

THE ANDHRA SUGARS LIMITED

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62nd ANNUAL REPORT 2008-2009



THE ANDHRA SUGARS LIMITED

62nd ANNUAL REPORT

2008 - 2009

BOARD OF DIRECTORS :

Dr. Mullapudi Harischandra Prasad
Chairman & Managing Director

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

Sri Justice G. Ramanujam (Retd.)

Sri A. Ranga Rao

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

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

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

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

Dr. A.V. Rama Rao

Dr. P. Kotaiah

Sri V. S. Raju

Dr. Alapaty Appa Rao

Dr. Anumolu Ramakrishna

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

VICE PRESIDENT (Finance) :

Sri T. Krishnalah, B.A., F.I.C.W.A., F.C.S.

ADDL. COMPANY SECRETARY :

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

BANKERS :

Andhra Bank
State Bank of Hyderabad
State Bank of India
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 SIXTY SECOND Annual General Meeting of THE ANDHRA SUGARS LIMITED will be held at the Registered Office of the Company, Venkatarayapuram, Tanuku on Monday, the 14th day of September, 2009 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, 2009 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 2008-09.
3. To appoint a Director in place of Sri Justice G. Ramanujam (Retd.) who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Sri V. S. Raju who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Dr. Alapaty Appa Rao who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint a Director in place of Sri A. Ranga Rao who retires by rotation and being eligible offers himself for re-appointment.
7. To appoint Auditors for the year 2009 -10 and fix their remuneration. 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:

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

RESOLVED THAT pursuant to the provisions of Sections 198, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 and in partial modification of Resolution No.7 dt. 29.9.2007, consent of the Company be and is hereby accorded for payment of salary of Rs. 2,00,000/- (Rupees Two lakhs only) per month to Dr. Mullapudi Harischandra Prasad, Chairman & Managing Director, from 1.4.2009 to 31.12.2012 i.e., for the balance period of current tenure of his appointment.

RESOLVED FURTHER THAT the terms & conditions relating to commission and perquisites payable as approved by the shareholders vide above said Resolution remain unchanged.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any Financial Year of the Company during the term of office as Managing Director, the salary and perquisites as mentioned above be paid or granted to Dr. Mullapudi Harischandra Prasad as minimum remuneration or such other amount as may be provided in Schedule XIII as amended from time to time or any equivalent statutory re-enactments thereof.

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

RESOLVED THAT pursuant to the provisions of Sections 198, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 and in partial modification of Resolution No.8 dt. 29.9.2007, consent of the Company be and is hereby accorded for payment of salary of Rs.2,00,000 /- (Rupees Two lakhs only) per month to Dr. B.B. Ramaiah, Managing Director (Tech.), from 1.4.2009 to 31.03.2013 i.e., for the balance period of current tenure of his appointment.

RESOLVED FURTHER THAT the terms & conditions relating to commission and perquisites payable as approved by the shareholders vide above said Resolution remain unchanged.

The Andhra Sugars Limited

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any Financial Year of the Company during the term of office as Managing Director (Tech.), the salary and perquisites as mentioned above be paid or granted to Dr. B. B. Ramaiah as minimum remuneration or such other amount as may be provided in Schedule XIII as amended from time to time or any equivalent statutory re-enactments thereof.

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

RESOLVED THAT pursuant to the provisions of Sections 198, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 and in partial modification of Resolution No.15 dt. 29.9.2005, consent of the Company be and is hereby accorded for payment of salary of Rs.1,00,000 /- (Rupees One Lakh only) per month to Sri P. Narendranath Chowdary, Joint Managing Director, from 1.4.2009 to 11.01.2011 i.e., for the balance period of current tenure of his appointment.

RESOLVED FURTHER THAT the terms & conditions relating to commission and perquisites payable as approved by the shareholders vide above said Resolution remain unchanged.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any Financial Year of the Company during the term of office as Joint Managing Director, the salary and perquisites as mentioned above be paid or granted to Sri P. Narendranath Chowdary as minimum remuneration or such other amount as may be provided in Schedule XIII as amended from time to time or any equivalent statutory re-enactments thereof.

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

RESOLVED THAT pursuant to the provisions of Sections 198, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 and in partial modification of Resolution No.9 dt. 29.9.2007, consent of the Company be and is hereby accorded for payment of salary of Rs.1,00,000 /- (Rupees One Lakh only) per month to Sri M. Narendranath, Joint Managing Director, from 1.4.2009 to 31.12.2012 i.e., for the balance period of current tenure of his appointment.

RESOLVED FURTHER THAT the terms & conditions relating to commission and perquisites payable as approved by the shareholders vide above said Resolution remain unchanged.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any Financial Year of the Company during the term of office as Joint Managing Director, the salary and perquisites as mentioned above be paid or granted to Sri M. Narendranath as minimum remuneration or such other amount as may be provided in Schedule XIII as amended from time to time or any equivalent statutory re-enactments thereof.

