



THE ANDHRA SUGARS LIMITED

61st ANNUAL REPORT

2007 - 2008

BOARD OF DIRECTORS :

Dr. Mullapudi Harischandra Prasad
Chairman & Managing Director

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

Justice G. Ramanujam

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. Krishnaiah, 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.

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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 SIXTYFIRST Annual General Meeting of THE ANDHRA SUGARS LIMITED will be held at the Registered Office of the Company, Venkatarayapuram, Tanuku on Thursday the 25th day of September, 2008 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, 2008 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 2007-2008.
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 a Director in place of Dr. Anumolu Ramakrishna who retires by rotation and being eligible offers himself for re-appointment.
7. To appoint Auditors for the year 2008-09 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 :

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, Sri P.S.R.V.K. Ranga Rao be and is hereby re-appointed as Executive Director of the Company for a period of 5 years with effect from 1st May, 2009 on such salary, commission and perquisites as set out hereunder:-

Sri P.S.R.V.K. Ranga Rao is subject to retirement by rotation during the tenure of his office as Executive Director from 1st May, 2009 to 30th April, 2014.

1. **Salary:**
Rs. 30,000/- per month.
2. **Commission:**
Upto 1/2% of the net profits of the Company subject to an 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 of the expenses incurred for treatment in India / Abroad for self and family. (iii) Leave Travel Concession – for himself and his 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, (vii) Superannuation Fund – Company's contribution towards Superannuation Fund as per the rules of the Company, such contribution together

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with Company's contribution 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 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 – on 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 and telephone at residence for use of Company's business 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.

Company's contribution to Provident Fund and Superannuation Fund and Gratuity payable at the end of the tenure to the extent these either singly or together are not taxable under the Income-tax Act shall not be included in the computation of limits for the perquisites aforesaid.

"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 Executive Director, the remuneration and perquisites set out above be paid or granted to Sri P.S.R.V.K. Ranga Rao 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 Sri P.S.R.V.K. Ranga Rao."

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

"RESOLVED THAT in supersession of the Resolution passed by the Shareholders at the 60th Annual General Meeting held on 29th September, 2007, the consent of the Company be and is hereby accorded to the Board of Directors in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgage and/or charge by way of second charge the immovable properties wherever situate, present and future of the Company in favour of all or any of the Bankers viz., Andhra Bank, State Bank of Hyderabad, State Bank of India, Bank of Baroda and Indian Bank to secure working capital facilities upto Rs. 350 Crores."

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to finalise with respective consortium of Banks / Andhra Bank acting as an Agent of the consortium of Banks, the documents for creating aforesaid mortgage and/or charge by way second charge and to do all such acts and things as may be necessary for giving effect to this Resolution."

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

"RESOLVED THAT pursuant to Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 consent be and is hereby accorded to the Board of Directors to lease the plants of Cotton & Oil Products (COP) Division, Guntur of the Company as and when considered necessary on such terms and conditions as the Board may deem fit".

"FURTHER RESOLVED THAT the Board of Directors be and is hereby authorised to take necessary steps from time to time as may be required in connection with the leasing of the said plants of COP Division, Guntur".

(BY ORDER OF THE BOARD)

Venkatarayapuram
TANUKU – 534 215
28-07-2008

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

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 16th September, 2008 to Thursday the 25th September, 2008 (both days inclusive).
3. The Dividend recommended by the Directors, if approved at the meeting will be paid to the Shareholders whose names are on the Register of Members as on 25th September, 2008. **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 15th September, 2008 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 on the Dividend Warrants.
6. **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 1999-2000 have been transferred to Investors Education and Protection Fund as envisaged in Section 205C of the Companies Act, 1956.**
7. **Explanatory Statement under Section 173(2) of the Companies Act, 1956 is attached.**
8. **Information about the Directors seeking re-appointment at the 61st Annual General Meeting as required under Corporate Governance.**

The information or details to be provided in respect of Directors seeking re-appointment at the 61st Annual General Meeting as required by Corporate Governance are given as under:

Sri M. Narendranath has been associated with your Company as a Director since 3rd February, 1983 and as Joint Managing Director from 1st April, 1998. Sri M. Narendranath is B.Sc. (Ag.) and has rich expertise background in Sugar Technology and Sugar development. He has travelled extensively to Sugar producing Nations and participated in many National and International Seminars conducted in connection with the development of Sugar Industry and Sugar Technology. He was executive Committee Member of the Sugar Processing Research Institute (USA), Sugar Technologists Inc (USA) and on the Co-products Commission of the International Society of Sugarcane Technologists. As Joint Managing Director he is incharge of all the three Sugar Units - Tanuku, Taduvai and Bhimadole. He hold Directorship in Sree Akkamamba Textiles Ltd., Sree Satyanarayana Spinning Mills Ltd. and Hindustan Allied Chemicals Ltd., and Sugar Industry Technologist Inc.

Sri P. Achuta Ramayya is a Graduate in Commerce and possess M.B.A. Degree from New York University. Sri P. Achuta Ramayya has been the Executive Director of the Company since 1983. As Executive Director, he is incharge of entire marketing functions of the Company and looks after day to day affairs of the Cotton & Oil Products Division, Guntur.

Sri P.S.R.V.K. Ranga Rao is a Graduate in Commerce. He has been the Executive Director of the Company since 1st May, 1999. As Executive Director, he assist the Chairman & Managing Director in looking after day to day affairs of Chemical Complex at Saggonda. He holds Directorship in Sugarfield Constructions Pvt. Ltd.

Dr. Anumolu Ramakrishna has been the Director on the Board of the Company since 21st February, 2005. Dr. Anumolu Ramakrishna holds Bachelor Degree in Civil Engineering and M.Sc. in Structural Engineering. He started his career in 1962 with Engineering Construction Corporation Limited which was subsequently amalgamated with Larsen & Tubro (L&T) Limited. He was inducted on the Board of L & T in the year 1992 and was elevated to the position of Deputy Managing Director in 2000. He was associated with many prestigious and huge construction projects in India and abroad which were completed in record time. He has been conferred Degree of Doctorate of Science by Andhra University and Degree of Doctorate of Philosophy by Jawaharlal Nehru Technological University. He holds Directorships in companies viz., GVK Jaipur Kishangarh

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Expressway Ltd., KCP Ltd., Madras Cements Ltd., Ramco Industries Ltd., Taj GVK Hotels & Resorts Ltd., GVK Industries Ltd., Gautami Power Ltd., International Infrastructure Consultants Pvt. Ltd., GVK Power & Infrastructure Ltd., SPEL Semiconductor Ltd., Teesta Urja Ltd., Mumbai International Airport Ltd., and Brigade Enterprises Ltd. He is on the Audit Committee of other companies viz., Ramco Industries Ltd., GVK Jaipur Expressway Pvt. Ltd., KCP Limited, Taj GVK Hotels and Resorts Limited, SPEL Semiconductor Limited, GVK Power & Infrastructure Limited, Gautami Power Limited and Teesta Urja Limited. He is also a member of Audit & Compensation Committee - Madras Cements Limited.

He does not hold any Shares in the Company.

SPECIFIC ATTENTION OF SHAREHOLDERS

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

Shareholders

Physical Mode : *Bank Account details be furnished to the Company at the earliest in the format enclosed (Last Page)*

Demat Mode
Electronic / : *Bank Account details be furnished to the DP with whom demat account has been opened and not to the Company. The Company cannot act on any request received directly from the members holding shares in Demat Mode for Bank Account Mandates.*

ANNEXURE TO NOTICE

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

ITEM NO. 8

Shareholders at the 56th Annual General Meeting of the Company held on 24th September, 2003 approved the re-appointment of Sri P.S.R.V.K. Ranga Rao as Executive Director for a period of five years with effect from 1st May, 2004. The said term of re-appointment will be expiring on 30th April, 2009.

Sri P.S.R.V.K. Ranga Rao is a Graduate in Commerce. He has been the Executive Director of the Company since 1st May, 1999. As Executive Director, he assist Chairman & Managing Director in looking after day to day affairs of Chemical Complex at Saggonda. Your Company has taken up expansion Projects at Chemical Complex, Saggonda and as such your Board of Directors considered desirable in the interest of the Company to extend his term of appointment as Executive Director for a further period of five years with effect from 1st May, 2009 subject to the approval of the Shareholders.

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

Except Sri P.S.R.V.K. Ranga Rao no other Director is interested or concerned in the Resolution.

ITEM NO. 9

Shareholders at the 60th Annual General Meeting held on 29th September, 2007 accorded its approval for the creation of second charge on the Fixed Assets in favour of Company's Bankers to the extent of Rs. 220 Crores. In view of the increased working capital limits availed by the Company from the Companies bankers, second charge is required to be created on all immovable properties of the Company present and future to the extent of Rs. 350 Crores.

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

None of the Directors is interested or concerned in the Resolution.

ITEM NO. 10

Section 293 (1)(a) of the Companies Act, 1956 provides that the Board of Directors of a Public Company, or a Private Company which is a subsidiary of a Public Company, shall not, except with the consent of such Company or subsidiary in General Meeting sell, lease or otherwise dispose of the whole, or substantially the whole of the undertaking of the company, or where the company owns more than one undertaking of the whole, or substantially the whole, of any such undertaking.

Accordingly approval of the shareholders is being obtained to enable the Board of Directors to consider the proposal of leasing of the Plants relating to COP Division, Guntur as and when considered necessary on such terms and conditions as the Board may deem fit.

Your Directors recommends the Resolution for your approval

None of the Directors is interested or concerned in the Resolution.

(BY ORDER OF THE BOARD)

Venkatarayapuram
TANUKU – 534 215
28-07-2008

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

DIRECTORS' REPORT

To
The Shareholders

Your Directors have pleasure in presenting this SIXTYFIRST ANNUAL REPORT along with the audited Statement of Accounts for the year ending 31st March, 2008.

FINANCIAL RESULTS :

(Rupees in lakhs)

	This Year	Previous Year
Sales	51538.09	63181.05
Other Income	2664.26	2712.56
	54202.35	65893.61
Profit for the year	6676.38	12319.88
Depreciation	3218.00	2955.83
Profit after depreciation	3458.38	9364.05
Less: Short provision of Income-tax	177.90	—
	3280.48	9364.05
Add: Provision for dimunition in the value of investment credited back	2055.22	—
Excess provision of Income-tax credited back	—	145.77
	5335.70	9509.82
Less : Provision for Current Tax	1050.00	2000.00
Provision for Fringe Benefit Tax	20.00	17.00
Provision for Deferred Tax	3.27	1076.05
Provision for Wealth Tax	4.00	2.00
Profit after Tax	4258.43	6414.77
Add: Balance brought forward from last year	3258.86	2746.91
Profit available for appropriation	7517.29	9161.68
APPROPRIATIONS:		
Transfer to General Reserve	2500.00	4000.00
Proposed Dividend on Equity Shares @ 50% (Last Year Dividend on Equity Shares @ 60%)	1355.35	1626.42
Tax on distributable profits	201.28	276.41
Balance carried forward to next year	3460.66	3258.85
	7517.29	9161.68

PERFORMANCE:

During the year 2007-08 sales stood at Rs.515.38 Crores against Rs. 631.81 Crores of last year. Gross Profit stood at Rs. 34.58 Crores against Gross Profit of Rs. 93.64 Crores of previous year. Profit after tax was Rs. 42.58 Crores compared to Rs. 64.15 Crores achieved previous year. Decline in turnover and Profit is mainly on account of depressed sale price of Sugar and decrease in the quantity of Sugar sold.

DIMINUTION IN THE VALUE OF EQUITY INVESTMENT IN THE ANDHRA PETROCHEMICALS LTD.:

As required by Accounting Standards, an amount of Rs. 20.55 Crores was provided in the financial year 2001-02 towards diminution in the value of investment made in the Equity Capital of The Andhra Petrochemicals Ltd. (APL). In view of the market value of Equity Share of APL being above the par value, the said provision has been credited back during the year under report.

DIVIDENDS:

For the year 2006-07 a Dividend of 60% on Equity Shares was paid. Having the need to conserve the resources for expansion activities, your Directors recommend a Dividend of 50% on Equity Shares (Rs. 5/- per equity share) for the year 2007-08. The out-flow towards Dividend payment including tax on distributable profits would amount to Rs. 15.57 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 31.3.2008, 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. 25.00 Crores during the year under report, the total Reserves as on 31.3.2008 was Rs. 272.28 Crores against Rs. 248.33 Crores as on 31.3.2007.

REVIEW OF OPERATIONS:

SUGAR UNITS:

The three Sugar Units in aggregate crushed 11,82,507 M.T. of cane during the year 2007-08 as against 13,49,171 M.T. crushed during the previous year. The crushing operations (for the year 2007-08) and cane price paid to the cane suppliers for the 2007-08 season are :-

	SUGAR UNIT – I TANUKU		SUGAR UNIT – II TADUVAI		SUGAR UNIT-III BHIMADOLE	
	Fin. Year 2007-08	Fin. Year 2006-07	Fin. Year 2007-08	Fin. Year 2006-07	Fin. Year 2007-08	Fin. Year 2006-07
(A) Crushing details:						
Total cane crushed (MT)	500923	602182	458911	539989	222673	207000
Total No. of days crushed	122	136	140	163	139	122
Total Sugar produced (MT)	53684	63277	53838	62224	25395	21777
Average Recovery	10.64%	10.61%	11.45%	11.56%	10.89%	10.78%
(B) Cane price:						
Statutory Minimum Cane price (per M.T.)	955.80	973.50	1045.80	1018.50	973.80	937.50
Cane price paid (per M.T.)*	1160.00	1160.00	1184.00	1184.00	1160.00	1160.00

* inclusive of Purchase Tax of Rs.60/- per M.T.

- The decrease in cane crush is mainly due to severe harvesting labour shortage that has caused the cane farmers to switch-over to other crops.
- Recovery achieved at Sugar Unit – I and III were higher compared to the previous season, while Sugar Unit –II was marginally lower.
- With a recovery of 11.45% Sugar Unit II stood first in the state.
- with a recovery of 10.89% Sugar Unit III stood second in the State.
- The sugar produced at Sugar Unit III has consistently been of below 40 ICUMSA colour. This was possible due to the installation of a New Generation Short Retention Time Clarifier of SRI (Australia) design during the 2007 off-season.
- In view of the need to keep the cane farmers in cane farming, your Company opted to pay a cane price higher than the Statutory Minimum Price fixed by the Government.

POWER GENERATION :

During the year under report the Co-generation Unit at Taduvai generated 2,69,92,260 Units of power against 2,81,02,140 Units generated in the previous year. The Power generated through Co-generation is comparatively lower to the previous year due to non availability of the adequate bagasse in view of the lower quantity of cane crushed.

PERFORMANCE OF CHEMICAL DIVISIONS:

Performance of the Chemical Divisions continues to be impressive with satisfactory capacity utilisation being achieved. Capacity of Caustic Soda Plant at Saggonda has been expanded from 350 TPD to 400 TPD. Caustic Soda Unit at Saggonda achieved a profit of Rs. 51.18 Crores (after depreciation) against Rs. 63.23 Crores (after depreciation) achieved in the previous year. Performance of other Chlor Alkali Products was also good.

With US FDA approval and EDQM (European Directorate for Quality Medicines) Certification, your Company commenced exports of Aspirin to USA, Mexico, Bangladesh, Romania. In addition, exports have also been made to Bulgaria and Spain. In the coming years your Company's focus would be to widen the export operations.

WIND POWER UNITS:

Power generated at Ramagiri during the year was 22,51,300 Units against 25,10,300 Units generated in the previous year.

The Power generation at Tamil Nadu during the year under report was 1,56,96,720 Units compared 1,74,67,510 Units of previous year. This Power is sold to Tamil Nadu State Electricity Board.

PROJECTS:

Keeping in view the benefit of economy of scale and diversification, your Company continues to focus its strategy on an expansion and diversification programme.

The additional 50 TPD capacity of Caustic Soda Plant at Saggonda came into operation during the year under Report.

Statutory approvals have been received for setting up of Poly Aluminium Chloride Plant at Saggonda with a capacity to manufacture 30,000 TPA liquid PAC, 18 / Liquid PAC 10 Grade and 12,000 TPA Solid PAC 30 Grade. The implementation activity is expected to commence shortly. Poly Aluminium Chloride is extensively used in water purification and waste water treatment plants throughout the World. Hydrochloric Acid the main Raw Material for the product will be sourced from the Company's Plant at Kovvur.

Capacity of the Sodium Hypo Chlorite Plant at Kovvur has been expanded from 2 Tonnes per day Chlorine to 10 Tonnes.

