

The Andhra Sugars Limited

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2007.**

		(Rupees in lakhs)		
		Schedule	This Year	Previous Year
<b>INCOME</b>				
Sales (including Excise Duty recovered)			<b>63181.05</b>	54177.80
Less : Excise duty recovered			<b>5569.03</b>	5191.96
			<b>57612.02</b>	48985.84
Other Income	15		<b>2712.56</b>	2980.63
Accretion to Stocks	16		<b>—</b>	2833.18
			<b>60324.58</b>	54799.65
<b>EXPENDITURE</b>				
Raw Materials consumed			<b>22368.08</b>	20832.16
Payments & Benefits to Employees	17		<b>3964.77</b>	3325.65
Expenses	18		<b>16090.28</b>	16351.18
Taxes and licenses	19		<b>1031.56</b>	953.72
Decretion in stock	16		<b>2207.02</b>	—
Interest	20		<b>2343.00</b>	2352.37
Depreciation			<b>2955.83</b>	2505.35
			<b>50960.54</b>	46320.43
<b>Profit for the year</b>			<b>9364.04</b>	8479.22
Add: Income Tax refund received			<b>—</b>	4.25
Excess provision of Income Tax			<b>145.77</b>	224.89
			<b>9509.81</b>	8708.36
Less: Short provision of Income Tax			<b>—</b>	—
			<b>9509.81</b>	8708.36
<b>Less: Provisions for:</b>				
Current Tax			<b>2000.00</b>	1500.00
Fringe Benefit Tax			<b>17.00</b>	50.00
Deferred Tax			<b>1076.05</b>	1124.99
Wealth Tax			<b>2.00</b>	2.00
Profit after tax			<b>6414.76</b>	6031.37
Add: Balance brought forward from last year			<b>2746.92</b>	1433.72
Balance available for appropriation			<b>9161.68</b>	7465.09
<b>APPROPRIATIONS</b>				
General Reserve			<b>4000.00</b>	2400.00
Dividends (See Directors' Report)	21		<b>1902.83</b>	2318.17
Balance taken to Blance Sheet			<b>3258.85</b>	2746.92
			<b>9161.68</b>	7465.09
<b>Basic Earnings per Share:</b>				
(Profit after tax/No. of equity shares)				
Profit after tax			<b>6414.76</b>	6031.37
No. of equity shares of Rs. 10/- each			<b>27107078</b>	27107078
Basic Earnings per share (Rs.)			<b>23.66</b>	22.25
Notes forming part of the accounts.	22			

NOTE : The schedules, notes and Statement on Accounting Policies form an integral part of the Profit & Loss Account.

Per our report of even date:  
For Brahmayya & Company  
Chartered Accountants  
C. Murali Krishna  
Partner

FOR AND ON BEHALF OF THE BOARD  
Dr. Mullapudi Harischandra Prasad  
A. Ranga Rao  
M. Bulli Abbayi

Chairman & Managing Director  
Director  
Company Secretary

Camp : TANUKU  
Date : 28-07-2007

TANUKU  
28-07-2007

**SCHEDULES TO PROFIT & LOSS ACCOUNT****OTHER INCOME****SCHEDULE - 15**

(Rupees in lakhs)

	<b>This Year</b>	<b>Previous Year</b>
Processing and Job Work Income	<b>40.81</b>	37.09
Freight and other sales expenses recovered	<b>1266.03</b>	1303.45
Subsidy on Superphosphate sales	<b>406.23</b>	368.04
Rents received	<b>53.04</b>	46.30
Dividend received	<b>309.96</b>	177.51
Interest from Banks and Others	<b>55.90</b>	49.94
Interest on Investments	<b>11.19</b>	13.49
Miscellaneous Receipts	<b>296.36</b>	570.38
Profit on Sale of Assets	<b>26.89</b>	10.95
Provisions / Credit balances written back	<b>10.56</b>	22.25
Claims received	<b>51.69</b>	29.13
Income from agriculture (Net)	<b>6.88</b>	4.29
Impairment provision written back	<b>162.24</b>	337.44
Difference in exchange	<b>—</b>	7.87
Income of earlier years	<b>12.27</b>	---
Bad debts recovered	<b>2.51</b>	2.50
	<b>2712.56</b>	2980.63
1) Dividend income includes:		
i) From Trade Investments - in subsidiaries	<b>254.46</b>	174.25
- in others	<b>4.18</b>	3.14
ii) From Non-Trade investments	<b>51.32</b>	0.12
2) Tax deducted at source :		
- On Interest income	<b>9.86</b>	9.45
- On Processing charges received	<b>1.69</b>	1.99
- On Rents received	<b>9.13</b>	8.51

