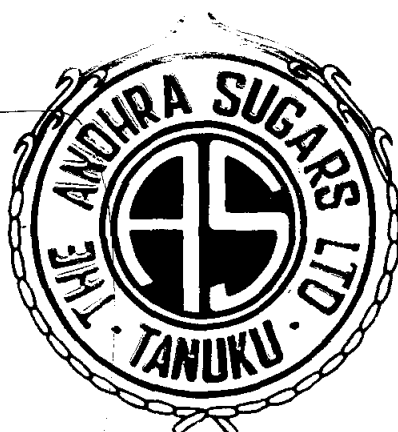


THE ANDHRA SUGARS LIMITED

Report  junction.com



55th ANNUAL REPORT 2001 - 2002



THE ANDHRA SUGARS LIMITED

55th ANNUAL REPORT

2001 - 2002

Board of Directors:

Dr. Mullapudi Harischandra Prasad
Chairman & Managing Director

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

Shri T. Ramesh U. Pai

Shri Justice G. Ramanujam (From 30-01-2002)

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 P.J.V. Sarma

Dr. P. Kotaiah

Dr. A.V. Rama Rao

Shri M.S.R.V.K. Ranga Rao (Upto 30-01-2002)

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.)

The Andhra Sugars Limited

CONTENTS**PAGE NOS.**

Management	1
Contents	2
Notice	3
Directors' Report	16
Auditors' Report	37
Statement on Accounting Policies	40
General Business Profile	42
Balance Sheet	43
Profit & Loss Account	44
Schedules to Balance Sheet	45
Schedules to Profit & Loss Account	52
Notes to Accounts	54
Cash Flow Statement	65
Statement pursuant to Section 212 of the Companies Act	66

Consolidated Financial Statements :

Auditors' Report	67
Consolidated Balance Sheet	68
Consolidated Profit & Loss Account	69
Schedules to Consolidated Balance Sheet	70
Schedules to Consolidated Profit & Loss Account	74
Notes to the Consolidated Financial Statements	76
Consolidated Cash Flow Statement	84

Subsidiary Companies:

JOCIL Limited	85
The Andhra Farm Chemicals Corporation Limited	121
Hindustan Allied Chemicals Limited	145

THE ANDHRA SUGARS LIMITED

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

NOTICE TO SHAREHOLDERS

Notice is hereby given that the FIFTYFIFTH Annual General Meeting of THE ANDHRA SUGARS LIMITED will be held at the Registered Office of the Company, Venkatarayapuram, Tanuku on Friday the 27th day of September, 2002 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, 2002 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 2001-2002.
3. To appoint a Director in place of Shri M. Narendranath who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri P. Achuta Ramayya 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 2002-2003 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 :

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

"RESOLVED THAT Shri Justice G. Ramanujam who was appointed as Additional Director of the Company with effect from 30th January, 2002 pursuant to Article 116 of the Articles of Association and who holds office until the date of the 55th Annual General Meeting under Section 260 of the Companies Act, 1956 be and is hereby appointed as Director of the Company."

8. 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 and subject to such other approvals as may be required, Dr. Mullapudi Harischandra Prasad be and is hereby re-appointed as Managing Director of the Company for a period of 5 years with effect from 1.1.2003 on such salary, commission and perquisites as set out hereunder:-

Dr. Mullapudi Harischandra Prasad is not subject to retirement by rotation during the tenure of his office as Managing Director from 1.1.2003 to 31.12.2007.

1. **Salary:**

Rs 50,000/- per month.

2. **Commission:**

Upto 2% of the net profits of the Company subject to the overall ceiling stipulated in Sections 198 & 309 of the Companies Act.

The Andhra Sugars Limited

3. Perquisites:

i) **Housing:**

If required, free furnished residential accommodation with all facilities and amenities including Gas, Electricity, Water, Furniture/Fittings etc., the monetary value of which may be evaluated as per Rule 3 of the Income-Tax Rules, 1962. The expenditure incurred by the Company on Gas, Electricity, Water and Furnishings shall be subject to a ceiling of 10% of the Salary. In case where the Company does not provide accommodation, House Rent Allowance shall be paid at the rate of 50% of the Salary.

ii) **Medical Reimbursement:**

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.

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.

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 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 Managing Director, the remuneration and perquisites set out above be paid or granted to Dr. Mullapudi Harischandra Prasad 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".