Potassium Carbonate is extensively used in the Glass, Pharmaceuticals, Food, Detergents & Cleaners, Gas purification, Textiles and Polymers Industry. A Potassium Carbonate Plant is being set up at Tanuku. This Plant will have the advantage of having a readily available infrastructure at Tanuku and sourcing Potassium Hydroxide Lye from our plant at Kovvur and Carbondioxide from our Plant at Tanuku which are the main raw materials for this product. Erection work is in progress and is expected to be completed during the current financial year.

Keeping in view the areas for future diversification, your Company purchased land at the Jawharlal Nehru Pharmacy, Visakhapatnam for supply of Bulk Drugs to the Pharma industry which is one of the major customer for chemicals produced at our Plants.

Your Company has established a 6.60 MW Wind Farm in Tirunelveli District of Tamil Nadu. This Unit started generating Power. Wind Energy is classified as clean energy and is eligible for Carbon Emission Reduction Trading benefits. Steps have been initiated to avail the benefits of Carbon Emission Reduction.

Your Company is looking into the feasibility of setting up a 120 MW Coal based Power Project at Saggonda. This Project envisages generation of Power for Captive Consumption, as well as Merchant Power.

A 6000 TPA Monochloride Acetic Acid Plant is being set up at Kovvur. Chlorine, which is the basic raw material, will be sourced from the Caustic Potash Plant at Kovvur.

At present the Sugar Industry in the Country is passing through a difficult phase. Keeping in view the future and the need to have a viable sized Plant, the crushing capacity at Sugar Unit II and III is being expanded. Environmental clearance from the Ministry of Environment and Forest and the State Pollution Control Board clearance has been received for Sugar Unit II which will enable to operate this Unit at 5500 TCD capacity.

Environmental clearance from the Ministry of Environment & Forest, Government of India has been received for the expansion of the Sugar Unit III to handle 6000 TCD. The process of obtaining clearance from State Pollution Control Board is in progress. On receiving this clearance, Sugar Unit III would be geared up to operate at 3600 to 4000 TCD during the 2008-09 season.

These projects are expected to strengthen your Company's product range, accelerate growth and improve revenue generation.

CURRENT YEAR OUT LOOK:

The depressed sale price of Sugar and increase in the cost of Raw material and other expenses of Sugar Division will continue to have a considerable impact on the Division's profitability. Performance of the Chemical Division is expected to be satisfactory.

DEMATERIALISATION OF EQUITY SHARES:

As of 31st March, 2008, Equity Shares representing 38.40% of the Share Capital have been dematerialised.

DIRECTORS' RESPONSIBILITY STATEMENT:

Your Directors confirm:

- i. that in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed, in the opinion of the Board of Directors.
- ii. that the Directors have selected such Accounting Policies and applied them consistently and made judgements and estimates that are responsible and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year ended 31st March, 2008 and of the profit of the Company for that year;
- iii. that the Directors have taken proper and sufficient care for the maintenance of adequate Accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. that the Directors have prepared the Annual Accounts on a going concern basis.

CORPORATE GOVERNANCE:

As per the amended provisions of the Listing Agreement, a Report on Corporate Governance along with Management Discussion and Analysis forming part of the Directors' Report is annexed.

COMPLIANCE CERTIFICATE OF THE AUDITORS:

The Statutory Auditors have certified that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Agreement with the Stock Exchanges and the same is annexed to the Report of Directors.

DIRECTORS:

In terms of Article 116 of the Articles of Association of the Company, Directors Sri M. Narendranath, Sri P. Achuta Ramayya, Sri P.S.R.V.K. Ranga Rao and Dr. A. Ramakrishna retire by rotation at the ensuing 61st Annual General Meeting, and being eligible, offer themselves for re-appointment.

Re-appointment of Sri P.S.R.V.K. Ranga Rao as Executive Director for a further period of five years effective from 1st May, 2009 is being placed before the Shareholders for their approval at the ensuing 61st Annual General Meeting.

AUDIT COMMITTEE:

Audit Committee comprises of 3 non Whole-time Independent Directors Sri A. Ranga Rao, Dr. P. Kotaiah and Sri V.S. Raju. Sri A. Ranga Rao is the Chairman of the Committee.

INDUSTRIAL RELATIONS:

The relations with the employees continue to be cordial and harmonious during the year under report.

SAFETY, HEALTH AND ENVIRONMENT:

Safety, Occupational Health and Environment Protection continue to be accorded high priority.

PARTICULARS OF EMPLOYEES:

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, regarding employees is given in Annexure "A" forming part of this Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO:

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 is given in Annexure "B" forming part of this Report.

FIXED DEPOSITS:

Fixed Deposits aggregating to Rs. 37.54 lakhs held by 66 depositors had fallen due for payment but remained unclaimed as on 31.3.2008. Unclaimed deposits aggregating to Rs. 11.90 lakhs held by 33 depositors have since been renewed/repaid. Still, deposits aggregating to Rs. 25.64 lakhs held by 33 depositors remained unclaimed as on date.

CONSOLIDATED ACCOUNTS:

In accordance with the Accounting standards, consolidated financial statements of the Company and its Subsidiaries forms part of the Report and Accounts. These consolidated statements have been prepared on the basis of audited results received from the Subsidiary Companies as approved by their respective Boards.

Your Company has received the approval under Section 212(8) of the Companies Act, 1956 from the Central Government with regard to exemption of attachment of the Accounts of its Subsidiaries to its Accounts for the year ended 31st March, 2008. Shareholders desirous of obtaining the Annual Accounts of the Subsidiaries may obtain the same upon request. The Annual Report and Accounts of the Subsidiary Companies will be kept for inspection at your Company's Registered Office as well as at the Offices of your Subsidiary Companies.

SUBSIDIARY COMPANIES:

JOCIL LIMITED:

For the Financial Year ending 31.3.2008, your subsidiary Company, JOCIL Ltd., recorded a profit of Rs. 1225.65 lakhs (before taxation) against Rs. 867.39 lakhs (before taxation) during the previous year. The Board of Directors have recommended a Dividend of 70% for the year 2007-08 against a Dividend of 60% paid last year.

THE ANDHRA FARM CHEMICALS CORPORATION LIMITED:

During the year under report 81 M.Ts. of Hydrazine Hydrate was produced against 236 M.Ts in the previous year. The Company achieved a sales of Rs. 264 lakhs against Rs. 661.50 lakhs and posted a profit of Rs. 16.16 lakhs against a profit of Rs. 47.00 lakhs in the previous year. The Directors have not recommended any Dividend on Equity Shares for the year 2007-08.

HINDUSTAN ALLIED CHEMICALS LIMITED:

The Directors are on the look out for a suitable project to be taken up by the Company.

AUDITORS:

M/s Brahmayya & Co., Chartered Accountants, Vijayawada, the present Auditors, retire at the ensuing 61st Annual General Meeting and are eligible for re-appointment.

COST AUDITORS:

M/s Narasimha Murthy & Co., Cost Accountants, Hyderabad are appointed as Cost Auditors of the Company for the products, which are subject to Cost Audit, for the year ended 31-3-2008.

ACKNOWLEDGEMENT:

Your Directors wish to place on record their appreciation of the co-operation extended by the State and Central Government authorities, Financial Institutions and Banks. They also express their appreciation to the employees at all levels for the successful working of the Company.

Venkatarayapuram
TANUKU – 534 215
28-07-2008

For and on behalf of the Board
Dr. MULLAPUDI HARISCHANDRA PRASAD
Chairman & Managing Director

ANNEXURE "A" TO THE DIRECTORS REPORT FOR THE YEAR ENDED 31-03-2008

Statement showing particulars of employees of the Company as required
under Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees)
Rules 1975 as amended and forming part of report of the Board of Directors for the period from 01-04-2007 to 31-03-2008.

Sl. No	Name	Designation	Qualification	Experience (Years)	Date of commencement of employment in the Company	Gross Remuneration Rs.	Age (Years)	Particulars of Last Employment (Name of the Concern, Designation and period)
1)	Dr. Mullapudi Harischandra Prasad	Chairman & Managing Director		61	01-08-1968	7763824	87	Partner, Ex-Managing Agency Firm The Andhra Sugars Ltd., 21Years
2)	Dr. B. B. Ramaiah	Managing Director (Tech.)	B.Sc., (Hons), Sugar Technology M.Sc., (Chemical Technology) M.Sc., (Wisconsin), A.M.P.(Harvard)	54	01-04-1998	8661232	82	Managing Director (Tech.) The Andhra Sugars Ltd., 28Years
3)	Sri P. Narendranath Chowdary	Joint Managing Director	B.Sc.,	41	12-01-1976	4160874	60	Director, The Andhra Sugars Ltd., 8Years
4)	Sri M. Narendranath	Joint Managing Director	B.Sc., (Ag.)	34	01-01-1998	6933606	59	Managing Director, Sree Satyanarayana Spinning Mills Ltd., Tanuku. 24Years
5)	Sri M. Thimmaraja	Joint Managing Director	B.Tech., M.B.A. (Florida)	33	01-08-1978	5703226	57	Director, The Andhra Sugars Ltd., 2 1/2Years
6)	Sri P. Achuta Ramayya	Executive Director	B.Com., M.B.A. (New York)	25	01-08-1983	3961298	53	First Appointment

- 1) Gross remuneration includes Salary, Commission on profits, House rent allowance, Company's contribution to Provident Fund, Superannuation Fund, Gratuity Fund, Reimbursement of Medical Expenses, Personal Accident Insurance, Membership Fees to Clubs as may be applicable.
- 2) The Appointments are governed by the provisions of Section 269 read with Schedule XIII of the Companies Act, 1956.

Annexure 'B' to Directors' Report for the year ended 31.03.2008

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988.

A. Conservation of Energy:

- a) Energy Conservation Measures taken:

SUGAR UNIT - I, TANUKU:

Modified the configuration of the Evaporator sets that will result in scalding juice (both diffusers) heating by 3rd body bleed vapours and increase the syrup brix.

By operating a minimum number of centrifugal machines, power consumption reduced from 23.00 KWh/ton of cane to 21.63 KWh/ton of cane i.e., a reduction of power consumption by 1.37 KWh/ton of cane.

Additional Investments & Proposals:

Installation of a new 70 TPH capacity, 45 kg/cm² steam pressure and 420°C steam temperature boiler in the place of 2 x 22 TPH WIL make of 14 kg/cm² pressure and 260°C temperature.

Installation of a new Bagasse Dryer system for the new 70 TPH Boiler.

Installation of a new R.O. Plant to treat Raw water for boiler feed water use.

Installation of a new 8.9 MW steam turbine operating at 45 kg/cm² steam pressure and 420°C. Steam temperature in the place of existing 2 x 2.5 MW low-pressure steam turbines.

Out-coming Results:

Due to the installation of 70 TPH Boiler along with connected new Bagasse drying system, the Bagasse saving is increased by approximately 9 T/hr.

As the new 70 TPH Boiler is connected to the Wet scrubbing system, emission level is maintained below 100 mg/nm³ with a low outlet flue gas temperature of around 80°C.

With R.O. plant installation, water pollution is reduced by minimised blow down water and increasing the life of the boiler and power turbine.

With the installation of a new 8.9 MW high pressure turbine and new 70 TPH boiler, 6 MW Power is utilised for sugar process and there is a net power saving of approximately 3 MW, which would be given to grid.

SUGAR UNIT – II, TADUVAI

Energy conservation measures taken.

- a) Installation of 120 KVA energy saver. This has resulted in the reduction of power consumption in lighting load at cane yard and other areas.
b) Erection of Planetary Gear with motor in place of conventional gear for crystallizers which has resulted in reduced power consumption.

CHEMICAL COMPLEX, KOVVUR:

Installed a 30 TPD capacity new Chlorine Compressor and variable speed drive in order to reduce power consumption for the Chlorine Compressor. Power consumption is reduced to 62 KWh at 24 TPD capacity Membrane Cell based Caustic Potash Plant operations.

Installed 3 Nos. of condensate collection tanks for the collection of steam condensate and 2 Nos. of steam condensate recycling pumps in order to recycle the steam condensate for using it as boiler feed water. With this installation, the Company is able to recycle about 105 M³ / day of steam condensate as boiler feed water and the total savings in D.M. water consumption is about 105 M³ / day.

Insatalled 3 Nos. Storage Tanks and 3 Nos. of Process Condensate Recycling Pumps for utilisation of process condensate generated from the Caustic evaporation and Caustic fusion plants. In the 24 TPD capacity KOH Plant operations about 50 M³ / day of process condensate is being recycled and used as cell feed water in the electrolysers process. With this installation about 50 M³ / day of D.M. water consumption is being saved in the Caustic Potash electrolyser operations.

Additional proposal:

Proposed to instal a new cooling tower with closed loop circulation water system in order to reduce the total power consumption to about 3960 KWH / day and thereby achieving the power savings of about 2400 KWH/ day.

CHEMICAL COMPLEX, SAGGONDA:

One additional 50 TPD Electrolyser with latest Membrane Technology has been installed and commissioned on 19.2.2008. With this addition of 50 TPD capacity Electrolyser, the overall energy consumption per M.T. of the plant has been reduced, resulting energy saving of 100 Units / MT. This would also lower the cost of electricity.

B. TECHNOLOGY ABSORPTION:

At Sugar Unit I, Tanuku a new Wet Scrubbing System was installed and successfully commissioned at the Boiler House. In view of this, the stack emission level came down to 100 mg/nm³ against the A.P. Pollution Control board norms of 115 mg/nm³. The temperature of gas leaving to the atmosphere is reduced to below 80°C.

Other details regarding Technology Absorption given in Form B annexed.

C. Foreign Exchange Earnings and outgo:

	Current Year	Previous Year
a) Used (Rs. in lakhs)		
i) Revenue Account	68.47	19.74
ii) Know-how fee and Service Charges of Engineers	24.38	12.02
b) Earned (Rs. in lakhs) On FOB basis	29.63	115.19

ANNEXURE

FORM A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

PARTICULARS	UM	TANUKU UNITS		KOVVUR UNITS		TADUVAI UNIT		SAGGONDA UNIT		BHIMADOLE UNIT	
		CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
A) Power And Fuel Consumption											
1. Electricity											
A) Purchased											
Units	Kwh	8718884	7634803	21975894	21066476	615700	417628	276652096	271462905	400959	545772
Total Amount	Rs	30447643	27708193	46523420	44954019	1432428	519069	664884885	590644387	2004929	2478646
Rate/Unit	Rs	3.49	3.63	2.12	2.13	2.33	1.24	2.40	2.18	5.00	4.54
B) Own Generation											
I) Through Diesel Generator											
Units	Kwh	133854	78787	—	—	66388	127360	—	—	181976	86561
Units Per Ltr Of Diesel Oil	Kwh	3.21	3.00	—	—	2.04	2.07	—	—	2.12	3.00
Cost/Unit	Rs	26.31	30.58	—	—	33.27	25.87	—	—	25.22	15.28
II) Through Steam Turbine Generator											
Units	Kwh	10985120	13687870	—	—	27222333	28102140	—	—	8497940	7483080
Kwh Per Tonne Of Begasse											
Cost/Unit	Rs	1.73	1.17	—	—	1.35	1.07	—	—	1.98	1.83
2. Coal											
Quantity	Mt	988.13	—	—	—	—	—	—	—	—	—
Total Cost	Rs	2913633	—	—	—	—	—	—	—	—	—
Average Rate	Rs	2948.63	—	—	—	—	—	—	—	—	—
3. Furnace Oil											
Quantity	Kl	—	—	903.28	748.48	—	—	530.75	125.63	—	—
Total Amount	Rs	—	—	16476563	42630797	—	—	9532340	2061199	—	—
Average Rate	Rs	—	—	18240.92	16815.17	—	—	17960.13	16406.77	—	—

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ANNEXURE

FORM A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

PARTICULARS	UM	TANUKU UNITS		KOVVUR UNITS		TADUVAI UNIT		SAGGONDA UNIT		BHIMADOLE UNIT	
		CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
4. ONGC Natural Gas											
Quantity	M ³	3456233	3703244	—	—	—	—	—	—	—	—
Total Amount	Rs.	17290801	18773545	—	—	—	—	—	—	—	—
Rate/Unit (M3)	Rs.	5.00	5.07	—	—	—	—	—	—	—	—
5. Husk And Fire Wood											
Quantity	MT	111.93	99.23	2386	—	327.62	13.00	15963.60	4616.13	261.10	—
Total Cost	Rs.	136264	110604	3708091	—	423370	13644	24852443	7118428	353567	—
Average Rate	Rs.	1217.40	1114.62	1554.10	—	1292.26	1049.54	1556.82	1542.08	1354.12	—
6. Other Internal Generation											
A) Bagasse											
Quantity	MT	150813	180328	—	—	156126	162962	—	—	75822	66933
Total Amount	Rs.	—	—	—	—	—	—	—	—	—	—
Rate/Unit	Rs.	—	—	—	—	—	—	—	—	—	—
B) Biogas:											
Quantity	M ³	3955211	3361837	—	—	—	—	—	—	—	—
Total Amount	Rs.	—	—	—	—	—	—	—	—	—	—
Rate/Unit	Rs.	—	—	—	—	—	—	—	—	—	—
C) Hydrogen											
Quantity	MT	—	—	127.06	126.44	—	—	2064.66	1984.80	—	—
Total Amount	Rs.	—	—	—	—	—	—	—	—	—	—
Average Rate	Rs.	—	—	—	—	—	—	—	—	—	—
				Own Generation in Caustic Potash Plant				Own Generation in Caustic Soda Plant			