**OPENING AND CLOSING STOCKS****SCHEDULE - 16**

Opening Stock:		
Work-in-process	<b>252.70</b>	158.79
Finished goods	<b>17433.11</b>	14598.81
Total (A)	<b>17685.81</b>	14757.60
Closing Stock:		
Work-in-process	<b>416.60</b>	252.70
Finished goods	<b>14909.64</b>	17433.11
Total (B)	<b>15326.24</b>	17685.81
Add : (Increase)/Decrease in Excise duty on stocks (C)	<b>152.55</b>	(95.03)
Accretion to stock	<b>—</b>	2833.18
Decretion in stock	<b>2207.02</b>	---

**PAYMENTS AND BENEFITS TO EMPLOYEES****SCHEDULE - 17**

Salaries, Wages and Bonus	<b>3355.14</b>	2778.13
Contribution to Provident, Gratuity and other funds	<b>440.21</b>	373.88
Workmen and Staff Welfare Expenses	<b>169.42</b>	173.64
	<b>3964.77</b>	3325.65

**The Andhra Sugars Limited**

**MANUFACTURING AND OTHER EXPENSES**

**SCHEDULE - 18**

(Rupees in lakhs)

	<b>This Year</b>	<b>Previous Year</b>
Stores & Spares consumed (including packing materials)	<b>1641.89</b>	1365.97
Power and Fuel	<b>7375.04</b>	7595.99
Insurance	<b>191.06</b>	183.17
Sugarcane Development Expenses	<b>47.16</b>	23.79
Repairs to Buildings	<b>224.21</b>	206.84
Repairs to Machinery	<b>2469.88</b>	3106.93
Repairs to Other Assets	<b>516.91</b>	330.59
Advertisement and Sales Promotion	<b>30.47</b>	22.05
Handling, Transport & Expenses at Sales Depots	<b>1590.91</b>	1556.08
Commission on Sales	<b>62.54</b>	77.79
Rent	<b>11.22</b>	9.82
Directors' Sitting Fee	<b>2.60</b>	1.75
Managerial Remuneration (Note No.25)	<b>923.74</b>	858.00
Payments to Auditors (Note No.22)	<b>9.15</b>	8.37
Miscellaneous Expenses	<b>515.60</b>	536.01
Donations	<b>59.40</b>	55.10
Loss on sale of Assets	<b>1.03</b>	352.48
Issue expenses of Shares/Debentures written off	<b>4.35</b>	6.78
Bad debts	<b>0.57</b>	10.94
Assets written off	<b>333.77</b>	41.77
Stores & Spares written off	<b>26.68</b>	---
Loss on sale / conversion of Investments	<b>23.60</b>	0.93
Difference in exchange	<b>28.49</b>	0.03
	<b>16090.27</b>	16351.18

**TAXES AND LICENCES**

**SCHEDULE - 19**

Excise Duty	<b>2.54</b>	8.33
Purchase Tax on Sugarcane	<b>809.25</b>	713.26
Rates and Taxes	<b>219.77</b>	232.13
	<b>1031.56</b>	953.72

