentures or as the case may be, all the joint holders, in relation to such shares or debentures, to the exclusion of all other persons, unless the nomination is varied, cancelled in the prescribed manner.

II. Insert the following heading and Article numbered as "50A".

50A Dematerialisation of Securities:

For the purposes of this Article, unless the context otherwise requires:

(a) Definitions :

Beneficial Owner: "Beneficial Owner" means the beneficial owner as defined in clause (a) of sub-section (I) of Section 2 of the Depositories Act, 1996;

Bye-laws: 'Bye-laws' means bye-laws made by a Depository under Section 26 of the Depositories Act, 1996;

Depositories Act: 'Depositories Act' means the Depositories Act, 1996, and any statutory modification or re-enactment thereof for the time being in force;

Depository: 'Depository' means a company formed and registered under the Companies Act, 1956(I of 1956) ('the Act') and which has been granted a certificate of registration under sub-section (IA) of Section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992);

Record: 'Record' includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by the regulations made by SEBI;

Regulations: 'Regulations' means the regulations made by SEBI;

SEBI: 'SEBI' means the Securities and Exchange Board of India;

Security: 'Security' means such security as may be specified by SEBI from time to time;

Shareholder or Member: 'Shareholder' or 'Member' means the duly registered holder, from time to time of the shares of the Company and includes the subscribers to the Memorandum of Association of the Company and also every person holding Equity Shares and/or Preference Shares of the Company as also one whose name is entered as a beneficial owner of the shares in the records of a Depository;

(b) Dematerialisation of Securities:

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise or rematerialise its shares, debentures and other securities (both existing and future) held by it with the Depository and to offer its shares, debentures and other securities for subscription in a dematerialised form pursuant to the Depositories Act, 1996 and the Rules framed thereunder, if any, from time to time;

(c) Option for Investors:

Every person subscribing to securities offered by the Company shall have the option to receive the security certificates or to hold the securities with a Depository. Such a person who is the beneficial owner of the securities can at any time opt out of a Depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities.

Where a person opts to hold his security with a Depository, the Company shall intimate such Depository the details of allotment of the security, and on receipt of such information, the Depository shall enter its record the name of the allottee as the beneficial owner of the security;

(d) Securities in Depositories to be in fungible form:

All securities held by a Depository shall be dematerialised and shall be in a fungible form. Nothing contained in Section 153, 153A, 153B, 187A, 187B, 187C and 372 of the Act shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners;

The Andhra Sugars Limited

(e) Rights of Depositories and Beneficial Owners;

- i. Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner;
- ii. Save as otherwise provided in (I) above, the Depository as a registered owner of the securities shall not have any voting rights or any other right in respect of the securities held by it;
- iii. Every person holding securities of the Company and whose name is entered as a beneficial owner in the records of the Depository shall be deemed to be member of the Company. The beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities held by a Depository.

(f) Depository to furnish information:

Notwithstanding anything to the contrary contained in the Act or these Articles, where the securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies and discs.

(g) Option to opt out in respect of any security:

If a beneficial owner seeks to opt out of a Depository in respect of any security, the beneficial owner shall inform the Depository accordingly. The Depository shall, on receipt of the intimation as above, make appropriate entries in its record and shall inform the Company accordingly.

The Company shall within thirty (30) days of the receipt of intimation from the Depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the beneficial owner or the transferee as the case may be.

(h) Section 83 and 108 of the Act not to apply:

Notwithstanding anything to the contrary contained in the Articles –

- i. Section 83 of the Act shall not apply to the shares with a Depository;
- ii. Section 108 of the Act shall not apply to transfer of security effected by the transferor and the transferee both of whom are entered as beneficial owners in the records of a Depository.

(i) Register and Index of Beneficial Owners:

The Register and Index of Beneficial Owners, maintained by a Depository under Section 11 of the Depositories Act shall be deemed to be the Register and Index of Members and Securityholders as the case may be for the purposes of these Articles.

(j) Intimation to Depository:

Notwithstanding anything contained in the Act or these Articles, where securities are dealt with in a Depository, the Company shall intimate the details of the allotment of securities thereof to the Depository immediately on allotment of such securities.

(k) Stamp duty on securities held in dematerialised form:

No stamp duty would be payable on shares and securities held in dematerialised form in any medium as may be permitted by law including any form of electronic medium.

(l) Applicability of the Depositories Act:

In case of transfer of shares, debentures and other marketable securities, where the Company has not issued any certificate and where such shares, debentures or securities are being held in an electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply.

(m) Company to recognise the rights of Registered Holders as also the Beneficial Owners in the records of the Depository:

Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share, as also the Beneficial Owner of the shares in records of the Depository as the absolute owner thereof as regards receipt of dividends or bonus or service of notices and all or any other matters connected with the Company, and accordingly, the Company shall not, except as ordered by a Court of competent jurisdiction or as by law required, be bound to recognise any benami trust or equity or equitable, contingent or other claim to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof."

