

THE ANDHRA SUGARS LIMITED

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58th ANNUAL REPORT 2004 - 2005



THE ANDHRA SUGARS LIMITED

58th ANNUAL REPORT

2004 - 2005

BOARD OF DIRECTORS :

Dr. Mullapudi Harischandra Prasad
Chairman & Managing Director

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

Shri T. Ramesh U. Pai (upto 26-1-2005)

Shri Justice G. Ramanujam

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. Achuta Ramayya, B.Com., M.B.A.(New York)
Executive Director

Dr. A.V. Rama Rao

Dr. P. Kotaiah

Shri V. S. Raju

Dr. Alapaty Appa Rao

Dr. Anumolu Ramakrishna (from 21-2-2005)

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
Indian Bank

STATUTORY AUDITORS :

M/s. Brahmayya & Co.,
Chartered Accountants
Vijayawada.

COST AUDITORS :

M/s. Narasimha Murthy & Co.,
Cost Accountants
Hyderabad.

REGISTERED OFFICE :

Venkatarayapuram,
Tanuku - 534 215,
West Godavari District,
Andhra Pradesh.

The Andhra Sugars Limited

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THE ANDHRA SUGARS LIMITED

Registered Office: Venkatarayapuram, TANUKU - 534 215
West Godavari District, Andhra Pradesh.

NOTICE TO SHAREHOLDERS

Notice is hereby given that the FIFTY EIGHTH Annual General Meeting of THE ANDHRA SUGARS LIMITED will be held at the Registered Office of the Company, Venkatarayapuram, Tanuku on Saturday, the 24th day of September, 2005 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, 2005 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 2004-2005.
3. To appoint a Director in place of Sri M. Narendranath who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Sri P. Achuta Ramayya who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Sri 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 2005-2006 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 Dr. Anumolu Ramakrishna who was appointed as Additional Director of the Company with effect from 21-02-2005 pursuant to Article 116 of the Articles of Association and who holds office upto the date of the 58th 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 in partial modification of Special Resolution dated 27th September, 2002 passed at the 55th Annual General Meeting of the Company and in accordance with Sections 198, 309, 310, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and such other approvals as may be required, consent of the Company be and is hereby accorded for the payment of following perquisites to Dr. Mullapudi Harischandra Prasad, Managing Director from 1-4-2005 to 31-12-2007 i.e. for the balance period of current tenure of his office.”

Perquisites:

(i) Housing - Free furnished residential accommodation, if provided 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 for self and family, (iii) Leave Travel Concession for self and 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, (viii) Superannuation Fund – Company's contribution towards Superannuation Fund as per the rules of the Company, such contribution together with Company's contribution to Provident Fund shall not exceed 27% of the salary as

The Andhra Sugars Limited

laid down under the Income tax Rules, 1962 or such other ceiling as may be prescribed from time to time, (viii) Gratuity – not exceeding ½ a month's salary for each completed year of service, (ix) Leave – entitled to one month's leave, as per the rules of the Company on full pay for every 11 months of service. Encashment of leave as per the rules of the company applicable to him at the end of tenure will not be included in computation of ceiling on perquisites, (x) Telephone – one or more free telephone facility at the residence for the use of Company's business, (xi) Car – one or more use of Company's car on Company's business with driver and all expenses of maintenance, repairs and cost of petrol. (Provision of Car one or more for use of Company's business and one or more 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 an overall ceiling of remuneration stipulated under Section 309 of the Companies Act, 1956 read with Schedule XIII thereto or any statutory modification thereof.

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

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

“RESOLVED THAT in partial modification of Special Resolution dated 27th September, 2002 passed at the 55th Annual General Meeting of the Company and in accordance with Sections 198, 309, 310, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and such other approvals as may be required, consent of the Company be and is hereby accorded for the payment of following perquisites to Dr. B.B. Ramaiah, Managing Director(Tech.) from 01-04-2005 to 31-03-2008 i.e. for the balance period of current tenure of his office.”