**INTEREST**

**SCHEDULE - 20**

On Fixed period loans from banks	<b>1382.86</b>	1558.22
On Fixed deposits from whole-time Directors	<b>132.30</b>	94.64
On other accounts	<b>827.84</b>	699.51
	<b>2343.00</b>	2352.37

**DIVIDENDS**

**SCHEDULE - 21**

Proposed dividend	<b>1626.42</b>	2033.04
Tax on above	<b>276.41</b>	285.13
	<b>1902.83</b>	2318.17

**NOTES FORMING PART OF THE ACCOUNTS**

**The Andhra Sugars Limited**

**SCHEDULE - 22**

(Rupees in lakhs)

	<b>As at 31-3-2007</b>	<b>As at 31-3-2006</b>
1. Estimated amount of contracts remaining to be executed on Capital Account and not provided for	<b>3782.70</b>	425.25
2. a) Uncalled liability on partly paid shares held as Investments	<b>24.66</b>	24.66
b) Liability on account of membership in Alkali Manufacturers' Association of India, a Company limited by Guarantee	<b>0.01</b>	0.01
3. Claims against the company not acknowledged as debts relating to the following areas:		
i) Excise	<b>25.17</b>	35.66
ii) Customs	<b>2.92</b>	5.45
iii) Sales Tax	<b>28.14</b>	32.81
iv) State Levies	<b>164.14</b>	154.68
v) Suppliers and Service contract	<b>160.89</b>	163.43
vi) Labour related	<b>17.71</b>	14.21
4. Other monies for which the company is contingently liable		
a) Guarantees issued by the company for obligations arising out of events occurred at the Balance Sheet date.	—	—
b) Under the provisions of "The Levy Sugar Price Equalisation Fund Act, 1976" the excess amount collected over the notified levy sale price pursuant to the interim stay granted by the Courts vests in the fund. In a writ petition No: 1534/76 filed by the Company against these provisions, the High Court of Andhra Pradesh has held that provisions of the said Act are not applicable to the excess collections made prior to 15-6-1972, against which the Union Government filed a civil appeal No: 274/79 before the Supreme Court, which is pending.		
While admitting the appeal, the Supreme Court granted stay of operation of Judgement of A.P. High Court in W.P.No: 1534/76 and directed the Company to furnish a Bank Guarantee for Rs.9.60 lakhs being the difference in levy Sugar price for the Sugar Season 1969-70. The Bank Guarantee was furnished on 7-12-1979 in favour of Registrar, High Court of Andhra Pradesh. Interest, if any, payable under the said Act, estimated at Rs. 55.74 lakhs (Rs. 54.01 lakhs) has not been provided for in the accounts pending final legal decision in the matter.		
c) No provision has been made towards the liability if any that may arise towards the sales tax portion of the cost of Rock Phosphate purchased on high seas basis from Minerals and Metal Trading Corporation of India (MMTC) for the years 1977-78 to 1988-89 estimated at Rs.23.22 lakhs. The Company has furnished an indemnity to MMTC for the amount.		

## **The Andhra Sugars Limited**

5. "Sundry Creditors" includes Rs.7.53 lakhs received from State Trading Corporation (STC) towards damages for breach of Contract pursuant to the orders of the Appellate Authorities/ Arbitrators. Since, further Appeals preferred by the S.T.C. before the higher appellate authorities are pending, the said amount is not recognised as revenue in the year of receipt, pending disposal of final appeal.
6. The Company has given undertakings / assurance to IDBI not to dispose of its share holdings in The Andhra Petrochemicals Limited, without the prior consent of the IDBI until the loan payable by the said company to IDBI are fully repaid.
7. In the opinion of the management, all the amounts stated under sundry debtors and loans and advances are recoverable at the values at which they are stated.
8. Balances in personal accounts of various parties are subject to confirmation by and reconciliation with the said parties.
9. Based on the information available with the company regarding the state of its creditors, there are no dues payable to Small Scale Industrial Undertakings as on the date of the balance sheet. The Auditors have relied upon the said information.
10. Loans and Advances in the nature of loans given to subsidiary Hindustan Allied Chemicals Limited as per clause 32 of the listing agreement is Rs.0.83 lakhs as on 31.3.2007. (Maximum balance outstanding during the year is same). The investment in the Equity shares of the company is Nos. 328760.
11. Closing stock units, Wind farm at Ramagiri and power generation unit at Taduvai as per the books of the Company and as confirmed by the AP Genco is subject to reconciliation due to certain matters pending before Honourable High Court of Andhra Pradesh.