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B. CONSUMPTION PER UNIT OF PRODUCTION

PRODUCTION	UM	CURRENT YEAR		PREVIOUS YEAR		
		POWER (K.W.H.)	STEAM (M.T.)	POWER (K.W.H.)	STEAM (M.T.)	
1. Sugar (Tanuku)	QTL.	19	0.50	18	0.48	
2. Alcohol	KL.	179	2.18	191	2.81	
3. Ethanol	KL.	70	0.59	69	0.60	
4. Acetic Acid /Anhydride Mix	MT.	829	8.32	783	9.17	
5. Ethyl Acetate	MT.	509	5.66	398	8.13	
6. Aspirin	MT.	3581	11.06	3666	12.59	
7. U.H. -25	MT.	6358	153.20	7071	165.56	
8. M.M.H.	MT.	16174	405.20	16687	422.44	
9. H.T.P.B.	MT.	1597	21.26	1509	11.74	
10. Caustic Soda Lye	At Saggonda	MT.	2494	1.13	2466	0.91
11. Liquid Chlorine	At Kovvur	MT.	508	-	485	-
12. Liquid Chlorine	At Saggonda	MT.	275	-	227	-
13. Hydrochloric Acid	At Kovvur	MT.	76	-	135	-
14. Hydrochloric Acid	At Saggonda	MT.	25	-	22	-
15. Caustic Potash Lye		MT.	1776	1.30	2158	3.86
16. Sulphuric Acid	At Kovvur	MT.	78	0.35	83	0.31
17. Sulphuric Acid	At Saggonda	MT.	89	0.30	61	0.38
18. Superphosphate		MT.	24	-	26	-
19. Sugar (Taduvai)	QTL.	18	0.44	17	0.42	
20. Sugar (Bhimadole)	QTL.	30	0.48	27	0.42	

FORM B

Form for Disclosure of particulars with respect to Technology absorption

RESEARCH & DEVELOPMENT (R&D)

1. Specific areas in which R&D is carried out by the Company.

Your Company is actively involved in the development of cost effective technologies, product improvement, optimisation and cost balancing, effective utilisation of internal resources, establishing process specifications and product standard, developing methods of waste minimisation, introduction of modern methods in sugar cane management.

2. Benefits derived as a result of above R & D :

The continuous R&D activities of your Company have helped in improving the performance of existing process and products, increased capacity utilization and improve sugar recovery.

3. Future plan of action :

Your Company will continue to utilise the existing R&D capabilities for development of new products , Product / Process improvement.

4. Expenditure on R&D		(Rupees in lakhs)
a) Capital	:	3.32
b) Recurring	:	79.41
c) Total	:	82.73
d) Total R&D expenditure As percentage of total Turnover	:	0.16%

TECHNOLOGY ABSORPTION ADAPTATION AND INNOVATION :

1. Efforts, in brief, made towards technology absorption, adaptation and innovation.
 - a) Pilot studies on recovery of Aspirin in collaboration with Indian Institute of Technology, Hyderabad.
 - b) Adaptation of new vacuum system in process of Hydroxyl Terminated Poly Butadiene (HTPB).
 - c) Studies on better water Management in UH-25 / MMH process.

2. Benefits derived as a result of above efforts e.g. product improvement, cost reduction, product development, import substitution etc. :
 - a) The studies will result in cost reduction and better yield in manufacture of Aspirin.
 - b) Implementation of new method will help in increased production, energy saving and minimising pollution.
 - c) By adapting water management method i.e., recycle and reuse of water generated during process resulted in reduced water usage and minimising effluent.

3. In case of imported technology (Imported during the last five years Reckoned from the beginning of the financial year), following information may be furnished.

<ol style="list-style-type: none"> a) Technology imported b) Year of import c) Has technology been fully absorbed d) If not fully absorbed, areas where this Has not been taken place, reasons thereof. 	- NIL-
---	--------

Information Pursuant to Listing Agreement with Stock Exchanges

Equity Shares of the Company are listed on the Stock Exchanges as stated below and the annual listing fees has been paid to each of the Exchanges.

Name of the Stock Exchange	Address
1. The Hyderabad Stock Exchange Limited	3-6-275, Himayat Nagar, Hyderabad - 500 029.
2. Madras Stock Exchange Limited	Exchange Building, Post Box No. 183, 11, Second Line Beach, Chennai - 600 001.
3. National Stock Exchange of India Limited	Exchange Plaza, 5th Floor, Plot No. C/1 G. Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051.

ANNEXURE TO DIRECTORS' REPORT

CORPORATE GOVERNANCE

MANAGEMENT DISCUSSION AND ANALYSIS:

The Management Discussion and Analysis Report set out hereunder supplement the Directors' Report and the audited financial statements forming part of this Annual Report.

Your Company is engaged in the manufacture and Sale of Sugar, Organic and Inorganic Chemicals, at Plants located at Tanuku, Kovvur, Taduvai, Saggonda, and Bhimadole in the State of Andhra Pradesh. Non-conventional Wind Power is generated at Ramagiri in Andhra Pradesh and at Veeranam in Tirunulveli District of Tamil Nadu.

SUGAR:

Sugar is manufactured at a 5000 TCD capacity plant at Sugar Unit-I at Tanuku, a 2500 TCD capacity plant at Sugar Unit-II at Taduvai and a 1600 TCD capacity plant at Sugar Unit-III at Bhimadole. Molasses which is a by-product from Sugar, is the raw material for your Company's continuous process Distillery located at Tanuku that produces Industrial Alcohol and Ethanol. This Distillery has the capacity to produce 30 KL per day. Industrial Alcohol is the raw material for Ethanol and other organic chemicals manufactured at our chemical Plants at Tanuku. Bagasse which is a residue at the Sugar Plants after extraction of juice is being used to fuel the Co-generation operation. Carbondioxide which is a bye product of fermentation at the Distillery is purified and used as one of the raw materials to produce Salicylic Acid which goes into the manufacture of Aspirin and Potassium Carbonate.

Excess production in the country and a steep decline in the Sugar price severely affected the performance of the Sugar Industry during 2007-08. Lack of parity between the raw material and other input cost on one hand and the price realization of the end product on the other has suppressed the bottom line of Sugar Industry in the country, as well as that of your Company's Sugar Division. Farmers are facing a severe cane harvesting labour shortage and competition from other crops grown in the area resulting in a drop in the area of sugarcane plantation. Mechanisation of harvesting and planting of sugarcane is being considered by introducing harvesting and planting machines. In order to overcome the harvesting labour problem, your Company has identified a harvesting machine. An order for a whole cane harvester has been placed. It would arrive in time for the 2008-09 season and a cane planter that was designed and built inhouse is being put to use.

Co-generation of power is another value added product for the sugar industry. At Sugar Unit-II your Company has a Co-gen plant with a capacity to produce 7 MW. Power and with the commissioning of the 70 Ton Boiler and 8.9 MW Turbine at Tanuku, we would have around 3 MW surplus to sell to the grid.

Your company continues to work with the Sugarcane Breeding Institute, Coimbatore to undertake field trials of promising cane varieties to enable assessing their suitability to our location.

CAUSTIC SODA:

Your Company has an integrated Inorganic Chemical Complexes at Kovvur and Saggonda, manufacturing a wide range of Chlor-alkali products and other inorganic Chemicals. Production of Caustic Soda, based on Mercury Cell Technology, at Kovvur has been discontinued. Hydrogen and Chlorine are bye-products of Caustic Soda manufacture that are used to produce Hydrochloric Acid while bye-products from Sulphuric Acid and Hydrochloric Acid Plants are used for the production of Chlorosulphonic Acid.

The Caustic Soda Industry is a Power intensive Industry, with Power constituting a major part of the input cost. High cost of Power has been a cause of concern, putting the Caustic Soda Industry under severe pressure and affecting its competitiveness. This has necessitated most of the Chloro-alkali Units in India, including your Company, to install their own captive Power Plants to get uninterrupted quality Power at a competitive price. This Industry would derive the much needed relief if a policy is devised by Electricity Boards to grant concession in the payment of Electricity duty on captive power generation. Another aspect for the sustainable growth of the Caustic Soda Industry is the availability of enough quantity of Salt at reasonable prices.

Your Company's Caustic Soda Plant at Saggonda uses an energy efficient and environmentally friendly Membrane Cells. The expanded 400 TPD Plant has come into operation to meet the demand of the end user Industry. Your Company delivers Caustic Soda to the bulk customers through its own railway wagons to effect deliveries at an economical price.

Disposal of Chlorine, which is a bye-product of Caustic Soda, presents a challenge to the Caustic Soda industry, more so, with the paper manufacturers going in for production of Chlorine free paper. Keeping this in mind your Company considered it logical to opt for Forward Integration strategy to utilize the existing plant output as an input to other products. Your Company is in the process of setting up a Poly Aluminium Chloride plant and a Monochloride Acetic Acid plant. Both these plants will utilise Chlorine generated from your Caustic Soda and Caustic Potash plants as one of the raw material. With the end user industries continuing to indicate a healthy growth, your Company expects to perform better of its Caustic Soda and Chlor-alkali operations.

OTHER OPPORTUNITIES:

Getting into Pharma operations is viewed as a new business opportunity. Land has been acquired at Jawharlal Nehru Pharmacy, Visakhapatnam. The Main focus will initially be to supply Bulk Drugs and fine chemicals to the Pharma Sector.

With the receiving of USFDA and EDQM approvals for the Aspirin Plant, your Company could successfully make a beginning in the export operations. There is scope to broaden exports to more regions of the world.

POWER:

Your Company's major segment is the Chlor-Alkali division, which is Power intensive. It is therefore essential to have access to quality and sufficient Power at a competitive price. Your Company has invested in the equity capital of the Andhra Pradesh Gas Power Corporation Ltd. (APGPCL) which is a gas based Power generating Company located at Vijeswaram in West Godavari District to avail Power that is cheaper than Power from the State Electricity Board. This provides your Company's Caustic Soda a competitive edge in the market. Keeping in view the future expansion programme your Company proposes to set up a 120 MW Coal based Power plant at Saggonda. This would complement the existing Power generation through the 7 MW Co-gen Power generated at Sugar Unit II and 70 Ton Boiler and 8.9 MW Turbine at Sugar Unit I and 2.025 MW Wind Power at Ramagiri.

INTERNAL CONTROL SYSTEM

Your Company conducts a review of the financial and operating controls of the various Units. The Internal Control System of your Company is commensurate with its size and nature of business.

SEGMENT-WISE PERFORMANCE

Segment-wise performance has been given separately vide Annexure – II of Group Consolidated Accounts.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Your Company has earned a Gross Profit of Rs. 95.54 Crores (before interest and depreciation) against Gross Profit of Rs. 146.63 Crores (before interest and depreciation) in the previous year.

The Fund based working capital limits were enhanced from Rs. 150.00 Crores to Rs. 160.00 Crores by the Consortium of Banks to meet the increased funds requirement.

The gross Fixed Assets of your Company as on 31.3.2008 is Rs. 649.25 Crores compared to Rs. 619.32 Crores during the previous year 2006-07. Your Company has a net worth of Rs. 299.39 Crores.

Your Company is eligible for interest free Sales Tax Deferment Loan of Rs. 82.07 Crores upto the financial year 2012-13. During the year 2007-08, the Company has availed a deferment loan of Rs. 2.87 Crores and the aggregate deferment loan availed as at 31st March, 2008 was Rs. 33.77 Crores leaving a balance of Rs. 48.30 Crores. Your Company has availed interest Subvention loan from the Consortium of Bankers to an extent of Rs. 18.82 Crores as per the facility provided by the Government of India to the Sugar Industry. The loan is repayable in 24 instalments after a moratorium of two years from the date of availment.

HUMAN RESOURCE DEVELOPMENT / INDUSTRIAL RELATIONS

Your Company continuously reviews and monitors its manpower requirements to ensure that it has human skills commensurate with its needs. Industrial relations continued to be cordial. As on 31.3.2008 your Company's employees strength stood at 2180.

CAUTIONARY STATEMENT

Statement in this Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from these expressed or implied. The Company assumes no responsibility in respect of these forward looking statements that may be amended or modified later, on the basis of subsequent developments, information or events and in view of the changes brought by the Government Rules and Regulations.

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:

The Andhra Sugars Ltd. (ASL) always believes that good Corporate Governance ensures proper and adequate protection of the interests of all the stake-holders in the Company. ASL affirm that healthy Corporate Governance leads to the operations and actions which serve the underlying goal of continuously enhancing the value that the Company can create for the stake-holders including Shareholders, Employees, Customers, Suppliers, Lenders, Government and other parties having association with ASL.

2. BOARD OF DIRECTORS

a) As on 31.3.2008, the Board of Directors consisted of 14 Directors.

COMPOSITION AND CATEGORY OF DIRECTORS IS AS FOLLOWS:

Category	Name of the Director
Promoter/Executive Directors	Dr. Mullapudi Harischandra Prasad Chairman & Managing Director
	Dr. B.B. Ramaiah Managing Director (Tech.)
	Sri P. Narendranath Chowdary Joint Managing Director
	Sri M. Narendranath Joint Managing Director
	Sri M. Thimmaraja Joint Managing Director
	Sri P. Achuta Ramayya Executive Director
	Sri P.S.R.V.K. Ranga Rao Executive Director
	Non-Executive and Independent Directors
	Sri Justice G. Ramanujam
	Dr. A.V. Rama Rao
	Dr. P. Kotaiah
	Sri V.S. Raju
	Dr. Alapaty Appa Rao
	Dr. Anumolu Ramakrishna

Interse Relationship among Directors (as per Section 6 of the Companies Act, 1956)

Dr. Mullapudi Harischandra Prasad - Father of Sri M. Narendranath & Sri M. Thimmaraja

Sri M. Narendranath & Sri M. Thimmaraja - Brothers

Dr. B.B. Ramaiah - Sister's Husband of Sri P. Narendranath Chowdary & Sri P. Achuta Ramayya

Sri P. Narendranath Chowdary & Sri P. Achuta Ramayya - Brothers

Sri P. Narendranath Chowdary - Daughter's Husband of Dr. B.B. Ramaiah

b) Non-executive Director remuneration : Please refer Point No. 6

The Andhra Sugars Limited

- c) Attendance of each Director at the Board Meetings, last Annual General Meeting and number of other Directorship and Chairmanship / Membership of Committee of each Director in various Companies:

Name of the Director	Attendance Particulars		Directorship, Chairmanship, Committee Membership and Chairmanship in other Companies			
	Board Meetings	Last AGM	Other Directorship	Chairman	*Committee Membership	Committee Chairmanship
Dr. M. Harischandra Prasad	3	Yes	8	6	2	2
Dr. B. B. Ramaiah	4	Yes	2	-	1	1
Sri P. Narendranath Chowdary	4	Yes	6	-	2	-
Sri M. Narendranath	2	Yes	4	-	-	-
Sri M. Thimmaraja	3	Yes	2	-	3	-
Sri P. Achuta Ramayya	4	No	-	-	-	-
Sri P.S.R.V.K. Ranga Rao	3	No	1	-	-	-
Sri A. Ranga Rao	4	Yes	2	-	1	-
Sri Justice G. Ramanujam	-	No	5	-	5	4
Dr. A.V. Rama Rao	3	No	2	2	-	-
Dr. P. Kotaiah	4	No	8	-	5	4
Sri V.S. Raju	4	No	3	-	2	2
Dr. Alapaty Appa Rao	3	No	2	-	3	1
Dr. Anumolu Ramakrishna	2	No	12	-	9	-

Sri A. Ranga Rao, Chairman of the Audit Committee was present at the last Annual General Meeting to answer the queries of the shareholders.

* Represents Membership / Chairmanship of Audit committee & Investors Grievance Committee of other Public Limited Companies

- d) NUMBER OF BOARD MEETINGS HELD DURING THE FINANCIAL YEAR 2007-08 AND THE DATES ON WHICH HELD

Sl.No.	Date of Board Meeting
1	28.04.2007
2	28.07.2007
3	27.10.2007
4	25.01.2008

3. CODE OF CONDUCT :

The Board of Directors has adopted the Code of Business Conduct and Ethics for Directors and Senior Managers of the Company. The said Code has been communicated to the Directors and the Senior Managers from whom the necessary affirmation has been received with regard to the compliance of Code. A declaration in this regard by the Managing Director is furnished at the end of the report. The Code has also been posted on the Company's website – theandhrasugars.com.