Perquisites:

(i) Housing - Free furnished residential accommodation, if provided 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 for self and family, (iii) Leave Travel Concession for self and 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, (viii) Superannuation Fund – Company's contribution towards Superannuation Fund as per the rules of the Company, such contribution together with Company's contribution to 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 – not exceeding ½ a month's salary for each completed year of service, (ix) Leave – entitled to one month's leave, as per the rules of the Company on full pay for every 11 months of service. Encashment of leave as per the rules of the company applicable to him at the end of tenure will not be included in computation of ceiling on perquisites, (x) Telephone – one or more free telephone facility at the residence for the use of Company's business, (xi) Car – one or more use of Company's car on Company's business with driver and all expenses of maintenance, repairs and cost of petrol. (Provision of Car one or more for use of Company's business and one or more 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 an overall ceiling of remuneration stipulated under Section 309 of the Companies Act, 1956 read with Schedule XIII thereto or any statutory modification thereof.

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

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

“RESOLVED THAT in partial modification of Special Resolution dt. 23rd September, 2000 passed at the 53rd Annual General Meeting of the Company and in accordance with Sections 198, 309, 310, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and such other approvals as may be required, consent of the Company be and is hereby accorded for the payment of following perquisites to Shri P. Narendranath Chowdary, Joint Managing Director from 01-04-2005 to 11-1-2006 i.e. for the balance period of current tenure of his office.”

Perquisites:

(i) Housing - Free furnished residential accommodation, if provided 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 for self and family, (iii) Leave Travel Concession for self and 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, (viii) Superannuation Fund - Company's contribution towards Superannuation Fund as per the rules of the Company, such contribution together with Company's contribution to 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 - not exceeding ½ a month's salary for each completed year of service, (ix) Leave - entitled to one month's leave, as per the rules of the Company on full pay for every 11 months of service. Encashment of leave as per the rules of the company applicable to him at the end of tenure will not be included in computation of ceiling on perquisites, (x) Telephone - one or more free telephone facility at the residence for the use of Company's business, (xi) Car - one or more use of Company's car on Company's business with driver and all expenses of maintenance, repairs and cost of petrol. (Provision of Car one or more for use of Company's business and one or more 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 an overall ceiling of remuneration stipulated under Section 309 of the Companies Act, 1956 read with Schedule XIII thereto or any statutory modification thereof.

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

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

“RESOLVED THAT in partial modification of Special Resolution dated 27th September, 2002 passed at the 55th Annual General Meeting of the Company and in accordance with Sections 198, 309, 310, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and such other approvals as may be required, consent of the Company be and is hereby accorded for the payment of following perquisites to Shri M. Narendranath, Joint Managing Director from 01-04-2005 to 31-12-2007 i.e. for the balance period of current tenure of his office.”

The Andhra Sugars Limited**Perquisites:**

(i) Housing - Free furnished residential accommodation, if provided 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 for self and family, (iii) Leave Travel Concession for self and 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, (viii) Superannuation Fund - Company's contribution towards Superannuation Fund as per the rules of the Company, such contribution together with Company's contribution to 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 - 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 as per the rules of the company applicable to him at the end of tenure will not be included in computation of ceiling on perquisites, (x) Telephone - one or more free telephone facility at the residence for the use of Company's business, (xi) Car - one or more use of Company's car on Company's business with driver and all expenses of maintenance, repairs and cost of petrol. (Provision of Car one or more for use of Company's business and one or more 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 an overall ceiling of remuneration stipulated under Section 309 of the Companies Act, 1956 read with Schedule XIII thereto or any statutory modification thereof.

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

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

"RESOLVED THAT in partial modification of Special Resolution dated 27th September, 2002 passed at the 55th Annual General Meeting of the Company and in accordance with Sections 198, 309, 310, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and such other approvals as may be required, consent of the Company be and is hereby accorded for the payment of following perquisites to Shri M. Thimmaraja, Joint Managing Director from 01-04-2005 to 31-12-2007 i.e. for the balance period of current tenure of his office."

Perquisites:

(i) Housing - Free furnished residential accommodation, if provided 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 for self and family, (iii) Leave Travel Concession for self and 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, (viii) Superannuation Fund - Company's contribution towards Superannuation Fund as per the rules of the Company, such contribution together with Company's contribution to 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 - 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 as per the rules of the company applicable to him 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

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the use of Company's business, (xi) Car – one or more use of Company's car on Company's business with driver and all expenses of maintenance, repairs and cost of petrol. (Provision of Car one or more for use of Company's business and one or more 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 an overall ceiling of remuneration stipulated under Section 309 of the Companies Act, 1956 read with Schedule XIII thereto or any statutory modification thereof.