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

RESOLVED THAT pursuant to the provisions of Sections 198, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 and in partial modification of Resolution No.10 dt.29.9.2007, consent of the Company be and is hereby accorded for payment of salary of Rs. 1,00,000 /- (Rupees One Lakh only) per month to Sri M. Thimmaraja, Joint Managing Director, from 1.4.2009 to 31.12.2012 i.e., for the balance period of current tenure of his appointment.

RESOLVED FURTHER THAT the terms & conditions relating to commission and perquisites payable as approved by the shareholders vide above said Resolution remain unchanged.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any Financial Year of the Company during the term of office as Joint Managing Director, the salary and perquisites as mentioned above be paid or granted to Sri M. Thimmaraja as minimum remuneration or such other amount as may be provided in Schedule XIII as amended from time to time or any equivalent statutory re-enactments thereof.

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

RESOLVED THAT pursuant to the provisions of Sections 198, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 and in partial modification of Resolution No.11 dt. 29.9.2007, consent of the Company be and is hereby accorded for payment of salary of Rs.1,00,000/- (Rupees One Lakh only) per month to Sri P. Achuta Ramayya, Executive Director, from 1.4.2009 to 31.12.2012 i.e., for the balance period of current tenure of his appointment.

The Andhra Sugars Limited

RESOLVED FURTHER THAT the terms & conditions relating to commission and perquisites payable as approved by the shareholders vide above said Resolution remain unchanged.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any Financial Year of the Company during the term of office as Executive Director, the salary and perquisites as mentioned above be paid or granted to Sri P. Achuta Ramayya as minimum remuneration or such other amount as may be provided in Schedule XIII as amended from time to time or any equivalent statutory re-enactments thereof.

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

RESOLVED THAT pursuant to the provisions of Sections 198, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 and in partial modification of Resolution No.8 dt. 25.9.2008, consent of the Company be and is hereby accorded for payment of salary of Rs. 60,000 /- (Rupees Sixty thousand only) per month to Sri P.S.R.V.K. Ranga Rao, Executive Director, from 1.5.2009 to 30.04.2014 i.e., for the of current tenure of his appointment.

RESOLVED FURTHER THAT the terms & conditions relating to commission and perquisites payable as approved by the shareholders vide above said Resolution remain unchanged.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any Financial Year of the Company during the term of office as Executive Director, the salary and perquisites as mentioned above be paid or granted to Sri P.S.R.V.K. Ranga Rao as minimum remuneration or such other amount as may be provided in Schedule XIII as amended from time to time or any equivalent statutory re-enactments thereof.

(BY ORDER OF THE BOARD)

Venkatarayapuram
TANUKU – 534 215
18-07-2009

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

The Andhra Sugars Limited**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 Tuesday the 8th September, 2009 to Monday the 14th September, 2009 (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 14th September, 2009. **In respect of the shares held in Demat Mode, the above dividend will be paid on the basis of beneficial ownership as at end of business hours of 7th September, 2009 as per the details furnished by the Depositories for this purpose.**
4. Shareholders are requested to notify their change of address, if any, to the Company.
5. Shareholders are requested to furnish their Bank Account No. in order to enable the Company to print their Bank Account details on the Dividend Warrants.
6. **Please note that as per the latest SEBI Circular, it has become mandatory for transferee(s) to furnish a copy of his/her/their PAN Card for registration of transfer of shares in Physical form.**
7. As per the provisions of Investors Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, the un-claimed Dividend in respect of Dividend for the year 2000-2001 have been transferred to Investors Education and Protection Fund as envisaged in Section 205C of the Companies Act, 1956.
8. Explanatory Statement under Section 173(2) of the Companies Act, 1956 is attached.
9. **Information about the Directors seeking re-appointment at the 62nd Annual General Meeting as required under Corporate Governance.**

Justice G. Ramanujam joined as a Director on the Board on 30-01-2002.

Justice G. Ramanujam is the retired Chief Justice, Madras High Court. He has considerable experience in industrial and legal field. He is a Director on the Board of The Andhra Petrochemicals Ltd. He is the Chairman of the Audit Committee constituted by the Board of The Andhra Petrochemicals Ltd. Justice G. Ramanujam does not hold any Equity Shares in the Company.

Sri V.S. Raju joined as a Director on the Board on 29-10-2003.

Sri V.S. Raju is former Registrar of Companies, Andhra Pradesh, Hyderabad and Karnataka, Bangalore. He also held the position of Secretary and Deputy Secretary in the Department of Company Affairs, New Delhi. He is practising as an Advocate at Hyderabad and is eminent in Company Law matters. He is a Director on the Board of the Companies viz., JOCIL Ltd., Intensive Air Systems Ltd., Gangavaram Port Ltd., Ind-Bharat Power Infra Ltd., & Leafin India Ltd., (Government of India Nominee). He is the Chairman of the Audit Committee constituted by the Board of JOCIL Ltd. Sri V.S. Raju does not hold any Equity Shares in the Company.