**The Andhra Sugars Limited**

**12. SALES**

(Rupees in lakhs)

		This year		Previous year	
		Quantity	Value	Quantity	value
Sugar	M.T	164279	28462.08	123026	21229.70
Molasses	M.T	38028	893.99	12061	234.69
Industrial Alcohols & Ethanol	K.L	2770	800.46	3318	877.08
Acetic Acid	M.T	981	377.66	1423	542.27
Acetic Anhydride	M.T	705	480.11	1100	639.09
Ethyl Acetate	M.T	—	—	12	6.97
Aspirin	M.T	385	600.35	503	785.23
Caustic Soda	M.T	96422	18237.53	88875	16417.70
Caustic Potash	M.T	8326	3020.79	8855	2948.58
Chlorine	M.T	50917	2390.27	52283	3411.48
Hydrochloric Acid	M.T	124093	1478.28	105074	1809.85
Sodium Hypochlorite	M.T	15419	516.33	16651	378.07
Hydrogen gas	CU.MTR	2496007	417.07	2186704	295.26
Chlorosulphonic Acid	M.T	—	0.01	1074	58.58
Sulphuric Acid	M.T	101000	2321.46	80306	1890.96
Superphosphate	M.T	42241	1270.67	43093	1202.85
UDMH / UH 25	M.T	105	664.13	107	675.97
Mono Methyl Hydrazine	M.T	6	108.08	6	115.99
HTPB	M.T	53	272.74	40	215.53
Electrical Energy	KWH	17467510	471.62	41147	1.11
Cattle Feed	M.T	2756	173.54	2327	139.77
Others			223.88		301.07
			<b>63181.05</b>		<b>54177.80</b>

NOTE: The above figures include Excise Duty recovered: **5569.03** 5191.96

**13. Stores and Spares consumed and the value of 'Sales' are after excluding the value of the Products internally produced and consumed at the market value of :**

**79.72** 66.31

**14. RAW MATERIALS CONSUMED:**

(Rupees in lakhs)

		This year		Previous year	
		Quantity	Value	Quantity	value
Sugarcane	M.T.	1349171	14954.29	1189612	13479.03
Phenol	M.T.	375	257.80	550	323.86
Sulphur	M.T.	41759	1835.84	33472	1714.26
Rockphosphate	M.T.	24663	852.07	24441	817.34
Salt	M.T.	163478	2498.47	155224	2601.30
Potassium Chloride	M.T.	11238	1356.25	11645	1398.50
Extractions for Cattle feed	M.T.	2317	100.27	2424	71.12
Other raw materials			513.09		426.75
			<b>22368.08</b>		<b>20832.16</b>

Note: Where one class of goods is used in the manufacture of another, consumption of raw materials and sales have been arrived at after deducting inter unit transfers. Excise duty, if any, is adjusted in Schedule No. 19.