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

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions if any of the Companies Act, 1956 for mortgaging and/or charging by the Board of Directors of the Company of all the immovable and movable properties of the Company wherever situate, present and future and the whole of the undertaking of the Company together with power to take over the management of the business and the undertaking/concern of the Company in certain events in favour of ICICI in respect of term loan of Rs. 2000 lakhs availed from them."

"RESOLVED FURTHER THAT the mortgage/charge created/to be created and/or all documents/agreements executed/to be executed and all acts done in terms of the above Resolutions by and with the authority of the Board of Directors be and are hereby confirmed and ratified."

(BY ORDER OF THE BOARD)

Venkatarayapuram
TANUKU
29-07-2000

For THE ANDHRA SUGARS LIMITED
Dr. 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 Saturday the 16th September, 2000 to Saturday the 23rd September, 2000 (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 23rd September, 2000.
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 (Final) 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.
6. Explanatory Statement Under Section 173(2) of the Companies Act, 1956 is attached.

The Andhra Sugars Limited

ANNEXURE TO NOTICE

Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956

ITEM NO. 7

Shareholders at the 48th Annual General Meeting of the Company held on 24th August, 1995 approved the re-appointment of Shri P. Narendranath Chowdary as Joint Managing Director for a period of five years with effect from 12.1.1996. The said term of re-appointment will be expiring on 11th January, 2001.

Shri P. Narendranath Chowdary has been the Whole-time Director of your Company since 1976 assisting the Managing Director in day to day activities of Chemical Complex at Kovvur. During his tenure he initiated and successfully completed various expansion / diversification programmes. He was instrumental in setting up new Chemical Complex at Saggonda. It is therefore considered desirable in the interest of the Company to extend his term of appointment as Joint Managing Director for a further period of five years with effect from 12th January, 2001 subject to the approval of the Shareholders and Financial Institutions.

Your Board of Directors recommends the necessary Resolution for your approval.

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

ITEM NO. 8

8.I Companies Amendment Act, 1999 has provided nomination facility to a Shareholder/Debentureholder to nominate a person to whom the rights in Shares/Debentures held by him/her vests in the event of his/her death. Such nomination clause is proposed to be included in the Articles of Association.

8.II As per the directions of SEBI, your Company's Equity Shares are required to be traded in Demat mode only with effect from 30th October, 2000. As such a new clause is proposed to be included in the Articles of Association of the Company to make a provision for Dematerialisation of Securities in order to conform with the provisions of Depositories Act, 1996.

Your Board of Directors recommends the necessary Resolution for your approval.

No Director of the Company is deemed to be interested or concerned in the said Resolution except to the extent of his shareholding.

A copy of memorandum and Articles of Association of the Company together with the proposed alterations is available for inspection by the Members of the Company at its Registered Office between 2.00 p.m. and 4.00 p.m. on any working day upto the date of the Annual General Meeting.

ITEM NO. 9

Your Company availed a term loan of Rs. 2000 lakhs from ICICI. With regard to creation of security in connection with the said loan, a resolution is required to be passed under Section 293(1)(a) of the Companies Act at the General Meeting of the Company by the Shareholders.

Your Board of Directors recommends the necessary Resolution for your approval.

No Director is deemed to be interested or concerned in the Resolution.

(BY ORDER OF THE BOARD)

Venkatarayapuram
TANUKU
29-07-2000

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

Directors' Report

To
The Shareholders

Your Directors have pleasure in presenting this FIFTY THIRD ANNUAL REPORT along with the audited Statement of Accounts for the year ending 31st March, 2000.

Financial Results :

(Rupees in lakhs)

	This Year	Previous Year
Sales	27386.72	32056.35
Other Income	2185.20	2145.87
	29571.92	34202.22
Profit for the year	3751.28	3087.76
Depreciation	1191.79	1199.56
Profit after depreciation	2559.49	1888.20
Add: Income Tax refund received	23.29	—
	2582.78	1888.20
Less: Short Provision of Income Tax for earlier years	17.68	41.41
Provision for Income Tax	300.00	200.00
Provision for Wealth Tax	0.75	0.75
	2264.35	1646.04
Add: Balance brought forward from last year	2.14	119.62
Transfer from Debenture Redemption Reserve	1412.50	200.00
Transfer from General Reserve	—	300.00
Transfer from Investment Allowance Reserve	3.81	1.44
Profit available for appropriation	3682.80	2267.10
APPROPRIATIONS:		
Debenture Redemption Reserve	160.00	1964.00
Transfer to General Reserve	2219.65	—
Interim Dividend declared on 29.3.2000 @ 12%	325.36	—
Proposed Final Dividend on Equity Shares @ 6%	162.68	271.13
Tax on distributable Profits	71.58	29.83
Balance carried forward to next year	743.53	2.14
	3682.80	2267.10