Dr. Alapathy Appa Rao joined as a Director on the Board on 30-04-2004.

Dr. Alapathy Appa Rao holds Ph.D., from Madras University and has long standing experience in the field of Agricultural Sciences. He served as Vice Chancellor of Andhra Pradesh Agricultural University. He is a Director on the Board of Usha Kiran Movies Ltd., and Heritage Foods (India) Ltd. He is Chairman of Audit Committee constituted by the Board of Usha Kiran Movies Ltd., and Member of Audit Committee constituted by the Board of Heritage Foods (India) Ltd. He is also a Member of Salary Committee, Appointment Committee and Share Transfer and Investor Grievance Redressal Committee constituted by the Board of Heritage Foods (India) Ltd. Dr. Alapathy Appa Rao does not hold any Equity Shares in the Company.

Sri A. Ranga Rao joined as a Director on the Board on 18-11-1991.

Sri A. Ranga Rao is a Law Graduate and an Industrialist with considerable experience. He is the Managing Director of Akin Laboratories Pvt. Ltd. He is the Chairman of the Audit Committee constituted by the Board of your Company.

Sri A. Ranga Rao holds 200 Equity Shares in the Company.

SPECIFIC ATTENTION OF SHAREHOLDERS

Sub : Furnishing of Bank Account details for printing on Dividend Warrants.

Shareholders

- | | | |
|-------------------------|---|---|
| Physical Mode | : | <i>Bank Account details be furnished to the Company at the earliest in the format enclosed (Last Page)</i> |
| Electronic / Demat Mode | : | <i>Bank Account details be furnished to the Depository Participant (DP) with whom demat account has been opened and not to the Company. The Company can not act on any request received directly from the members holding shares in Demat Mode for Bank Account Mandates.</i> |

ANNEXURE TO NOTICE**Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956.****ITEM NOS.- 8 to 14**

Managing Director / Whole-time Directors were re-appointed as per the details given hereunder:-

Name	Particulars of appointment by Shareholders	Tenure of Appointment	Remuneration Rs.
Dr. Mullapudi Harischandra Prasad Chairman & Managing Director	60 th Annual General Meeting Special Resolution No.7 Dt. 29-9-2007	01.01.2008 to 31.12.2012	Salary : Rs. 50,000.00 per month Commission : up to 2% of Net Profit Perquisites * : As per Resolution
Dr. Bolla Bulli Ramaiah Managing Director (Tech.)	60 th Annual General Meeting Special Resolution No.8 Dt. 29-9-2007	01.04.2008 to 31.03.2013	Salary : Rs. 50,000.00 per month Commission : up to 2% of Net Profit Perquisites * : As per Resolution
Sri P. Narendranath Chowdary Joint Managing Director	58 th Annual General Meeting Special Resolution No.15 Dt.29-9-2005	12.01.2006 to 11.01.2011	Salary : Rs. 40,000.00 per month Commission : up to 1% of Net Profit Perquisites * : As per Resolution
Sri M. Narendranath Joint Managing Director	60 th Annual General Meeting Special Resolution No.9 Dt. 29-9-2007	01.01.2008 to 31.12.2012	Salary : Rs. 40,000.00 per month Commission : up to 1% of Net Profit Perquisites * : As per Resolution
Sri M. Thimmaraja Joint Managing Director	60 th Annual General Meeting Special Resolution No.10 Dt. 29-9-2007	01.01.2008 to 31.12.2012	Salary : Rs. 40,000.00 per month Commission : up to 1% of Net Profit Perquisites * : As per Resolution
Sri P. Achuta Ramayya Executive Director	60 th Annual General Meeting Special Resolution No.11 Dt. 29-9-2007	01.01.2008 to 31.12.2012	Salary : Rs. 40,000.00 per month Commission : up to 1% of Net Profit Perquisites * : As per Resolution
Sri P.S.R.V.K. Ranga Rao Executive Director	61 st Annual General Meeting Special Resolution No.8 Dt. 25-9-2008	01.05.2009 to 30.04.2014	Salary : Rs. 30,000.00 per month Commission : up to 1% of Net Profit Perquisites * : As per Resolution

* include House Rent Allowance / Rent Free Accommodation, Medical Reimbursement, Leave Travel Concession, Club Membership Fees, Personal Accident Insurance, Provident Fund, Superannuation Fund, Gratuity, Leave, Telephone and Car.