4. AUDIT COMMITTEE

- a) A qualified Audit Committee meeting the requirements as stipulated in the Clause 49 of the Listing Agreement has been constituted. Audit Committee consists of 3 non-Executive

Independent Directors Sri A. Ranga Rao, Dr. P. Kotaiah and Sri V.S. Raju. Sri A. Ranga Rao is Chairman of the Committee. All the Members of the Committee are financially literate and have accounting or related financial management experience.

This Committee also meets the requirement of Section 292A of the Companies Act, 1956.

- b) The terms of reference of the Audit Committee as detailed hereunder are in terms of Clause 49 of the Listing Agreement :
- i) Oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
 - ii) Recommending to the Board the appointment, re-appointment and if required the replacement or removal of the Statutory Auditor and fixation of audit fees.
 - iii) Approval of payment to the Statutory Auditors for any service rendered by them.
 - iv) Review with the management the annual financial statements before submission to the Board for approval with particular reference to :
 - a) Matters required to be included in the Directors responsibility statement to be included in the Board's Report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - b) Changes if any in the accounting policies and practices and reasons for the same.
 - c) Major accounting entries involving estimates based on exercise of judgement by management
 - d) Significant adjustments made in the financial statements arising out of audit findings.
 - e) Compliance with listing and other legal requirements relating to financial statements.
 - f) Disclosure of any related party transaction.
 - g) Qualification in the draft Audit Report.
 - v) Review with the management, the quarterly financial statements before submission to the Board for approval.
 - vi) Review with the management performance of Statutory and Internal Auditors, adequacy of the Internal Control Systems.
 - vii) Review the adequacy of internal audit function if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
 - viii) Discussions with the Internal Auditors any significant findings and follow up thereon.
 - ix) Review the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
 - x) Discussions with the Statutory Auditors before the audit commences about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 - xi) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
 - xii) To review the functioning of the Whistle Blower mechanism, in case the same is existing.

- xiii) Carrying any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee also reviews the following information as and when required.

- a. Management discussion and analysis of financial condition and results of operations;
- b. Statement of Significant Related Party Transactions (as defined by the Audit Committee)
- c. Management letters / letters of internal control weakness issued by the statutory auditors;
- d. Internal Audit Reports relating to internal control weaknesses
- e. The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.

- c) NUMBER OF AUDIT COMMITTEE MEETINGS HELD DURING THE FINANCIAL YEAR 2007-08 AND THE DATES ON WHICH HELD

Sl. No.	Dates of Audit Committee Meeting
1	28.04.2007
2	28.07.2007
3	27.10.2007
4	25.01.2008

- d) ATTENDANCE OF THE MEMBERS OF AT THE AUDIT COMMITTEE, AT ITS MEETINGS HELD DURING THE FINANCIAL YEAR 2007-08

Name of the Director	No. of Meetings attended
Sri A. Ranga Rao	4
Dr. P. Kotaiah	4
Sri V.S. Raju	4

Executive Director, Vice President (Finance), Chief Internal Auditor, Statutory Auditors and Cost Auditors whenever required also attend the Audit Committee Meetings to answer the queries raised by the Committee Members.

Company Secretary acts as a Secretary to the Committee.

- e) The Audit Committee considers periodically statement of related party transactions at its meeting.

5. SUBSIDIARIES :

- a) Company does not have any material non-listed Indian subsidiary as defined in Clause 49 of the Listing Agreement regarding Corporate Governance.
- b) Company has one un-listed subsidiary Company, which is not in operation.
- c) Minutes of the Board Meeting of the unlisted Company are placed before the Board Meeting of the Holding Company.

6. REMUNERATION COMMITTEE, POLICY, DETAILS

- Company is not required to and does not have a Remuneration Committee.
- The Company does not remunerate nor the Company has any pecuniary relationship with the Non-Executive Directors except for the payment of sitting fees for attending each Meeting of the Board or Committee thereof.

Details of the remuneration paid / payable to the Directors during the year 2007-08 are as hereunder:-

Name of Director	Remuneration paid to the Directors			
	Sitting Fees	Salaries & Perquisites	Commission	Total
	Rs.	Rs.	Rs.	Rs.
Dr. M. Harischandra Prasad	Nil	11,95,188	65,68,636	77,63,824
Dr. B. B. Ramaiah	Nil	20,92,595	65,68,636	86,61,232
Sri P. Narendranath Chowdary	Nil	8,76,555	32,84,319	41,60,874
Sri M. Narendranath	Nil	36,49,287	32,84,319	69,33,606
Sri M. Thimmaraja	Nil	24,18,907	32,84,319	57,03,226
Sri P. Achuta Ramayya	Nil	6,76,979	32,84,319	39,61,298
Sri P.S.R.V.K. Ranga Rao	Nil	6,62,779	16,42,159	23,04,938
Sri A. Ranga Rao	80,000	Nil	Nil	80,000
Justice G. Ramanujam	Nil	Nil	Nil	Nil
Dr. A.V. Rama Rao	30,000	Nil	Nil	30,000
Dr. P. Kotaiah	80,000	Nil	Nil	80,000
Sri V.S. Raju	80,000	Nil	Nil	80,000
Dr. Alapaty Appa Rao	30,000	Nil	Nil	30,000
Dr. Anumolu Ramakrishna	20,000	Nil	Nil	20,000

- Remuneration is fixed and paid to the Managing Director / Whole-time Directors as approved by the Shareholders of the Company and is in accordance with and subject to the limits prescribed by the Companies Act, 1956. The Company enters into an agreement with the Managing Director / Whole-time Directors relating to their appointment / re-appointment. There is no severance fee.

7. SHAREHOLDING OF NON-EXECUTIVE DIRECTORS :

As on 31.03.2008 Sri A. Ranga Rao held 200 equity shares in the Company. No other Non-executive Director holds any equity shares in the Company. During the year 2007-2008 Company has not issued any convertible instruments.

8. MANAGEMENT

- Management Discussion and Analysis forms the part of Annual Report.
- Disclosure by the Management to the Board : Please refer point No. 12

9. CEO / CFO CERTIFICATION

In accordance with the requirements of Clause 49(V) of the Listing Agreement the Board of Directors of the Company, Audit Committee and Auditors have been furnished with the requisite certificate from the Managing Director and CFO.

10. SHAREHOLDERS' GRIEVANCES COMMITTEE

- a) The Board has constituted Shareholders' / Investors' Grievances Committee comprising Sri Justice G. Ramanujam (Chairman of the Committee – Non-Executive independent Director), Sri P. Narendranath Chowdary and Sri M. Thimmaraja as Members of the Committee. The Committee looks into redressal of the Shareholders' complaints like Transfer of Shares, non-receipt of Balance Sheet, non-receipt of declared Dividend and other matters.
- b) The Board has designated Sri M. Palachandra, Addl. Company Secretary as the Compliance Officer.
- c) During the year 2007-08, four Committee Meetings were held on dates viz., 28.04.2007, 28-07-2007, 27-10-2007 and 25-01.2008. The Company received a total number of 305 letters in respect of various matters viz., non-receipt / revalidation of dividend warrants, change of address, change of Bank account etc. and all of them were attended to and replied to the satisfaction of the Shareholders. As on 31.3.2008 no Share Transfers were pending and there were no pending complaints.
- d) ATTENDANCE OF DIRECTORS AT THE SHAREHOLDERS GRIEVANCE COMMITTEE MEETING HELD DURING FINANCIAL YEAR 2007-08

Name of the Director	No. of Meetings attended
Sri Justice G. Ramanujam	Nil
Sri P. Narendranath Chowdary	4
Sri M. Thimmaraja	4

11. ANNUAL GENERAL BODY MEETINGS

- a) PARTICULARS OF ANNUAL GENERAL BODY MEETINGS HELD DURING THE LAST THREE YEARS.

Financial Year – 1st April to 31st March			
Financial Year	Venue	Date	Time
2004-2005	Registered Office VENKATARAYAPURAM, TANUKU - 534 215 (A.P.)	24-9-2005	3.00 p.m.
2005-2006	-- do --	20-9-2006	3.00 p.m.
2006-2007	-- do --	29-9-2007	3.00 p.m.

At the last Annual General Meeting, there were no Special Resolutions that were required to be put through postal ballot.

At the ensuing Annual General Meeting there is no Special Resolution proposed to be passed through postal ballot.

b) SPECIAL RESOLUTIONS PASSED AT THE LAST THREE ANNUAL GENERAL MEETINGS :

DATE OF AGM	NO. OF SPECIAL RESOLUTIONS	SUBJECT MATTER
29-09-2007	5	Re-appointment of Managing Director / Whole-time Directors
20-09-2006	1	Alteration of Articles of Association with regard to revision in the payment of Sitting Fee to the Directors.
24-09-2005	8	Revision in the remuneration of Managing Director / Whole-time Directors and the re-appointment of Sri P. Narendranath Chowdary as Joint Managing Director.

12. OTHER DISCLOSURES

- i. There is no materially significant pecuniary or business transaction of the Company with its promoters, Directors or the Management, their Subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large.

The Company enters into contracts from time to time with its Directors, Companies, Firms in which the Directors are interested. These contracts are in the ordinary course of Company's business and the concerned Directors regularly make full disclosures to the Board of Directors regarding the nature of their interest. Full particulars of contracts entered into with the parties in which Directors are directly or indirectly concerned or interested are entered in the Register of Contracts maintained under Section 301 of the Companies Act, 1956 and the same is placed at every Board Meeting for the information of the Directors. Further, necessary approvals have also been obtained from the Central Government under Section 297 of the Companies Act with regard to specific contracts requiring the approval of the Central Government.

- ii. There were no instances of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any Statutory Authorities, on any matter related to Capital markets during last three years.
- iii. Company does not have any Whistle Blower Policy.
- iv. Company has complied with the mandatory requirements of Clause 49 of the Listing Agreement.
- v. Details regarding Non-Mandatory requirements are enumerated under point No. 14.

13. MEANS OF COMMUNICATION

- i. Quarterly Results are not sent to each household of shareholders, since they are being published in leading news papers.
- ii. Quarterly, Half Yearly and Annual Results are published in "The Hindu Business Line", and "Eenadu".
- iii. The Company displays its periodical results on the Company's Web Site www.theandhrasugars.com and on EDIFAR Web Site as required by the Listing Agreement.

The Andhra Sugars Limited

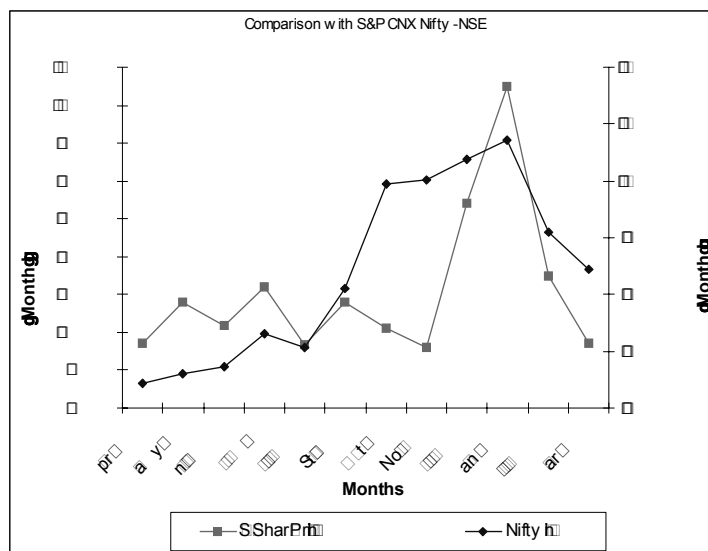
- iv. Company has not issued any press release or made any presentations to the investors or to analysts about its financial results during the year.

General Shareholder Information

- (i) Annual General Meeting :
Date & Time : Thursday, 25th September, 2008, 3:00 PM
Venue : Registered Office
Venkatarayapuram, Tanuku – 534 215
West Godavari Dist. (A.P.)
- (ii) Financial Year : The Company follows April to March as its financial year. The results of every quarter beginning from April are declared in the first month following each quarter as per the provisions of Listing Agreement.
- (iii) Date of book closure : 16th September, 2008 to 25th September, 2008
(both days inclusive)
- (iv) Dividend payment date : 3rd October, 2008
- (v) Listing on Stock Exchanges at: : Hyderabad Stock Exchange
Madras Stock Exchange
National Stock Exchange
- (vi) Stock code : HSE-CODE-ANDSUG, ID No. 158
MSE-CODE-ASR
NSE-CODE-ANDHRSUGAR
- (vii) Stock Market Data : National Stock Exchange

Month	High	Low
	Rs.	Rs.
April, 2007	97.00	83.55
May, 2007	108.00	82.65
June, 2007	101.85	85.50
July, 2007	112.00	81.70
August, 2007	96.80	81.00
September, 2007	107.95	89.10
October, 2007	100.90	77.50
November, 2007	96.00	80.30
December, 2007	133.90	85.50
January, 2008	164.90	81.65
February, 2008	115.00	85.05
March, 2008	97.00	75.00

- (viii) Performance in comparison to : See chart
broad-based indices such as
BSE Sensex, CRISIL etc.



- (ix) Registrars & Share Transfer Agents : Company has not appointed any Share Transfer Agents. The share transfer work is carried out in-house at the Company's Registered Office, Venkatarayapuram, Tanuku – 534 215, West Godavari Dist. (A.P.)

Telephone Nos. 224911 (8 lines)
Fax No. 224168
Email: elr_asltnk@sancharnet.in
info.tnk@theandhrasugars.com

- (x) Share Transfer System : Shareholders have an option to hold the Shares in physical form or in demat form. In the case of physical form, Company is taking care to ensure that the Share Transfer work gets completed within the stipulated time of one month period. The Board of Directors have delegated the power of approving transfer of Shares severally to Chairman & Managing Director and two Joint Managing Directors. The Board has also constituted a Share Transfer Committee which has been assigned the task of approving splitting of Shares, Issue of duplicate Share Certificates, consolidation of Share Certificates, change of status of a shareholder and other allied matters. With regard to Shares in demat mode, the procedure is adopted as per the provisions of Depository Act, 1996.

- (xi) Shareholding pattern as on 31st March, 2008

Category	No. of Shares Held	% of Shareholding
Promoters	1,45,92,524	53.83
Institutions, Mutual Funds and Banks	4,24,710	1.57
FII's / OCB's	1,27,600	0.47
NRI's	3,79,962	1.40
Bodies Corporates, Trusts and Clearing members	19,91,695	7.35
Public	95,90,587	35.38
Total	2,71,07,078	100.00

The Andhra Sugars Limited

(b) Distribution of Shareholding as on 31st March, 2008

Shareholding of Nominal value of Rs.	No. of Shareholders	% to total	Share amount in Rs.	% to Total
Upto 5000	13,788	84.063	2,73,39,340	10.086
5001 to 10000	1,177	7.176	1,34,43,400	4.959
10001 to 20000	613	3.737	1,32,25,010	4.879
20001 to 30000	205	1.250	79,66,910	2.939
30001 to 40000	135	.823	64,97,790	2.397
40001 to 50000	129	.787	1,09,08,360	4.024
50001 to 100000	175	1.067	2,07,13,910	7.642
100001 onwards	180	1.097	17,09,76,060	63.074
Total	16,402	100.00	27,10,70,780	100.00

(xii) **Dematerialisation of Equity Shares and liquidity:**

Company's Equity Shares are listed on Hyderabad, Madras and National Stock Exchanges with a view to provide liquidity to the Shareholders. As per the SEBI notification, the Company's Equity Shares have been compulsorily dematerialised with effect from 25th October, 2000. The Company has appointed XL Softech Systems, 3 Sagar Society, Road No.2, Banjara Hills, Hyderabad-500 034 to establish Electronic connectivity with the Depositories viz., NSDL and CDSL. The ISIN No. is INE715B01013. As on 31.3.2008 38.40% of Equity Shares have been dematerialised.

(xiii) Outstanding GDRs / ADRs / Warrants of any other Convertible Instruments, Conversion date and likely impact on equity. : Nil

(xiv) Plant Locations : 1. VENKATARAYAPURAM, Tanuku, West Godavari Dist., Andhra Pradesh
2. KOVVUR, West Godavari Dist., Andhra Pradesh
3. SAGGONDA, Gopalapuram Mandal, West Godavari Dist. Andhra Pradesh
4. TADUVAI, Jangareddygudem Mandal, West Godavari Dist., Andhra Pradesh
5. BHIMADOLE, W.G.Dist., Andhra Pradesh
6. PERECHERLA, GUNTUR, Andhra Pradesh.
Wind Power Units:
7. RAMGIRI, Ananthapur Dist., Andhra Pradesh
8. (a) Kurichampatti Village,
(b) Surandai Village, Veeranam Region, Tirunelveli District, Tamilnadu.