## 16. PARTICULARS REGARDING CAPACITY AND PRODUCTION:

	CLASS OF GOODS	CAPACITY		ACTUAL PRODUCTION	
		LICENCED	INSTALLED	Year ended March, 2007	Year ended March, 2006
1	Sugar				
a.	Tanuku	5,000 MT Cane/Day	5,000 MT Cane/Day	63277 MT	51354 MT
	Molasses (By-product of Sugar)			26143 MT	20461 MT
b.	Taduvai	5,500 MT Cane/Day	2,500 MT Cane/Day	62224 MT	57067 MT
	Molasses (By-product of Sugar)			23168 MT	21661 MT
c.	Bhimadole	5,500 MT Cane/Day	1,600 MT Cane/Day	21777 MT	22195 MT
	Molasses (By-product of Sugar)			9430 MT	9953 MT
2	Acetic Acid	1,080 MT/annum	1,080 MT/annum	826 MT	1254 MT
	Acetic Anhydride	720 MT/annum	720 MT/annum	996 MT	1626 MT
	Ethyl Acetate	1,268 MT/annum	1,268 MT/annum	45 MT	75 MT
	Butyl Acetate	1,268 MT/annum	1,268 MT/annum	---	---
3	Industrial Alcohol	9,900 KL/annum	9,900 KL/annum	5764 KL	7702 KL
4	Carbon Dioxide	5,000 MT/annum	5,000 MT/annum	200 MT	332 MT
5	Aspirin	2,500 MT/annum	1,000 MT/annum	334 MT	736 MT
6	H.T.P.B.	180 MT/annum	180 MT/annum	56 MT	38 MT
7	Diffusers	4 Nos. per annum	4 Nos. per annum	---	---
8	Chemical Equipment	392 MT/annum	500 MT/annum	---	545 MT
9	Sugar Factory Boiling House Equipment	1,000 MT/annum	1,000 MT/annum	---	---
10	Organic Derivatives of Hydrazine or of Hydroxyl Amine	250 MT/annum	250 MT/annum	110 MT	110 MT
11	Caustic Soda (Kovvur)				
a.	Caustic Soda (Up to Aug-06)	46,200 MT/annum	46,200 MT/annum	---	5982 MT
b.	Hydrochloric Acid	28,710 MT/annum (100% basis)	28,710 MT/annum (100% basis)	586 MT	6576 MT
c.	Chlorine	29,730 MT/annum	29,730 MT/annum	1891 MT	7348 MT
d.	Caustic Potash (Up to Aug-06)	2,500 MT/annum	2,500 MT/annum	3774 MT	8398 MT
e.	Sodium Hypochlorite	1,650 MT/annum	1,650 MT/annum	8505 MT	13282 MT
a.	Caustic Potash (From Sep-06)	16,500 MT/annum	16,500 MT/annum	4169 MT	---
	(Membrane Cell Process)				
b.	Hydrochloric Acid	6,600 MT/annum (100% basis)	6,600 MT/annum (100% basis)	2458 MT	---
c.	Chlorine	9,900 MT/annum	9,900 MT/annum	1755 MT	---



CLASS OF GOODS	CAPACITY		ACTUAL PRODUCTION	
	LICENCED	INSTALLED	Year ended March, 2007	Year ended March, 2006
12 Sulphuric Acid	45,000 MT/annum	45,000 MT/annum	26011 MT	33516 MT
13 Superphosphate	66,000 MT/annum	66,000 MT/annum	44500 MT	44438 MT
14 Chlorosulphonic Acid	20,000 MT/annum	20,000 MT/annum	---	889 MT
15 Oleum	6,600 MT/annum	6,600 MT/annum	---	61 MT
16 Caustic Soda (Saggonda)				
a. Caustic Soda	132,000 MT/annum	132,000 MT/annum	102064 MT	90367 MT
b. Hydrochloric Acid	40,000 MT/annum	40,000 MT/annum	131928 MT	106473 MT
c. Chlorine	76,000 MT/annum	76,000 MT/annum	47951 MT	45617 MT
d. Sodium Hypochlorite	6,600 MT/annum	6,600 MT/annum	6901 MT	3390 MT
e. Hydrogen gas	1,000 MT/annum	1,000 MT/annum	2494629 CU.MTR	2187224 CU.MTR
f. Barium Sulphate	330 MT/annum	330 MT/annum	---	46 MT
17 Sulphuric Acid (Saggonda)	99,000 MT/annum	99,000 MT/annum	82663 MT	64028 MT
18 Chlorosulphonic Acid (Saggonda)	33,000 MT/annum	---	---	---
19 Liquid Hydrogen	330 MT/annum	330 MT/annum	---	---
20 Crushing and processing of seeds and oil bearing vegetable produce	63,000 MT/annum	125 MT/day crushing 300 MT/day processing	---	---
21 Vegetable oil refining	18,000 MT/annum	60 MT/day	---	---
22 Hydrogenation of Oils	12600 MT/annum	40 MT/day	---	---
23 Cattle and Poultry Feed	15000 MT/annum	15 MT/day	2756 MT	2327 MT
24 Wind Power (Anantapuram)	2.025 MW	2.025 MW	2510300 Units	2351600 Units
25 Wind Power (Tamilanadu)	6.600 MW	6.600 MW	17467510 Units	41147 Units
26 Electricity (Co.Gen.at Taduvai)	7 MW	7 MW	28102140 Units	23003940 Units
27 Bagasse	---	---	411814 MT	360841 MT