"RESOLVED FURTHER 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 Dr. Mullapudi Harischandra Prasad".

9. 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 and subject to such other approvals as may be required, Dr. B. B. Ramaiah be and is hereby re-appointed as Managing Director (Tech.) of the Company for a period of 5 years with effect from 1.4.2003 on such salary, commission and perquisites as set out hereunder:-

Dr. B.B. Ramaiah is not subject to retirement by rotation during the tenure of his office as Managing Director (Tech.) from 1.4.2003 to 31.3.2008.

1. **Salary:**

Rs. 50,000/- per month.

2. **Commission:**

Upto 2% of the net profits of the Company subject to the overall ceiling stipulated in Sections 198 & 309 of the Companies Act.

3. **Perquisites:**

i) **Housing:**

If required, free furnished residential accommodation with all facilities and amenities including Gas, Electricity, Water, Furniture/Fittings etc., the monetary value of which may be evaluated as per Rule 3 of the Income-Tax Rules, 1962. The expenditure incurred by the Company on Gas, Electricity, Water and Furnishings shall be subject to a ceiling of 10% of the Salary. In case where the Company does not provide accommodation, House Rent Allowance shall be paid at the rate of 50% of the Salary.

ii) **Medical Reimbursement:**

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.

v) **Personal Accident Insurance:**

Premium not to exceed Rs. 4,000/- 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.

The Andhra Sugars Limited

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.

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 Managing Director (Tech.)

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 Managing Director (Tech.), the remuneration and perquisites set out above be paid or granted to Dr. B. B. Ramaiah as minimum remuneration stipulated in Section II of Part II of Schedule XIII of the said Act or such other amount and perquisites as may be provided in the said Schedule XIII as may be amended from time to time or any equivalent statutory re-enactment(s) thereof".

"RESOLVED FURTHER 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 Dr. B. B. Ramaiah".

10. 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 and subject to such other approvals as may be required, Shri M. Narendranath be and is hereby re-appointed as Joint Managing Director of the Company for a period of 5 years with effect from 1.1.2003 on such salary, commission and perquisites as set out hereunder :-"

Shri M. Narendranath is subject to retirement by rotation during the tenure of his office as Joint Managing Director from 1.1.2003 to 31.12.2007.

1. **Salary:**

Rs. 40,000/- per month.

2. Commission

Upto 1% of the net profits of the Company subject to the overall ceiling stipulated in Sections 198 & 309 of the Companies Act.

3. Perquisites**i) Housing:**

If required, free furnished residential accommodation with all facilities and amenities including Gas, Electricity, Water, Furniture/Fittings etc., the monetary value of which may be evaluated as per Rule 3 of the Income-Tax Rules, 1962. The expenditure incurred by the Company on Gas, Electricity, Water and Furnishings shall be subject to a ceiling of 10% of the Salary. In case where the Company does not provide accommodation, House Rent Allowance shall be paid at the rate of 50% of the Salary.

ii) Medical Reimbursement:

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.

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 at any rate 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.

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.

The Andhra Sugars Limited

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

"RESOLVED FURTHER 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 M. Narendranath".

11. 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 and subject to such other approvals as may be required, Shri M. Thimmaraja be and is hereby re-appointed as Joint Managing Director of the Company for a period of 5 years with effect from 1.1.2003 on such salary, commission and perquisites as set out hereunder" :-

Shri M. Thimmaraja is not subject to retirement by rotation during the tenure of his office as Joint Managing Director from 1.1.2003 to 31.12.2007.

1. **Salary:**

Rs. 40,000/- per month.

2. **Commission**

Upto 1% of the net profits of the Company subject to the overall ceiling stipulated in Sections 198 & 309 of the Companies Act.

3. **Perquisites**

i) **Housing:**

If required, free furnished residential accommodation with all facilities and amenities including Gas, Electricity, Water, Furniture/Fittings etc., the monetary value of which may be evaluated as per Rule 3 of the Income-Tax Rules, 1962. The expenditure incurred by the Company on Gas, Electricity, Water and Furnishings shall be subject to a ceiling of 10% of the Salary. In case where the Company does not provide accommodation, House Rent Allowance shall be paid at the rate of 50% of the Salary.

ii) **Medical Reimbursement:**

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.

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 at any rate 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.

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