- (xv) Address for correspondence for all matters including Shares. : Registered Office:
VENKATARAYAPURAM
Tanuku – 534 215
West Godavari Dist.,
Andhra Pradesh.
E-mail : investors@theandhrasugars.com

14. NON-MANDATORY REQUIREMENTS :

Mandatory requirements of Clause 49 of the Listing Agreement have been complied with by the Company. Adoption of non-mandatory requirement is as hereunder :

1. The Board

The Company has an Executive Chairman.
Ceiling on the tenure of the Independent Director of the Company as mentioned is not adopted.

2. Remuneration Committee

The Company has not constituted any Remuneration Committee and is not required to do so.

3. Shareholders Rights

The quarterly, Half Yearly and Annual Results are published in leading English news papers having circulation all over India and also in Telugu News Papers circulating in the District and are also posted on the Company's website and SEBI Edifar Website, therefore the same are not sent to each household of Shareholders.

4. Audit Qualification

There are no qualifications by the Auditors in their Report for the year ending 31st March, 2008.

5. Training of Board Members

In the opinion of the Board, its Members are all business professionals having considerable experience and expertise in their respective fields and industry.

6. Mechanism for evaluating Non-Executive Board Members

As the Non-Executive Directors are professionals, no such mechanism exists.

7. Whistle Blower Policy

There is no Whistle Blower Policy. However the Company recognises the importance of reporting to the management by employee at any level about unethical behavior or suspected fraud in violation of the Company's Code of Conduct or any other point of concern.

DECLARATION ON COMPLIANCE WITH CODE OF CONDUCT

As required under Clause 49 of the Listing Agreement with the Stock Exchanges, all Board members and Senior Management personnel have affirmed the compliance of The Andhra Sugars Limited Code of Conduct for the year ended 31st March, 2008.

Place : TANUKU
Date : 28-07-2008

Dr. MULLAPUDI HARISCHANDRA PRASAD
Chairman & Managing Director

CERTIFICATE

To
The Shareholders of
The Andhra Sugars Limited
Tanuku.

We have examined the compliance of conditions of Corporate Governance by The Andhra Sugars Limited for the year ended on 31st March, 2008 as stipulated in Clause 49 of the Listing Agreement of the said company with Stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that in respect of investor grievances received during the year ended 31st March 2008, no investor grievances were pending against the company as per the records maintained by the company and presented to the investor Grievances Committee.

We further state that such compliance is not an assurance either to the future viability of the company or the efficiency or effectiveness with which the management has conducted the affairs of the company.

Camp : TANUKU
Date : 28th July, 2008

For BRAHMAYYA & CO.,
Chartered Accountants
C. MURALI KRISHNA
(ICAI Membership No. 20884)
Partner

AUDITORS' REPORT

TO
THE SHAREHOLDERS OF
THE ANDHRA SUGARS LIMITED
TANUKU

We have audited the attached Balance Sheet of THE ANDHRA SUGARS LIMITED, as at 31 March 2008, its Profit and Loss account and also the Cash-Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India, which require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditors' Report) Order, 2003 issued by the Government of India in terms of sub-Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of such books;
- c. The Balance Sheet and Profit and Loss Account and Cash-flow Statement dealt with by this report are in agreement with the books of account;
- d. In our opinion, the Balance Sheet, Profit and Loss account and Cash-flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- e. On the basis of written representations received from the directors, as on March 31, 2008, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - I. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2008;
 - II. in the case of the Profit and Loss Account, of the Profit for the year ended on that date, and
 - III. in the case of the Cash-flow Statement of the cash-flows of the company for the year ended on that date.

Camp : TANUKU
Date : 28th July, 2008

For BRAHMAYYA & CO.,
Chartered Accountants
C. MURALI KRISHNA
(ICAI Membership No. 20884)
Partner

Annexure referred to in paragraph 3 of our report of even date

- 1.1 According to the information and explanations furnished to us, the company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- 1.2 According to the information and explanations furnished to us, the company has physically verified during the year its fixed assets situated at Sugar unit – I at Tanuku, and no material discrepancies were noticed on such physical verification. The company has informed us that it has adopted a phased programme of verification of its fixed assets other than furniture and fixtures.
- 1.3 According to the information and explanations furnished to us, the company has not disposed of a substantial part of its fixed assets during the year as to affect the going concern assumption in preparing the financial statements under report.
- 2.1 According to the information and explanations furnished to us, during the year under report the company has physically verified its inventories of Raw materials, Finished goods & stores and spares. In our opinion, the frequency of such verification to the extent carried out is reasonable.
- 2.2 In our opinion, the procedures of physical verification of inventories, as followed by the management in respect of such verification carried out during the year are reasonable and adequate in relation to the size of the company and the nature of its business.
- 2.3 According to the information furnished to us, the company is maintaining proper records of its inventory. The discrepancies if any noticed on verification of Raw Materials, Finished goods & Stores and Spares between the physical stocks to the extent verified during the year and the book records were not material, and have been properly dealt with in the books of account.
- 3.1 According to the information and explanations furnished to us, the company has not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act 1956, at the beginning of the year or during the year, and consequently reporting under sub-clauses b, c and d of clause 4(iii) of the Order does not arise during the year.
- 3.2 According to the information and explanations furnished to us, the company has taken Fixed deposits/ inter-corporate loans aggregating at the date of the Balance Sheet to Rs.5907.80 lakhs from forty nine parties covered in the register maintained under Section 301 of the Companies Act 1956.
- 3.3 In our opinion, the rate of interest and other terms and conditions on which loans/deposits have been taken by the company from parties covered in the register maintained under section 301 of the Companies Act, 1956 are not, *prima facie*, prejudicial to the interest of the company.
- 3.4 According to the information and explanations furnished to us, the company has been regular in repaying the principal and interest amounts as stipulated on the loans taken by it from the parties covered in the register maintained under Section 301 of the Companies Act 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business, for the purchase of inventory, fixed assets and with regard to the sale of goods and services. Further, during the course of our audit, we have not come across any instances of major weaknesses in internal control system that in our opinion, require correction but have so continued without correction.

- 5.1 Based on the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
- 5.2 In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements that have been entered in the Register referred to in Section 301 of the Companies Act have been made at prices which are reasonable having regard to prevailing market prices and other terms of business with such parties, at the relevant time.
6. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 58A, 58AA and other relevant provisions of the Act and Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information furnished to us, no order has been passed on the company by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal for non-compliance with the provisions of Sections 58A, 58AA of the Companies Act 1956.
7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account and records maintained by the company pursuant to the Rules made by the Central Government for the maintenance of Cost Records under section 209 (1) (d) of the Companies Act, 1956, wherever prescribed, and we are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained. However, we are not required to and have not carried out a detailed audit of the same.
- 9.1 According to the information furnished to us, the company has been generally regular in depositing with the appropriate authorities, the undisputed statutory dues including Provident Fund, Investor Education Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it; and the following undisputed statutory dues were outstanding, as at the date of the Balance Sheet under report, for a period of more than six months from the date they became payable,.

Sl.No.	Name of the statute	Period	Amount Rs.	Remarks
1.	Andhra pradesh State Excise Act	Upto Aug., 1976	358290 (establishment charges)	Pending receipt of demand by the company
2.	Andhra pradesh State Excise Act	August, 76 to March, 2008	1359527 (Interest on above)	Pending receipt of demand by the company

The Andhra Sugars Limited

- 9.2 According to the information furnished to us, at the date of the Balance Sheet, there were no amounts of Sales Tax, Customs Duty, Excise Duty, Cess, Income Tax, Wealth Tax and Service Tax that were disputed by the company and hence were not remitted to the concerned authorities, except the following:

Sl.No.	Name of the statute	Nature of the Dues	Amount Rs.	Forum where dispute is Pending
1	Water (Prevention and control of Pollution) Cess Act of 1997	Cess	48703	Appellate Committee of the Govt. of AP
2	Standing orders of the Govt. of AP	Water charges	1002116	Govt. of AP
3	Sales Tax laws in different states	Sales Tax	29879931	Different appellate authorities
4	Income Tax Act, 1961	Income Tax	8334949	Income Tax Appellate Tribunal
5	Central Excise Act, 1944	Excise Duty	365730	Different departmental appellate authorities
6	Customs Act	Customs Duty	292004	Dy.Commissioner Customs
7	Service Tax Law	Service Tax	1343267	Commissioner of Service Tax

10. According to the information and explanations furnished to us the company had no accumulated losses at the end of the year under report and it did not incur cash losses during the said year or in the immediately preceding financial year.
11. In our opinion and according to the information and explanations furnished to us by the company, there were no defaults in repayment of its dues to financial institutions, banks or debenture holders at the date of the Balance Sheet.
12. According to the information furnished to us, the company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures, and other securities.
13. In our opinion and according to the information and explanations furnished to us, the company is not a chit fund or a nidhi / mutual benefit fund/ society and hence, the requirements of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company during the year under report.
14. According to the information furnished to us, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the requirements of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
15. According to the information furnished to us, the company has not given any guarantees for loans taken by others from any banks or financial institutions, except in respect of repayment, out of its cane price dues to its sugarcane suppliers, the agricultural loans taken by them from banks, the terms and conditions of which, in our opinion are not prima facie prejudicial to the company.
16. In our opinion and according to the information and explanations furnished to us, the term loans obtained by the company have been applied for the purpose for which they were raised.

17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we are of the opinion that considering the internal accruals of the company during the year under report, funds raised by the company on short term basis have prima facie not been used for long term investment.
18. According to the information and explanations furnished to us, the company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Companies Act 1956.
19. According to the information and explanations given to us, the company has not issued any debentures during the year under report.
20. The company has not raised any moneys through public issue of its securities during the year, and the question of end use of such moneys does not arise during the year.
21. During the course of our examination of the accounts of the company in accordance with generally accepted auditing practices, we have not come across any instances of fraud on or by the company, nor have we been informed by the management, of any such instance being noticed or reported during the year.

Camp : TANUKU
Date : 28th July, 2008

For BRAHMAYYA & CO.,
Chartered Accountants
C. MURALI KRISHNA
(ICAI Membership No. 20884)
Partner

ACCOUNTING POLICIES

1. GENERAL

The Accounts are prepared under the historical cost convention and in accordance with generally accepted accounting practices.

2. FIXED ASSETS :

Fixed Assets are capitalised at acquisition cost, net of Cenvat, less accumulated depreciation. Cost of acquisition of fixed assets is inclusive of directly attributable cost of bringing the assets to their working condition for the intended use. Financing costs incurred up to the date of commissioning of assets are capitalized. Revenue expenses incidental to new projects are capitalized

3. BORROWING COSTS:

Borrowing costs incurred in connection with the funds borrowed for acquisition / erection of assets that necessarily take substantial period of time to get ready for intended use, are capitalized as part of cost of such assets. All other borrowing costs are charged to revenue.

4. INVESTMENTS:

Long Term Investments are stated at cost and income thereon is accounted for on accrual. Provision towards decline in the value of long-term investments is made only when such decline is other than temporary.

5. INVENTORIES:

- Finished goods are valued at lower of cost or net realisable value.
- Work -in- process, Raw-materials, Stores, Spares and Materials in transit are valued at cost except where net realisable value of the finished goods they are used in is less than the cost of finished goods and in such an event, if the replacement cost of such materials etc., is less than their book values, they are valued at replacement cost.
- By-products and scrap are valued at net realisable value.
- Machinery spares which can be used only in connection with an item of fixed assets and whose use is expected to be irregular are amortised over the life of the principal assets.

6. SALES:

Sales are inclusive of Excise Duty, packing charges and Freight charges, wherever applicable, and net of rebates and Sales Tax.

7. INTER UNIT TRANSFERS:

The product of one unit used as raw materials, stores and spares and energy in another unit of the company is adjusted at market value.

8. EMPLOYEE BENEFITS

a) Short Term Employee Benefits:

Short-term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.

b) Post-Employment Benefits:

- (i) Defined Contribution plans: The company's superannuation scheme, state governed provident fund scheme, employee state insurance scheme and employee pension scheme are defined contribution plans. The contribution paid/payable under the schemes is recognized during the period in which the employee renders the related service.
- (ii) Defined Benefit plans: The employees' gratuity fund schemes and compensated absences schemes are under defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method.

The company's liability to gratuity on retirement of its eligible employees is funded with the Life Insurance Corporation of India. The fair value of the plan assets there under is reduced from the gross plan obligation, to recognize the obligation on net basis.

The incremental expense thereon for each year is arrived at as per actuarial valuation and is recognized and charged to the Profit and loss account in the year in which the employee has rendered service.

- Expense on account of unutilized compensated absences is arrived at as per actuarial valuation and is recognized and charged to the Profit and loss account in the year in which employee has rendered services in lieu of such leave.
- Gains/losses arrived at in the above actuarial valuations are charged to the profit and loss account immediately in each year.

9. EXPENDITURE:

Revenue expenditure is charged to Profit & Loss Account and Capital expenditure is added to the cost of Fixed Assets in the year in which it is incurred.

10. DEPRECIATION:

Depreciation is provided in the accounts, in accordance with Schedule XIV of the Companies Act on the following basis:

- On part of Buildings, Main Plant and Machinery and Electrical Installations of Caustic Soda, Chlorosulphonic Acid, Aspirin, Wind Power at Ramagiri, Power Generation and Sugar Units at Taduvai and Bhimadole and all Buildings, Plant and machinery, Electrical Installations, Weigh Bridges and Scales and Workshop Equipment of Cotton and Oil Products Unit and Sulphuric Acid unit at Saggonda under Straight Line Method.
- On the remaining assets of the above units and all assets of the other units, under Written Down Value Method.
- In respect of Inter Unit transfer of assets, depreciation IS computed on the same basis as in the transferor unit.

11. FOREIGN EXCHANGE TRANSACTIONS:

- Transactions in foreign currency are initially accounted at the exchange rate prevailing on the date of the transaction, and adjusted appropriately with the difference in the rate of exchange arising on actual receipt/payment during the year.
- At each Balance Sheet date foreign currency monetary items are reported using the rate of exchange on that date. Foreign currency non-monetary items are reported using the exchange rate at which they were initially recognized.
- In respect of forward exchange contracts in the nature of hedges
 - a) Premium or discount on the contract is amortized over the term of the contract,
 - b) Exchange differences on the contract are recognized as profit or loss in the period in which they arise.

12. IMPAIRMENT OF ASSETS:

An asset is treated as impaired when the carrying cost of the same exceeds its recoverable amount. An impairment loss is charged to the Profit and loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

13. CONTINGENT LIABILITIES:

Contingent liabilities are not recognized in the accounts, but are disclosed after a careful evaluation of the concerned facts and legal issues involved.

14. INTANGIBLE ASSETS:

Costs incurred on intangible assets, resulting in future economic benefits are capitalized as intangible assets and amortized on written down value method beginning from the date of capitalization.

15. TAXATION:

- Provision is made for income tax liability estimated to arise on the results for the year at the current rate of tax in accordance with the Income Tax Act.1961.
- Deferred tax resulting from timing differences between book and tax profits is accounted for under the liability method, at the current rate of tax.
- Deferred tax assets arising on account of brought forward losses and unabsorbed depreciation are recognized only when there is virtual certainty supported by convincing evidence that such assets will be realised. Deferred tax assets arising on other temporary timing differences are recognized only if there is a reasonable certainty of realization.

16. DIVIDENDS:

Provision is made in the Accounts for the Dividends payable by the Company as recommended by the Board of Directors, pending approval of the Shareholders at the Annual General Meeting. Tax on distributable Profits is provided for in the year to which such distributable Profits relate.

17. MISCELLANEOUS EXPENDITURE:

Debentures / Shares issue expenditure is amortised as per Sec.35D of the Income Tax Act.

Additional Information as required under part - IV of Schedule VI to the Companies Act,1956.