1. The above licenced capacities are as registered with the concerned authorities, wherever necessary, consequent to delicensing of the respective products.
2. Production of Electrical energy is net after deductions towards wheeling and banking charges.
3. The installed capacities are as certified by the Managing Director.

**17. Comparison between consumption of Imported and Indigenous Raw Materials during the year :**

	(Rupees in lakhs)			
	This year		Previous year	
	Value	Percentage	Value	Percentage
Imported	4047.39	18	3930.11	19
Indigenous	18320.69	82	16902.05	81
	<u>22368.08</u>	<u>100</u>	<u>20832.16</u>	<u>100</u>

**18. Comparison between Consumption of Imported and Indigenous spare parts and components during the year (charged to appropriate heads):**

Imported	379.07	6	209.89	4
Indigenous	5964.05	94	4691.20	96
	<u>6343.12</u>	<u>100</u>	<u>4901.09</u>	<u>100</u>

**19. Value of Imports made by the company during the year calculated on C.I.F. basis:**

Components and Spare Parts	262.02	526.73
Raw - materials	3790.06	3234.38
	<u>4052.08</u>	<u>3761.11</u>

**20. Earnings in foreign exchange on FOB basis:**

This Year	Previous Year
115.19	257.59

**21. Expenditure incurred in foreign currency:**

Books and Periodicals	1.14	2.09
Foreign travel (excluding tickets purchased in India)	14.48	12.09
Delegation fee	2.08	1.35
Professional charges	14.06	---
Managerial remuneration (Medical expenses to Chairman and Managing Director)	---	35.46

**22. Payments made to Auditors:**

As Auditors	3.50	3.00
As Tax Auditors and for other Tax matters	1.15	0.99
Fee for Certification including limited review etc.,	2.88	2.88
Reimbursement of out of pocket expenses	0.45	0.46
	<u>7.98</u>	<u>7.33</u>
As Cost Auditors	0.90	0.80
Fee for Certification	0.15	0.15
Reimbursement of out of pocket expenses	0.12	0.09
	<u>9.15</u>	<u>8.37</u>

This Year Previous Year

**23. During the year the company has incurred the following expenditure on Research and Development which was included under respective heads in the Profit and Loss Account:**

Salaries, Wages and Bonus	<b>59.41</b>	45.98
Contribution to Provident, Gratuity and other funds	<b>8.14</b>	6.36
Workmen and Staff Welfare Expenses	<b>1.92</b>	1.33
Materials consumed	<b>3.36</b>	12.07
Power and Fuel	<b>0.23</b>	1.96
Repairs to Assets	<b>2.69</b>	3.44
Miscellaneous Expenses	<b>5.74</b>	5.71
Depreciation	<b>—</b>	8.07
	<b>81.49</b>	84.92

**24. (A) Revenue expenditure does not include the following, which formed part of the cost of capital equipment internally manufactured for captive usage.**