In view of the general trend prevailing in the industry with regard to payment of managerial remuneration to Managing Director / Whole-time Directors and also having regard to the increased responsibilities in view of the Expansion Projects undertaken, your Board of Directors consider it advisable to enhance the salary payable to Managing Director / Whole-time Directors as mentioned in the respective Resolutions.

The other terms and conditions regarding the commission, perquisites etc., remain unchanged as approved by the shareholders vide above said Resolutions.

Your Directors recommend the Resolutions Nos. 8 to 14 for your approval.

Dr. Mullapudi Harischandra Prasad, Chairman & Managing Director; Sri M. Narendranath, Joint Managing Director and Sri M. Thimmaraja, Joint Managing Director, being related to each other shall be deemed to be interested or concerned in the Resolution Nos. 8, 11 & 12.

Dr. B.B. Ramaiah, Managing Director (Tech.) & Sri P. Narendranath Chowdary, Joint Managing Director, being related to each other shall be deemed to be interested or concerned in the Resolution Nos. 9 & 10.

Sri P. Narendranath Chowdary, Joint Managing Director & Sri P. Achuta Ramayya, Executive Director, being related to each other shall be deemed to be interested in Resolution Nos. 10 & 13.

Except Sri P.S.R.V.K. Ranga Rao, Executive Director, no other Director shall be deemed to be interested or concerned in the Resolution No. 14.

This may be treated as abstract of the modification(s) of the terms and conditions of appointment of the Managing Director/ Whole-time Directors pursuant to Section 302 of the Companies Act, 1956.

(BY ORDER OF THE BOARD)

Venkatarayapuram
TANUKU - 534 215
18-07-2009

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

The Andhra Sugars Limited

DIRECTORS' REPORT

To
The Shareholders

Your Directors have pleasure in presenting this SIXTY SECOND ANNUAL REPORT along with the audited Statement of Accounts for the year ending 31st March, 2009.

FINANCIAL RESULTS :

(Rupees in lakhs)

	This Year	Previous Year
Sales	62330.14	51538.09
Other Income	3173.08	2664.26
	65503.22	54202.35
Profit for the year	10156.59	6676.38
Depreciation	3341.71	3218.00
Profit after depreciation	6814.88	3458.38
Less: Short provision of Income-tax	—	177.90
	6814.88	3280.48
Add: Income Tax refund received	1.65	—
Provision for diminution in the value of investment credited back	—	2055.22
Excess provision of Income-tax credited back	12.37	—
	6828.90	5335.70
Provision for Current Tax	1900.00	1050.00
Provision for Fringe Benefit Tax	20.00	20.00
Provision for Deferred Tax	377.33	3.27
Provision for Wealth Tax	4.00	4.00
Profit after Tax	4527.57	4258.43
Add: Balance brought forward from last year	3460.66	3258.86
Profit available for appropriation	7988.23	7517.29
APPROPRIATIONS:		
Transfer to General Reserve	460.00	2500.00
Proposed Dividend on Equity Shares at Rs. 6/- per share (Last year Dividend on Equity Shares at Rs. 5/- per share)	1626.43	1355.35
Tax on distributable profits	243.19	201.28
Balance carried forward to next year	5658.61	3460.66
	7988.23	7517.29

The Andhra Sugars Limited**PERFORMANCE:**

For the year ended 31st March, 2009 sales stood at Rs. 623.30 Crores against Rs. 515.38 Crores of last year. Profit after depreciation stood at Rs. 68.15 Crores against Profit of Rs. 34.58 Crores of previous year. Profit after tax was Rs. 45.28 Crores compared to Rs. 42.58 Crores achieved previous year. Overall improved performance resulted in increase in turnover and profit.

DIVIDENDS:

For the year 2007-08 a Dividend of Rs. 5/- per Equity Share was paid. Your Directors are glad to recommend a Dividend of Rs. 6/- per Equity Share (on 2,71,07,078 Equity Shares of Rs.10/- each) for the year 2008-09. The outflow towards Dividend payment including tax on distributable profits would amount to Rs. 18.70 Crores. The Dividend, if approved by the Shareholders, will be paid to all the eligible Shareholders.

CAPITAL & RESERVES:**Authorised and Paid-up Capital:**

As on 31.3.2009, the Authorised Capital of the Company is Rs.30 Crores and the Paid-up Capital is Rs. 27.11 Crores.

Reserves:

With the transfer of Rs. 4.60 Crores during the year under report, the total Reserves as on 31.3.2009 stood at Rs. 298.86 Crores against Rs. 272.28 Crores as on 31.3.2008.

REVIEW OF OPERATIONS:**SUGAR UNITS:**

The three Sugar Units in aggregate crushed 4,41,469 M.Ts of cane during the year 2008-09 as against 11,82,507 M.Ts crushed during the previous year. The crushing operations and cane price paid to cane suppliers for the 2008-09 are :-