I.	Registration Details	(Amounts in Rs. Thousands)
	a) Registration No.	01-00326
	b) State Code	01
	c) Balance Sheet date	31-03-2008
II.	Capital Raised during the Year	
	a) Public Issue	NIL
	b) Rights Issue	NIL
	c) Bonus Issue	NIL
	d) Private Placement	NIL
III.	Position of Mobilisation & Deployment of Funds	
	a) Total Assets	9229755
	b) Total Liabilities	9229755
	Sources of Funds:	
	a) Paid-up Capital	271101
	b) Reserves & Surplus	2722809
	c) Deferred Tax (Net)	645724
	d) Secured Loans	2233636
	e) Unsecured Loans	1242831
	TOTAL:	7116101
	Applications of Funds:	
	a) Net Fixed assets	4651211
	b) Investments	725331
	c) Net Current Assets	1739559
	d) Miscellaneous Expenses	—
	TOTAL:	7116101
IV.	Performance of Company:	
	a) Turnover	5153809
	b) Other Income	266426
	c) Total Expenditure	4821650
	d) Profit Before Tax	345838
	e) Profit After Tax	425843
	f) Earnings Per Share in Rs.	15.71
	g) Dividend Rate %	50%
V.	Generic Names of Three Principal Products / Services of Company (As per monetary terms)	
	1. Item Code No. (ITC Code)	17011109
	Product Description	Sugar
	2. Item Code No. (ITC Code)	281512.00
	Product Description	Caustic Soda
	3. Item Code No. (ITC Code)	280110.00
	Product Description	Chlorine

BALANCE SHEET AS AT 31st MARCH, 2008

	Schedule	(Rupees in lakhs)	
		31-3-2008	31-3-2007
I SOURCES OF FUNDS			
1) Shareholders' Funds			
a) Capital	1	2711.01	2711.01
b) Reserves & Surplus	2	27228.09	24833.55
		<u>29939.10</u>	<u>27544.56</u>
2) Loan Funds			
a) Secured Loans	3	22336.36	18580.46
b) Unsecured Loans	4	12428.31	12240.94
		<u>34764.67</u>	<u>30821.40</u>
3) Deferred Tax			
a) Liability		7316.31	6974.41
b) Asset		859.07	362.22
		<u>6457.24</u>	<u>6612.19</u>
TOTAL		<u>71161.01</u>	<u>64978.15</u>
II APPLICATION OF FUNDS			
1) Fixed Assets			
a) Gross Block		64925.37	61932.45
b) Less: Depreciation		23402.38	20264.55
c) Net Block	5	41522.99	41667.90
d) Capital work-in-progress		4989.12	2258.05
		<u>46512.11</u>	<u>43925.95</u>
2) Investments	6	<u>7253.31</u>	<u>5032.40</u>
3) Current Assets, Loans & Advances			
a) Inventories	7	24345.00	19578.40
b) Sundry Debtors	8	3384.47	3250.54
c) Cash and Bank Balances	9	1322.80	830.61
d) Other Current Assets	10	37.46	23.76
e) Loans and Advances	11	9442.39	9634.53
		<u>38532.12</u>	<u>33317.84</u>
Less: Current Liabilities & Provisions:			
a) Liabilities	12	13999.64	10360.30
b) Provisions	13	7136.89	6937.75
		<u>21136.53</u>	<u>17298.04</u>
Net Current Assets		<u>17395.59</u>	<u>16019.80</u>
4) Miscellaneous Expenditure	14	---	---
TOTAL		<u>71161.01</u>	<u>64978.15</u>

NOTE: The schedules, notes and Statement on Accounting Policies form an integral part of the Balance Sheet.

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. Palachandra

Chairman & Managing Director
Director

Addl. Company Secretary

Camp : TANUKU
Date : 28-07-2008

TANUKU
28-07-2008

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2008.

		(Rupees in lakhs)	
	Schedule	This Year	Previous Year
INCOME			
Sales (including Excise Duty recovered)		51538.09	63181.05
Less : Excise duty recovered		5139.43	5569.03
		46398.66	57612.02
Other Income	15	2664.26	2712.56
Accretion to Stocks	16	2611.96	—
		51674.88	60324.58
EXPENDITURE			
Raw Materials consumed		21323.36	22368.08
Payments & Benefits to Employees	17	4545.77	3964.77
Expenses	18	15327.44	16090.28
Taxes and licences	19	923.74	1029.42
Decreton in stock	16	—	2209.16
Interest	20	22878.19	2343.00
Depreciation		3218.00	2955.83
		48216.50	50960.54
Profit for the year		3458.38	9364.04
Add: Income Tax refund received		----	---
Excess provision of Income Tax		---	145.77
Provision for Deminution in value of invst cr back		2055.22	---
		5513.60	9509.81
Less: Short provision of Income Tax		177.90	0.00
		5335.70	9509.81
Less: Provisons for:			
Current Tax		1050.00	2000.00
Fringe Benefit Tax		20.00	17.00
Deferred Tax		3.27	1076.05
Wealth Tax		4.00	2.00
Profit after tax		4258.43	6414.76
Add: Balance brought forward from last year		3258.86	2746.92
Balance available for appropriation		7517.29	9161.69
APPROPRIATIONS			
General Reserve		2500.00	4000.00
Dividends (See Directors' Report)	21	1556.63	1902.83
Balance taken to Blance Sheet		3460.66	3258.86
		7517.29	9161.69
Basic Earnings per Share:			
(Profit after tax/No. of equity shares)			
Profit after tax (Rs.)		425843180	641477907
No. of equity shares of Rs. 10/- each		27107078	27107078
Basic Earnings per share (Rs.)		15.71	23.66
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 AND ON BEHALF OF THE BOARD	
For Brahmayya & Company	Dr. Mullapudi Harischandra Prasad	Chairman & Managing Director
Chartered Accountants	A. Ranga Rao	Director
C. Murali Krishna	M. Palachandra	Addl. Company Secretary
Partner		

Camp : TANUKU	TANUKU
Date : 28-07-2008	28-07-2008

SCHEDULES TO BALANCE SHEET**SHARE CAPITAL**

		SCHEDULE -1 (Rupees in lakhs)	
		As at 31-3-2008	As at 31-3-2007
AUTHORISED CAPITAL			
28750000	Equity shares of Rs.10/- each	2875.00	2875.00
30000	9.5% First Cumulative Redeemable Preference Shares of Rs.100/- each	30.00	30.00
95000	9.5% Second Cumulative Redeemable Preference Shares of Rs.100/- each	95.00	95.00
		3000.00	3000.00
ISSUED CAPITAL			
27113091	Equity Shares of Rs.10/- each	2711.31	2711.31
		2711.31	2711.31
SUBSCRIBED AND PAID UP CAPITAL			
27107078	Equity Shares of Rs.10/- each fully paid up	2710.71	2710.71
	Forfeited amount on 6013 shares of Rs.10/ each, Rs.5/ paid up	0.30	0.30
		2711.01	2711.01

NOTES: The above includes:

- i) 2,08,24,431 shares allotted as fully paid up by way of Bonus shares .
- ii) 2,52,000 Shares allotted at par to the shareholders of amalgamating company pursuant to the scheme of amalgamation (without payment being received in cash)

RESERVES AND SURPLUS**SCHEDULE - 2**

1)	GENERAL RESERVE			
	As per last Balance Sheet	20400.00		16400.00
	Add: Transferred from Profit & Loss A/c during the year	2500.00		
	*Less: Transitional adj on Application of AS-15 (Refer note no.27)	307.27	22592.73	4000.00
			22592.73	20400.00
2)	SECURITIES PREMIUM		1129.40	1129.40
3)	CAPITAL RESERVE			
	Capital investment subsidy		45.00	45.00
	Forfeited Debentures **		0.30	0.30
4)	SURPLUS IN PROFIT & LOSS ACCOUNT		3460.66	3258.85
			27228.09	24833.55

Note: *Transational adjustment of Rs.307.27 lakhs (Net of Deferred tax impact of Rs.158.22 lakhs, refer Note No:27 to the accounts) on application of AS-15 Employee benefits during the year has been shown under deduction to General Resereve above.

Note: ** Forfeited Debentures have been transferred to Capital Reserve on total redemption of the remaining debentures in the same series.

SECURED LOANS:	SCHEDULE - 3	
	(Rupees in lakhs)	
	As at	As at
	31-03-2008	31-03-2007
FROM BANKS:		
i) Term Loans		
a) From Andhra Bank (against exclusive first charge on assets created out of the loan)	6000.00	7500.00
ii) Cash Credit (from Banks) (Secured by hypothecation of inventories and receivables, and second charge on the Fixed Assets of the Company of Sugar and Chemical Divisions ranking pari passu among the members of the consortium of working capital lending banks)	16336.36	11080.46
	-----	-----
	22336.36	18580.46
	-----	-----

UNSECURED LOANS	SCHEDULE - 4
------------------------	---------------------

Fixed Deposits :

From Share Holders	1074.35	922.10
From Public	5522.40	4723.65
From Directors	2050.45	1551.50

Loans:

From other companies *	404.00	454.00
From Banks - Short term	0.00	1500.00
Sales Tax Deferment Loan (Repayable at the end of 14th Year from the year of receipt. First repayment falls due during the accounting year 2012 - 2013)	3377.11	3089.69
	-----	-----
	12428.31	12240.94
	-----	-----

*Include amounts due to subsidiary companies :

JOCIL Ltd.,	400.00	450.00
Hindustan Allied Chemicals Ltd.,	4.00	4.00

Note :Fixed deposits matured and remaining unclaimed aggregating to Rs.37.54 lakhs are not included above, but shown in Schedule 12.

FIXED ASSETS

SCHEDULE - 5
(Rupees in lakhs)

	GROSS BLOCK				DEPRECIATION BLOCK				IMPAIRMENT BLOCK				NET BLOCK	
	Cost as at 31-3-07	Additions during the year	Deductions during the year	Cost as at 31-3-08	Dep. upto 31-3-07	Dep. for 07-08***	Dep. on Dedn	Dep. Upto 31-03-08	Impairment Upto 31-03-07	Additions during the year	Deductions during the year	Impairment Upto 31-03-08	WDV AS AT 31-3-08	WDV AS AT 31-3-07
1) Land *	966.25	4.25	0.10	970.40	---	---	---	---	---	---	---	---	970.40	966.25
2) Buildings**	4849.87	121.93	---	4971.80	1339.45	137.44	---	1476.89	---	---	---	---	3494.91	3506.10
3) Plant and Machinery	48394.97	2677.42	59.54	51012.85	16476.31	2576.48	56.84	18995.95	353.25	---	20.97	332.28	31684.62	31569.72
4) Transport Equipment	1868.77	251.60	27.16	2093.21	842.76	207.70	21.97	1028.49	---	---	---	---	1064.72	1026.01
5) Furniture & Fittings	559.28	26.64	2.11	583.81	386.48	41.49	1.66	426.31	---	---	---	---	157.50	172.80
6) Tramways and Railway Sidings	733.00	---	---	733.00	173.03	35.38	---	208.41	---	---	---	---	524.59	559.97
7) Renewable Energy Plant : Wind Farm	4560.30	---	---	4560.30	693.27	240.78	---	934.05	---	---	---	---	3626.25	3867.03
TOTAL	61932.44	3081.84	88.91	64925.37	19911.30	3239.27	80.47	23070.10	353.25	---	20.97	332.28	41522.99	41667.88
Previous Year	56187.83	6628.43	883.83	61932.44	17435.62	2978.20	502.53	19911.30	537.44	---	184.19	353.25	41667.88	38214.77

* Registration of transfer of title in the name of the Company is pending for Ac. 4.19 of land of the cost of Rs. 3.53 lakhs included in above.

** Including Buildings of the Gross value of Rs. 42.50 lakhs constructed on leasehold land.

*** Depreciation for the year includes depreciation on impaired assets to the extent of Rs. 2097470/- and depreciation capitalised to the extent of Rs. 28466/-

INVESTMENTS

SCHEDULE - 6

(Rupees in lakhs)

	As at 31-3-2008	As at 31-3-2007
--	--------------------	--------------------

A) TRADE INVESTMENTS

1) IN SUBSIDIARY COMPANIES

a) 3,28,760 partly paid Equity shares of Rs.10/- each (Rs.2.50 per share paid up) in Hindustan Allied Chemicals Ltd.,(Unquoted)	2.74	2.74
b) 3,45,700 fully paid Equity shares of Rs.10/- each in The Andhra Farm Chemicals Corpn.Ltd.,(UnQuoted)	34.57	34.57
c) 24,43,250 fully paid Equity shares of Rs.10/- each in JOCIL LTD.,(Quoted)	441.79	441.79

2) IN OTHER COMPANIES

a) 1,40,000 fully paid Equity Shares of Rs.10/- each in Sree Akkamamba Textiles Ltd., (Quoted)	1.75	1.75
b) 2,28,92,410 fully paid Equity shares of Rs.10/- each in The Andhra Petrochemicals Ltd., Add:10,53,044 shares purchased during the year (a company under the same management) (Quoted)	2827.81 187.01	

Less: Provision for diminution in value

3014.82

3014.82

772.59

c) 96,64,080 fully paid Equity Shares of Rs.10/- each in Andhra Pradesh Gas Power Corporation Ltd., (Unquoted)	3656.74	3656.74
d) 25,052 fully paid equity shares of Rs.10/- each in Andhra Bank (Quoted)	4.31	4.31

B) NON-TRADE INVESTMENTS

a) In Government Securities: National Plan Saving Certificates (lodged with Govt.Departments towards security)	0.12	0.17
b) 1000000 Equity Shares of Rs.10/-each in Agri Business Finance (AP) Ltd., (Unquoted) Less: Calls due	100.00 50.00	50.00
c) 45200, 6.75% Tax free U.S.64 bonds of Rs.100/- each in Unit Trust of India.	45.20	45.20
d) 69798 Units of UTI Mutual Fund Service sector Less:69798 units sold during the year	21.27 21.27	21.27
e) 1391 Fully paid Equity Shares of Rs.10/- each in Indian Bank (Quoted)	1.27	1.27
	<u>7253.31</u>	<u>5032.40</u>

All the above investments, unless otherwise specified, are long term investments.

Cost of unquoted investments	3744.16	3754.85
Cost of quoted investments	3509.15	3343.40
	<u>7253.31</u>	<u>7098.25</u>

Market value of quoted investments

4519.97

3717.44

SCHEDULE - 7

INVENTORIES

(As certified by the Managing Director)

(Rupees in lakhs)

	As at 31-03-2008	As at 31-03-2007
Stores and Spares	2526.78	2577.71
Raw Materials	3538.99	1672.73
Work-in-process	275.73	416.60
Finished Goods - at Cost	7159.17	11427.27
- at Market value	10819.87	3482.36
Goods in Transit	22.48	—
Crops under cultivation	1.98	1.73
	<u>24345.00</u>	<u>19578.40</u>

SUNDRY DEBTORS

SCHEDULE - 8

a) Debts outstanding for a period exceeding six months		
Unsecured-considered good	58.79	101.63
Unsecured-considered doubtful	19.81	19.81
	<u>78.60</u>	<u>121.44</u>
Less: Provision for Doubtful Debts	19.81	19.81
	<u>58.79</u>	<u>101.63</u>
b) Other Debts: Unsecured-considered good	3325.68	3148.91
	<u>3384.47</u>	<u>3250.54</u>
Due from a Subsidiary Company (included in "b" above)	---	4.81

CASH AND BANK BALANCES

SCHEDULE - 9

Cash and Cheques on hand	8.93	14.87
Balances with Scheduled Banks in		
- Current Accounts	973.62	601.38
- Fixed Deposit Accounts	321.65	214.36
- With Post Office Savings Bank (Maximum balance during the year Rs.220/-)	---	---
Remittance in transit	18.60	—
	<u>1322.80</u>	<u>830.61</u>

Balances with Scheduled Banks, include inter-alia, the following:

a) In "Unclaimed Dividend Accounts" u/s 205A of The Companies Act, 1956	109.98	103.75
b) Towards unencashed interest/redemption warrants on 16.5% Non Convertible Debentures	0.88	0.90
c) Towards staff security deposit	30.48	20.34

OTHER CURRENT ASSETS**SCHEDULE - 10**
(Rupees in lakhs)

	As at 31-3-2008	As at 31-3-2007
Interest accrued on Investments and deposits	37.46	23.76
	<u>37.46</u>	<u>23.76</u>

LOANS AND ADVANCES**SCHEDULE - 11**

Advances (recoverable in cash or in kind for value to be received)		
Unsecured considered good	2553.28	3232.78
Unsecured considered doubtful	0.03	0.03
	<u>2553.31</u>	<u>3232.81</u>
Less: Provision for doubtful Advances	0.03	0.03
	<u>2553.28</u>	<u>3232.78</u>
Prepaid expenses	65.19	91.27
Excise Duty paid in advance (including Cenvat credit pending utilisation)	1487.96	1050.39
Advance payment of Direct Taxes	4129.05	4557.21
Income Tax deducted at source	74.51	62.29
Deposits recoverable	697.60	489.64
Claims recoverable	374.89	142.50
Balance with Customs, Port Trust, etc.,	59.91	8.45
	<u>9442.39</u>	<u>9634.53</u>
Due from a Subsidiary Company (included in "advances" above)	0.21	0.83