Salaries, Wages and Bonus	<b>48.15</b>	32.16
Contribution to Provident, Gratuity and other funds	<b>4.21</b>	3.02
Workmen and Staff Welfare Expenses	<b>2.66</b>	1.78
Power and Fuel	<b>6.22</b>	1.73
Insurance	<b>0.22</b>	0.18
Repairs to Assets	<b>1.20</b>	2.52
Miscellaneous Expenses	<b>0.42</b>	0.34
Depreciation	<b>0.42</b>	0.21
	<b>63.50</b>	41.94

**(B) Revenue expenditure capitalised during the year includes among others:**

Salaries, Wages and Bonus	<b>—</b>	4.71
Contribution to P.F. & other funds	<b>—</b>	—
Workmen & Staff welfare expenses	<b>—</b>	—
Stores and spares consumed	<b>—</b>	—
Insurance	<b>—</b>	0.43
Power & Fuel	<b>—</b>	16.43
Taxes & Licences	<b>—</b>	2.01
Repairs & Maintainance - Plant & Machinery	<b>—</b>	—
Consultancy charges	<b>—</b>	—
Miscellaneous expenses	<b>—</b>	13.81
Borrowing Costs as per AS16		
- Term Loan Processing & Upfront fee	<b>—</b>	—
- Interest Paid to Banks on fixed period loans	<b>—</b>	1.40
	<b>—</b>	38.79
Less: Interest received	<b>—</b>	2.22
	<b>—</b>	36.57

**25. Computation of Net Profits in accordance with Sec.349 of the Companies Act.**

(Rs. in lakhs)

Net Profit as per Profit & Loss account		<b>9364.05</b>
Add: Sitting fees	<b>2.60</b>	
Remuneration provided	<b>923.74</b>	
Profit on sale of assets in accordance with Section 349	<b>26.89</b>	
Loss on sale of investments	<b>23.60</b>	
Depreciation provided	<b>2955.83</b>	<b>3932.66</b>
		<b>13296.71</b>
Less: Depreciation in accordance with Sec.350	<b>2955.83</b>	
Profit on sale of assets	<b>26.89</b>	
Impairment provision reversed	<b>162.24</b>	<b>3144.96</b>
Net Profit in accordance with Sec.349		<b>10151.75</b>

Details of the remuneration to the Whole-time Directors (including Managing Director)

	<b>This Year</b>	Previous Year
Salary	<b>34.80</b>	34.80
Contribution to Provident, Gratuity and other Funds	<b>10.02</b>	10.03
Other perquisites	<b>16.02</b>	47.96
Commission at 8.5% on net profit computed above	<b>862.90</b>	765.21
	<b>923.74</b>	858.00

The cost to the Company of the perquisites allowed during the year to the Managing Director (Tech.) & Executive Director in addition to the remuneration shown above works out to Rs.56,339/-. The value of the said perquisites computed in accordance with Income Tax Rules 1962, works out to Nil.

**26. Major components of deferred tax assets and liabilities arising on account of timing differences are:**

<b>Particulars</b>	<b>Assets</b>	<b>Liabilities</b>
1. Depreciation	—	<b>6974.41</b>
2. Amounts disallowed u/s 43B of Income Tax Act, 1961	<b>348.37</b>	—
3. Provision for doubtful debts	<b>6.73</b>	—
4. Payments under VRS	<b>7.12</b>	—
	<b>362.22</b>	<b>6974.41</b>
Deferred Tax (Net)		<b>6612.19</b>

**27. GENERAL:**

Figures have been rounded off to the nearest thousand.

Previous year figures have been regrouped wherever necessary.

Figures in brackets are for previous year.

Per our report of even date:	<b>FOR AND ON BEHALF OF THE BOARD</b>	
For Brahmayya & Company	Dr. Mullapudi Harischandra Prasad	Chairman & Managing Director
Chartered Accountants	A. Ranga Rao	Director
C. Murali Krishna	M. Bulli Abbayi	Company Secretary
Partner		

Camp : TANUKU

TANUKU

Date : 28-07-2007

28-07-2007