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

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

“RESOLVED THAT in partial modification of Special Resolution dated 27th September, 2002 passed at the 55th Annual General Meeting of the Company and in accordance with Sections 198, 309, 310, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and such other approvals as may be required, consent of the Company be and is hereby accorded for the payment of following perquisites to Shri P. Achuta Ramayya, Executive Director from 01-04-2005 to 31-12-2007 i.e. for the balance period of current tenure of his office.”

Perquisites:

(i) Housing - Free furnished residential accommodation, if provided 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 for self and family, (iii) Leave Travel Concession for self and 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, (viii) Superannuation Fund – Company's contribution towards Superannuation Fund as per the rules of the Company, such contribution together with Company's contribution to 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 – not exceeding ½ a month's salary for each completed year of service, (ix) Leave – entitled to one month's leave, as per the rules of the Company on full pay for every 11 months of service. Encashment of leave as per the rules of the company applicable to him at the end of tenure will not be included in computation of ceiling on perquisites, (x) Telephone – one or more free telephone facility at the residence for the use of Company's business, (xi) Car – one or more use of Company's car on Company's business with driver and all expenses of maintenance, repairs and cost of petrol. (Provision of Car one or more for use of Company's business and one or more 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 an overall ceiling of remuneration stipulated under Section 309 of the Companies Act, 1956 read with Schedule XIII thereto or any statutory modification thereof.

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to alter and vary the terms & conditions of the above perquisites in such manner as may be agreed to between Shri P. Achuta Ramayya, Executive Director and the Board.”

The Andhra Sugars Limited

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

“RESOLVED THAT in partial modification of Special Resolution dated 24th September, 2003 passed at the 56th Annual General Meeting of the Company and in accordance with Sections 198, 309, 310, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and such other approvals as may be required, consent of the Company be and is hereby accorded for the payment of following perquisites to Shri P. S. R. V. K. Ranga Rao, Executive Director from 01-04-2005 to 30-04-2009 i.e. for the balance period of current tenure of his office.”

Perquisites:

(i) Housing - Free furnished residential accommodation, if provided 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 for self and family, (iii) Leave Travel Concession for self and 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, (viii) Superannuation Fund – Company's contribution towards Superannuation Fund as per the rules of the Company, such contribution together with Company's contribution to 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 – not exceeding ½ a month's salary for each completed year of service, (ix) Leave – entitled to one month's leave, as per the rules of the Company on full pay for every 11 months of service. Encashment of leave as per the rules of the company applicable to him at the end of tenure will not be included in computation of ceiling on perquisites, (x) Telephone – one or more free telephone facility at the residence for the use of Company's business, (xi) Car – one or more use of Company's car on Company's business with driver and all expenses of maintenance, repairs and cost of petrol. (Provision of Car one or more for use of Company's business and one or more 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 an overall ceiling of remuneration stipulated under Section 309 of the Companies Act, 1956 read with Schedule XIII thereto or any statutory modification thereof.

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to alter and vary the terms & conditions of the above perquisites in such manner as may be agreed to between Shri P.S.R.V.K. Ranga Rao, Executive Director and the Board.”

15. 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 P. Narendranath Chowdary be and is hereby re-appointed as Joint Managing Director of the Company for a period of 5 years with effect from 12.1.2006 on such salary, commission and perquisites as set out hereunder:-

Shri P. Narendranath Chowdary is not subject to retirement by rotation during the tenure of his office as Joint Managing Director from 12.01.2006 to 11.01.2011.

1. Salary:

Rs. 40,000/- per month.

2. Commission:

Upto 1% of the net profits of the Company.

3. Perquisites:

(i) Housing - Free furnished residential accommodation, if provided 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 for self and family, (iii) Leave Travel Concession for self and 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, (viii) Superannuation Fund - Company's contribution towards Superannuation Fund as per the rules of the Company, such contribution together with Company's contribution to 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 - 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 as per the rules of the company applicable to him at the end of tenure will not be included in computation of ceiling on perquisites, (x) Telephone - one or more free telephone facility at the residence for the use of Company's business, (xi) Car - one or more use of Company's car on Company's business with driver and all expenses of maintenance, repairs and cost of petrol. (Provision of Car one or more for use of Company's business and one or more 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 an overall ceiling of remuneration stipulated under Section 309 of the Companies Act, 1956 read with Schedule XIII thereto or any statutory modification thereof.

"FURTHER RESOLVED 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 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."

(BY ORDER OF THE BOARD)

Venkatarayapuram
TANUKU
30-07-2005

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