LIABILITIES**SCHEDULE - 12**

Sundry Creditors		
Due to Micro and Small Enterprises (see Note No.9)		
Due to Others	13315.91	9814.68
(Includes Rs.279.17 lakhs(Rs.862.90 lakhs) due to Directors)		
Due to Subsidiaries		
Advances received against sales	215.31	132.96
Trade Deposits	86.03	78.23
Staff security deposit	24.40	20.21
Interest accrued but not due on Loans & Fixed Deposits (Includes Rs.52.61 lakhs(Rs.37.22 lakhs) due to directors)	203.51	161.89
(Includes 0.09 (Rs.Nil lakhs) due to Subsidiary Company)		
Dividends pending encashment *	109.98	103.75
Unclaimed matured Fixed Deposits *	37.54	41.28
Unclaimed interest on matured Deposits * and debentures	6.96	7.30
	<u>13999.64</u>	<u>10360.30</u>

* These amounts have not fallen due for remittance to Investor Education and Protection Fund in accordance with Sec. 205C of the Companies Act, 1956, as at the date of the Balance Sheet

SCHEDULE - 13
(Rupees in lakhs)

	As at 31-3-2008	As at 31-3-2007
--	--------------------	--------------------

PROVISIONS

For Income Tax and Fringe Benefit Tax	4637.00	4767.00
For Wealth Tax	8.00	6.00
For Proposed Dividend	1355.35	1626.42
For Tax on Distributable Profits	201.28	276.41
For Compensated absences	234.07	261.91
For Gratuity	701.19	0.00
	<u>7136.89</u>	<u>6937.75</u>

MISCELLANEOUS EXPENDITURE**SCHEDULE - 14**

Issue expenses of Debentures / Shares on Rights basis	—	4.35
Less: Written off during the year	—	4.35
	<u>—</u>	<u>—</u>

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

Processing and Job work income	51.70	40.81
Freight and other sales expenses recovered	1321.18	1266.03
Subsidy on Superphosphate sales	347.75	406.23
Rents received	56.49	53.04
Dividends received	308.00	309.96
Interest from Banks and Others	73.29	55.90
Interest on Investments	3.05	11.19
Miscellaneous receipts	177.35	296.36
Profit on Sale of Assets	3.86	26.89
Provisions/ Credit balances written back	9.40	10.56
Claims received	190.25	51.69
Income from agriculture (Net)	9.08	6.88
Impairment provision written back	—	162.24
Difference in exchange	112.48	—
Income of earlier years	0.38	12.27
Bad debts recovered	—	2.51
	<u>2664.26</u>	<u>2712.56</u>

1) Dividend income includes:		
i) From Trade Investments - In subsidiaries	66.15	254.46
- In others	241.85	4.18
ii) From Non-Trade investments	—	51.32
2) Tax deducted at source :		
— on Interest income	12.34	9.86
— on Processing charges received	2.30	1.69
— on Rents received	10.40	9.13
— on Technical and professional services	1.03	—

SCHEDULE - 16
(Rupees in lakhs)

	As at 31-3-2008	As at 31-3-2007
OPENING AND CLOSING STOCKS		
Opening Stock:		
Work-in-process	416.60	252.70
Finished goods	14909.64	17433.12
Total (A)	<u>15326.24</u>	<u>17685.82</u>
Closing Stock:		
Work-in-process	275.73	416.60
Finished goods	17979.04	14909.64
Total (B)	<u>18254.77</u>	<u>15326.24</u>
Add : (Increase)/Decrease in Excise duty on stocks(c)	<u>-316.57</u>	<u>150.40</u>
Accretion to stock	2611.96	—
Decretion in stock	—	2209.16

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

Salaries, Wages and Bonus	3715.39	3355.14
Contribution to Provident, Gratuity and other funds	592.10	440.21
Workmen and Staff Welfare Expenses	238.28	169.42
	<u>4545.77</u>	<u>3964.77</u>

MANUFACTURING AND OTHER EXPENSES**SCHEDULE - 18**

Stores & Spares consumed (including packing materials)	1507.26	1641.89
Power and Fuel	7760.19	7375.04
Insurance	130.28	191.06
Sugarcane Development Expenses	46.56	47.16
Repairs to Buildings	212.53	224.21
Repairs to Machinery	2482.26	2469.88
Repairs to Other Assets	516.54	516.91
Advertisement and Sales Promotion	13.71	30.47
Handling, Transport & Expenses at Sales Depots	1556.02	1590.91
Commission on Sales	59.87	62.54
Rent	9.78	11.22
Directors' Sitting Fee	3.20	2.60
Managerial Remuneration (Note No.25)	394.89	923.74
Payments to Auditors (Note No.22)	11.48	9.15
Miscellaneous expenses	546.80	515.60
Donations	27.00	59.40
Loss on sale of Assets	0.13	1.03
Issue expenses of Shares/Debentures written off	—	4.35
Expenses of earlier years	0.22	—
Bad debts	0.02	0.57
Assets written off	4.11	333.77
Stores & spares written off	—	26.68
Loss on sale/ conversion of Investments	4.82	23.60
Difference in exchange	39.77	28.49
	<u>15327.44</u>	<u>16090.28</u>

The Andhra Sugars Limited

	SCHEDULE - 19	
	(Rupees in lakhs)	
TAXES AND LICENCES	As at	As at
	31-3-2008	31-3-2007
Excise Duty (Net)	0.62	0.40
Purchase Tax on Sugarcane	709.16	809.25
Rates and Taxes	213.96	219.77
	-----	-----
	923.74	1029.42
	-----	-----
		SCHEDULE - 20
INTEREST		
On Fixed period loans from banks	1234.71	1382.86
On Fixed deposits from Whole- time Directors	181.53	132.30
On Other accounts	1461.95	827.84
	-----	-----
	2878.19	2343.00
	-----	-----
		SCHEDULE - 21
DIVIDENDS		
Proposed dividend	1355.35	1626.42
Tax on above	201.28	276.41
	-----	-----
	1556.63	1902.83
	-----	-----

NOTES FORMING PART OF THE ACCOUNTS

The Andhra Sugars Limited

SCHEDULE - 22

(Rupees in lakhs)

	As at 31-3-2008	As at 31-3-2007
1. Estimated amount of contracts remaining to be executed on Capital Account and not provided for	1653.40	3782.70
2. a) Uncalled liability on partly paid shares held as Investments	24.66	24.66
b) Liability on account of membership in Alkali Manufacturers' Association of India, a Company limited by Guarantee	0.01	0.01
3. Claims against the company not acknowledged as debts relating to the following areas:		
i) Excise	17.09	25.17
ii) Customs	2.92	2.92
iii) Sales Tax	28.14	28.14
iv) State Levies	170.70	164.14
v) Suppliers and Service contract	175.51	160.89
vi) Labour related	17.71	17.71
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.	40.49	---
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.		
<p>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. 57.47 lakhs (Rs.55.74 lakhs) has not been provided for in the accounts pending final legal decision in the matter.</p>		
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. The company, despite its efforts, has not received from the concerned creditors, the necessary details to identify Micro and Small enterprises among them, in terms of the Micro and Small Enterprises Development Act, 2006. Therefore, company is unable to furnish the prescribed information with regard to its dues if any, to such enterprises. However, according to the information available with and in the opinion of the company, there are no claims/dues from any such parties for interest etc., on such dues/payments at the date of the Balance Sheet.
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.0.21 lakhs as on 31.3.2008. (Maximum balance outstanding during the year is Rs.0.83 lakhs). The investment in the Equity shares of the company is Nos. 328760.
11. Closing stock units of 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	114720	16030.45	164279	28462.08
Molasses	M.T	27325	491.73	38028	893.99
Industrial Alcohols & Ethanol	K.L	4995	1267.80	2770	800.46
Acetic Acid	M.T	669	235.45	981	377.66
Acetic Anhydride	M.T	539	369.39	705	480.11
Aspirin	M.T	351	566.85	385	600.35
Caustic Soda	M.T	92032	18507.84	96422	18237.53
Caustic Potash	M.T	8068	2977.25	8326	3020.79
Chlorine	M.T	46329	2018.67	50917	2390.27
Hydrochloric Acid	M.T	126787	1825.12	124093	1478.28
Sodium Hypochlorite	M.T	14761	450.46	15419	516.33
Hydrogen gas	CU.MTR	2410811	435.54	2496007	417.07
Chlorosulphonic Acid	M.T	0	0	0	0.01
Sulphuric Acid	M.T	67823	2764.21	101000	2321.46
Superphosphate	M.T	30911	934.96	42241	1270.67
UDMH/UH25	M.T	166	1127.43	105	664.13
Mono Methyl Hydrazine	M.T	6	125.98	6	108.08
HTPB	M.T	83	500.10	53	272.74
Electrical Energy	KWH	15696720	423.81	17467510	471.62
Cattle Feed	M.T	3562	232.12	2756	173.54
Others			252.93		223.88
			51538.09		63181.05

NOTE: The above figures include Excise Duty recovered: 5139.43 5569.03

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 :

96.51 79.72

14. RAW MATERIALS CONSUMED:

(Rupees in lakhs)

		This year		Previous year	
		Quantity	Value	Quantity	value
Sugarcane	M.T.	1182507	13103.08	1349171	14954.29
Phenol	M.T.	388	291.45	375	257.80
Sulphur	M.T.	27961	1975.94	41759	1835.84
Rockphosphate	M.T.	15350	550.74	24663	852.07
Salt	M.T.	158686	3040.66	163478	2498.47
Potassium Chloride	M.T.	10951	1399.23	11238	1356.25
Extractions for Cattle feed	M.T.	3840	156.55	2896	100.27
Other raw materials			805.71		513.09
			21323.36		22368.08

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.

15. OPENING AND CLOSING STOCKS OF FINISHED GOODS:

(Rupees in lakhs)

PRODUCTS	UNIT	OPENING STOCKS				CLOSING STOCKS			
		THIS YEAR		PREVIOUS YEAR		THIS YEAR		PREVIOUS YEAR	
		QUANTITY	VALUE	QUANTITY	VALUE	QUANTITY	VALUE	QUANTITY	VALUE
SUGAR	MT	95708	13341.76	112709	16145.65	112409	16556.56	95708	13341.76
MOLASSES	MT	29920	710.98	32782	440.44	33356	436.51	29920	710.98
SULPHURIC ACID	MT	2471	52.93	1177	29.02	3866	147.04	2471	52.93
OLEUM	MT	—	—	—	—	—	—	—	—
SUPERPHOSPHATE	MT	7175	212.94	4916	141.18	3219	99.27	7175	212.94
CAUSTIC SODA	MT	1024	124.72	1319	155.49	1453	186.88	1024	124.72
CAUSTIC POTASH	MT	170	58.56	306	89.50	352	125.31	170	58.56
CHLORINE	MT	215	6.64	217	11.70	153	4.91	215	6.64
SODIUM HYPOCHLORITE	MT	28	0.75	41	1.54	20	0.60	28	0.75
HYDROCHLORIC ACID	MT	508	3.90	404	5.34	297	4.20	508	3.90
INDUSTRIAL ALCOHOLÐANOL	KL	443	66.68	280	44.60	452	66.00	443	66.68
FUSEL OIL	KL	1	0.10	3	0.47	2	0.23	1	0.10
ACETIC ACID	MT	11	2.19	57	14.96	37	7.50	11	2.19
ACETIC ANHYDRIDE	MT	129	67.84	102	43.54	81	37.88	129	67.84
ETHYL ACETATE	MT	16	5.77	13	5.33	14	4.50	16	5.77
CHLOROSULPHONIC ACID	MT	53	3.52	53	3.08	0	0.00	53	3.52
ASPIRIN	MT	146	101.75	106	144.89	93	185.89	146	101.75
ORGANIC DIERVATIVES OF HYDRAZINE OR OF HYDROXYL									
AMINE	MT	3	19.75	4	26.10	11	71.58	3	19.75
H.T.P.B	MT	5	6.98	2	5.46	1	0.91	5	6.98
HYDROGEN GAS	CU.MTR	3809	0.19	5187	0.27	2652	0.19	3809	0.19
BARIUM SULPHATE	MT	1	0.05	1	0.04	1	—	1	0.05
ELECTRICAL ENERGEY	UNITS	1483794	15.88	246817	4.02	—	—	1483794	15.88
OTHERS			105.76		120.49		43.08		105.76
TOTAL			14909.64		17433.11		17979.04		14909.64

16. PARTICULARS REGARDING CAPACITY AND PRODUCTION:

CLASS OF GOODS	C A P A C I T Y				ACTUAL PRODUCTION			
	LICENCED		INSTALLED		Year ended March, 2008		Year ended March, 2007	
1 Sugar								
a. Tanuku	5,000	MT Cane/Day	5,000	MT Cane/Day	53684	MT	63277	MT
Molasses (By-product of Sugar)					22836	MT	26143	MT
b. Taduvai	5,500	MT Cane/Day	2,500	MT Cane/Day	53838	MT	62224	MT
Molasses (By-product of Sugar)					21566	MT	23168	MT
c. Bhimadole	5,500	MT Cane/Day	1,600	MT Cane/Day	25395	MT	21777	MT
Molasses (By-product of Sugar)					11379	MT	9430	MT
2 Acetic Acid	1,080	MT/annum	1,080	MT/annum	613	MT	826	MT
Acetic Anhydride	720	MT/annum	720	MT/annum	744	MT	996	MT
Ethyl Acetate	1,268	MT/annum	1,268	MT/annum	32	MT	45	MT
Butyl Acetate	1,268	MT/annum	1,268	MT/annum	----		----	
3 Industrial Alcohol	9,900	KL/annum	9,900	KL/annum	10324	KL	5764	KL
4 Carbon Dioxide	5,000	MT/annum	5,000	MT/annum	---	MT	200	MT
5 Aspirin	2,500	MT/annum	1,000	MT/annum	312	MT	334	MT
6 H.T.P.B.	180	MT/annum	180	MT/annum	79	MT	56	MT
7 Diffusers	4 Nos.	per annum	4 Nos.	per annum	---		---	
8 Chemical Equipment	392	MT/annum	500	MT/annum	---		---	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	174	MT	110	MT
11 Caustic Soda (Kovvur)								
a. Caustic Soda (Up to Aug-06)		MT/annum		MT/annum	---		---	MT
b. Hydrochloric Acid		MT/annum		MT/annum	----	MT	586	MT
		(100% basis)		(100% basis)				
c. Chlorine		MT/annum		MT/annum	----	MT	1891	MT
d. Caustic Potash (Up to Aug-06)	2,500	MT/annum	2,500	MT/annum	----	MT	3774	MT
e. Sodium Hypochlorite	1,650	MT/annum	1,650	MT/annum	7589	MT	8505	MT
a. Caustic Potash (From Sep-06) (Membrane Cell Process)	16,500	MT/annum	16,500	MT/annum	8036	MT	4169	
b. Hydrochloric Acid	6,600	MT/annum	6,600	MT/annum	2464	MT	2458	
		(100% basis)		(100% basis)				
c. Chlorine	9,900	MT/annum	9,900	MT/annum	4013	MT	1755	

CLASS OF GOODS	CAPACITY				ACTUAL PRODUCTION			
	LICENCED		INSTALLED		Year ended March, 2008		Year ended March, 2007	
12 Sulphuric Acid	45,000	MT/annum	45,000	MT/annum	22066	MT	63277	MT
13 Superphosphate	66,000	MT/annum	66,000	MT/annum	26955	MT	26143	MT
14 Chlorosulphonic Acid	20,000MT/annum		20,000MT/annum		3		26011	MT
15 Oleum	6,600	MT/annum	6,600	MT/annum	---		44500	MT
16 Caustic Soda (Saggonda)								
a. Caustic Soda	132,000	MT/annum	132,000	MT/annum	99144	MT	102064	MT
b. Hydrochloric Acid	40,000	MT/annum	40,000	MT/annum	139337	MT	131928	MT
c. Chlorine	76,000	MT/annum	76,000	MT/annum	43065	MT	47951	MT
d. Sodium Hypochlorite	6,600	MT/annum	6,600	MT/annum	7165	MT	6901	MT
e. Hydrogen gas	1,000	MT/annum	1,000	MT/annum	2409654	CU.MTR	2494629	CU.MTR
f. Barium Sulphate	330	MT/annum	330	MT/annum	---		---	MT
17 Sulphuric Acid (Saggonda)	99,000	MT/annum	99,000	MT/annum	57639	MT	82663	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	3562	MT	2756	MT
24 Wind Power (Anantapuram)	2.025	MW	2.025	MW	2251300	Units	2510300	Units
25 Wind Power (Tamilanadu)	6.600	MW	6.600	MW	15696720	Units	17467510	Units
26 Electricity (Co.Gen. at Taduvai)	7	MW	7	MW	26992260	Units	28102140	Units
27 Potassium Carbonate	75..	MT	---					
28 Bagasse	---		---		360992	MT	411814	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	3997.75	19	4047.39	18
Indigenous	17325.61	81	18320.69	82
	<u>21323.36</u>	<u>100</u>	<u>22368.08</u>	<u>100</u>

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

Imported	97.65	2	379.07	6
Indigenous	4666.39	98	5964.05	94
	<u>4764.04</u>		<u>6343.12</u>	<u>100</u>

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

Capital Goods	370.77	—
Components and spare parts	163.53	262.02
Raw - materials	4408.17	3790.06
	<u>4942.47</u>	<u>4052.08</u>

20. Earnings in foreign exchange on FOB basis:

This year	Previous Year
29.63	115.19

21. Expenditure incurred in foreign currency:

Books and Periodicals	0.72	1.14
Foreign travel (excluding tickets purchased in India)	5.62	14.48
Delegation fee	6.19	2.08
Professional charges	1.11	14.06
Managerial remuneration(Medical expenses to WholeTime Directors)	54.83	—
Capital work in progress- Poly Aluminium Chloride Plant	24.38	—

22. Payments made to Auditors:

As Auditors	5.00	3.50
As Tax Auditors and for other Tax matters	1.15	1.15
Fee for Certification including limited review etc.,	3.38	2.88
Reimbursement of out of pocket expenses	0.69	0.45
	<u>10.22</u>	<u>7.98</u>
As Cost Auditors	0.90	0.90
Fee for Certification	0.15	0.15
Reimbursement of out of pocket expenses	0.21	0.12
	<u>11.48</u>	<u>9.15</u>

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	60.05	59.41
Contribution to Provident, Gratuity and other funds	5.09	8.14
Workmen and Staff Welfare Expenses	3.10	1.92
Materials consumed	4.01	3.36
Power and Fuel	0.21	0.23
Repairs to Assets	3.77	2.69
Miscellaneous Expenses	3.18	5.74
Depreciation		
	79.41	81.49

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	42.27	48.15
Contribution to Provident, Gratuity and other funds	3.66	4.21
Workmen and Staff Welfare Expenses	2.55	2.66
Power and Fuel	4.55	6.22
Insurance	0.11	0.22
Repairs to Buildings	0.28	1.20
Repairs to P & M	0.83	
Miscellaneous Expenses	0.34	0.42
Depreciation	0.28	0.42
	54.87	63.50

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

Salaries, Wages and Bonus	—	4.71
Bank charges	7.52	—
Insurance	—	0.43
Power and Fuel	—	16.43
Taxes & Licences	—	2.01
Repairs & Maintainance - Plant & Machinery	—	—
Consultancy charges	—	—
Miscellaneous expenses	—	13.81
Tools Written off	—	—
Borrowing Costs as per AS16	—	—
— Term Loan Processing & Upfront fee	—	—
— Interest Paid to Banks on fixed period loans	—	1.40
	7.52	38.79
Less: Interest received	1.46	2.22
	6.06	36.57

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

(Rupees in lakhs)

Net Profit as per Profit & Loss account		3458.38
Add: Sitting fees	3.20	
Remuneration provided	394.89	
Profit on sale of assets in accordance with Section 349	3.86	
Loss on sale of investments	4.82	
Depreciation provided	3218.00	
Transitional adjustment of employee benefits directly taken to General Reserve	87.61	3712.38
		<hr/>
		7170.76
Less: Depreciation in accordance with Sec.350	3218.00	
Profit on sale of assets	3.86	
Impairment provision reversed	—	3221.86
		<hr/>
Net Profit in accordance with Sec.349		3948.90

(Rupees in lakhs)

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

	This Year	Previous Year
Salary	34.80	34.80
Contribution to Provident, Gratuity and other Funds	10.00	10.02
Other perquisites	70.92	16.02
Commission on profits	279.17	862.90
	<hr/>	<hr/>
	394.89	923.74
	<hr/>	<hr/>

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.56339/-. 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:

<u>Particulars</u>	<u>Assets</u>	<u>Liabilities</u>
	(Rupees in lakhs)	
1 Depreciation		7316.31
2 Amounts disallowed u/s 43B of Income Tax Act, 1961	848.92	
3 Provision for doubtful debts	6.74	
4 Amount disallowed u/s 40(1A)	3.41	
	<hr/>	<hr/>
	859.07	7316.31
	<hr/>	<hr/>
Deferred Tax (Net)		6457.24

27. DISCLOSURES REQUIRED BY ACCOUNTING STANDARD-15 (REVISED)- EMPLOYEE BENEFITS

Pursuant to the adoption of Accounting Standard-15 (Revised), "Employee Benefits" with effect from 1st April, 2007, the past service liability arrived at based on actuarial valuation as on the said date of adoption for the Defined Benefit Plan has been adjusted against General Reserve as at 1st April 2007, in accordance with transitional provisions in the Standard.

	Rs.
Net Transitional adjustment on application of AS-15"Employees Benefits"	46548184
Less: Deferred Tax	<u>15821728</u>
Adjusted against General Reserve	<u>30726456</u>

	Gratuity	Compensated <u>Absences</u>
a) Reconciliation for present value of obligations		
Present value of obligations as at beginning of year	100755809	17253011
Interest Cost	8060465	1466505
Current Service Cost	6682285	6877131
Benefits paid	9839536	8189314
Actuarial loss on obligation	13646787	5756334
Present value of obligations as at end of year	119305810	23163667
b) Reconciliation for Fair Value of Plan Assets		
Fair value of plan assets at beginning of year	45446459	
Expected return on plan assets	4317414	
Contributions	9262478	
Benefits paid	9839536	
Actuarial gain on plan assets	—	
Fair value of plan assets at the end of year	49186815	
c) Expenses Recognised in statement of Profit & Loss a/c		
Current Service cost	6682285	6877131
Interest Cost	8060465	1466505
Expected return on plan assets	4317414	---
Net Actuarial loss recognised in the year	13646787	5756334
Expenses to be Recognised in the profit & loss	24072123	14099970
d) Net Liability Recognised in the Balance Sheet		
Present value of obligations as at the end of year	119305810	23163667
Fair value of plan assets as at the end of the year	49186815	---
Funded status	70118995	---
Net Liability Recognised in the Balance Sheet	70118995	23163667
e) Actuarial Assumptions		
Assumptions	31/03/2008	31/03/2008
Discount Rate	8.00%	8.00%
Salary Escalation	7.00%	4.00%
Attrition rate	1-3%	
Expected return on plan assets	8.00%	0%
Mortality	LIC 94-96	LIC 94-96
	Mortality Rates	Mortality Rates

28. 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:
For Brahmayya & Company
Chartered Accountants
C. Murali Krishna
Partner

FOR AND ON BEHALF OF THE BOARD

Dr. Mullapudi Harischandra Prasad Chairman & Managing Director
A. Ranga Rao Director
M. Palachandra Addl. Company Secretary

Camp : TANUKU
Date : 28-07-2008

TANUKU
28-07-2008

CASH FLOW STATEMENT FOR THE YEAR(Rupees in lakhs)
2007-2008 2006-2007**A. CASH FLOW FROM OPERATING ACTIVITIES**

Net Profit before Tax and extra-ordinary items	3458.38	9364.04
ADJUSTMENTS FOR:		
Depreciation	3218.00	2955.83
Assets written off	4.11	333.77
Interest (Net)	2801.85	2275.91
Impairment provision reversed credited to P&L a/c	—	(162.24)
Profit/Loss on sale of assets(Net)	(3.73)	(25.86)
Dividends received	(308.00)	(309.96)
Issue expenses of shares/debentures written off	—	4.35
Loss on conversion/sale of investments	4.82	23.60
	<hr/>	<hr/>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	9175.43	14459.44
Trade and other receivables	(371.42)	(1521.67)
Inventories	(4766.58)	2266.70
Trade payables	3847.21	(1699.46)
	<hr/>	<hr/>
CASH GENERATED FROM OPERATIONS	7884.64	13505.01
Direct taxes paid	(1240.37)	(2321.52)
	<hr/>	<hr/>
NET CASH FROM OPERATING ACTIVITIES.... A	6644.27	11183.49

B. CASH FLOW FROM INVESTING ACTIVITIES:

Purchase of Fixed Assets(Including Capital Work-in-progress, unallocated capital expenditure)	(5812.62)	(5420.41)
Sale of Investments	16.49	258.19
Sale of Fixed assets	8.06	73.39
Purchase of investments	(187.01)	(562.93)
Interest received	76.34	67.09
Dividends received	308.00	309.96
	<hr/>	<hr/>
NET CASH USED IN INVESTING ACTIVITIES....B	(5590.74)	(5274.71)

C. CASH FLOW FROM FINANCING ACTIVITIES :

Proceeds from borrowings/loans	3943.27	(1808.79)
Dividends paid	(1626.42)	(2033.03)
Interest paid	(2878.19)	(2343.00)
	<hr/>	<hr/>
NET CASH USED IN FINANCING ACTIVITIES.....C	(561.34)	(6184.82)
	<hr/>	<hr/>
INCREASE/(-) DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	492.19	(276.04)
	<hr/>	<hr/>
Cash and Cash equivalents as on 01.4.2007	830.61	1106.65
Cash and Cash equivalents as on 31.3.2008	1322.80	830.61
	<hr/>	<hr/>
	492.19	(276.04)

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. Palachandra

Chairman & Managing Director
Director
Addl. Company Secretary

Camp : TANUKU
Date : 28-07-2008

TANUKU
28-07-2008

Statement Pursuant to Section 212 of the Companies Act, 1956.

JOCIL LIMITED

1. The Andhra Sugars Limited held 24,43,250 Equity Shares of Rs.10/- each fully paid-up out of the total paid-up shares of 44,40,575 amounting to Rs.4,44,05,750/-.
2. The Subsidiary Company earned a Profit of Rs. 11,86,45,479/- for the year ended 31st March, 2008 and no part of this dealt with in the Holding Company's Accounts.

THE ANDHRA FARM CHEMICALS CORPORATION LIMITED

1. The Andhra Sugars Limited held 3,45,700 Equity Shares of Rs.10/- each fully paid-up out of the total subscribed shares of 4,50,000.
2. The Subsidiary Company earned a Profit of Rs. 16,15,881/- for the year ended 31st March, 2008 and no part of this dealt with in the Holding Company's Accounts.

HINDUSTAN ALLIED CHEMICALS LIMITED

1. The Andhra Sugars Limited held 3,28,760 Equity Shares of Rs.2.50 ps. per share called and paid-up out of the total subscribed shares of 4,25,012 of Rs.10/- each.
2. The Subsidiary Company earned a Profit of Rs.22,925/- for the year ended 31st March, 2008 and no part of this dealt with in the Holding Company's Accounts.

Since the accounting year of the Subsidiary Companies, coincide with that of the Holding Company, furnishing of information relating to material changes of Subsidiary Companies, does not arise.

FOR AND ON BEHALF OF THE BOARD

TANUKU
28-07-2008

Dr. Mullapudi Harischandra Prasad	Chairman & Managing Director
A. Ranga Rao	Director
M. Palachandra	Addl. Company Secretary

PARTICULARS DISCLOSED PURSUANT TO “ACCOUNTING STANDARD -18 RELATED PARTY DISCLOSURES”

(A) LIST OF RELATED PARTIES:

1) Subsidiary Companies:

- (a) JOCIL Limited
- (b) The Andhra Farm Chemicals Corpn. Ltd.,
- (c) Hindustan Allied Chemicals Ltd.,

2) Key Management Personnel (KMP):

Wholetime Directors

Dr. Mullapudi Harischandra Prasad
Dr. B.B. Ramaiah
Sri P. Narendranath Chowdary
Sri M. Narendranath
Sri M. Thimmaraja
Sri P. Achuta Ramayya
Sri P.S.R.V.K. Ranga Rao

3) Relatives of Key Management Personnel:

Smt. M. Chandramathi Devi	Wife of Dr.Mullapudi Harischandra Prasad
Smt. CH. Ravanamba	Sister of Dr.Mullapudi Harischandra Prasad
Smt. J. Gangabhavani Devi	Sister of Dr.Mullapudi Harischandra Prasad
Smt. Y. Rajeshwari Devi	Sister of Dr.Mullapudi Harischandra Prasad
Smt. J. Anantha Lakshmi	Daughter of Dr.Mullapudi Harischandra Prasad
Smt. K. Rama Lakshmi	Daughter of Dr.Mullapudi Harischandra Prasad
Smt. N.V. Ramanamma	Daughter of Dr.Mullapudi Harischandra Prasad
Smt. Y. Narayanamma	Daughter of Dr. Mullapudi Harischandra Prasad
Sri B.V.V.S. Ramesh Kumar	Son of Dr. B.B.Ramaiah
Smt. P. Jhansi Jayalakshmi	Wife of Sri P. Narendranath Chowdary
Sri P. V. Krishna Rao	Brother of Sri P. Narendranath Chowdary
Smt. S.B. Ranganayaki	Sister of Sri P. Narendranath Chowdary
Smt. E. Rama Lakshmi	Sister of Sri P. Narendranath Chowdary
Smt. J. Akkamamba	Sister of Sri P. Narendranath Chowdary
Smt. J. Usha Rani	Sister of Sri P. Narendranath Chowdary
Smt. M. Kamala Devi	Sister of Sri P. Narendranath Chowdary
Smt. N. Anantha Lakshmi	Sister of Sri P. Narendranath Chowdary
Kum. P. A. L. Satyavathi Devi	Daughter of Sri P. Narendranath Chowdary
Smt. M. Narayanamma	Wife of Sri M. Narendranath
Smt. G. Anuradha	Daughter of Sri M.Narendranath
Kum. M. Jayashree	Daughter of Sri M. Narendranath
Sri M. Vikram Prasad	Son of Sri M. Narendranath
Smt. M. Renuka	Wife of Sri M. Thimmaraja
Smt. G. Devi	Daughter of Sri M. Thimmaraja
Sri M. Mrutyumjaya Prasad	Son of Sri M. Thimmaraja

Smt. P. Sessa Shailaja	Wife of Sri P. Achuta Ramayya
Kum. P. Divya Atchimamba	Daughter of Sri P. Achuta Ramayya
Kum. P. Sruthi Rajeswari	Daughter of Sri P. Achuta Ramayya
Smt. P. Sujatha	Mother of Sri P.S.R.V.K. Ranga Rao
Smt. P. Usha Lakshmi	Wife of Sri P.S.R.V.K. Ranga Rao
Kum. P. Meghana Srisai Sujatha	Daughter of Sri P.S.R.V.K. Ranga Rao
Chy. P. P. Sri Narendrarayudu	Son of Sri P.S.R.V.K. Ranga Rao

4) Enterprises in which Key Management Personnel and/or their relatives have significant influence :

Jaya Industries
Jayalakshmi Fertilisers
Jayalakshmi Estates
Jaya Agro Chemicals
Jayalakshmi Chemical Enterprises Pvt. Ltd.,
S P V K R M Trust, Dommeru
Sree Akkamamba Textiles Limited
Sree Satyanarayana Spinning Mills Limited
Mullapudi Venkatarayudu Eye Centre
Mullapudi Kamala Devi Cardio Vascular Centre
Sree Mullapudi Venkataramanamma Memorial Hospital
SMTRM Library and Cultural Centre
Royal Printing Works

5) Associate Company:

The Andhra Petrochemicals Limited

(B) TRANSACTIONS WITH THE RELATED PARTIES:

(Corresponding figures related to 31st March, 2007)

(Rupees in lakhs)

PARTICULARS	Subsidiary Companies	Entities in which KMP or their relatives have significant influence	Associate Company	Key Management Personnel	Relatives of Key Management Personnel
Purchase of Goods from	174.27 (119.00)	286.25 (389.96)	0.00 (0.00)	18.35 (27.00)	21.01 (19.97)
Purchase of Fixed Assets from	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Services Rendered by	0.24 (0.48)	0.00 (0.00)	0.00 (0.00)	10.29 (10.62)	0.88 (0.88)
Sale of Goods to	311.70 (563.12)	563.95 (759.67)	26.27 (24.36)	3.28 (1.84)	0.00 (0.00)
Sale of Fixed Assets to	0.00 (0.73)	0.00 (0.00)	0.00 (0.62)	0.00 (0.00)	0.00 (0.00)
Services Rendered to	0.82 (1.12)	0.00 (0.15)	0.35 (0.33)	1.16 (1.37)	0.77 (0.43)
Interest Paid to	67.22 (41.87)	0.00 (0.00)	185.38 (17.26)	181.53 (132.30)	275.60 (211.44)
Remuneration (including Comm.) paid to	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	394.89 (923.74)	0.00 (0.00)
Donations Paid to	0.00 (0.00)	27.00 (55.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Dividend Paid to	0.00 (0.00)	87.34 (105.80)	0.00 (0.00)	234.09 (267.57)	435.19 (518.47)
Dividend Received from	66.15 (254.46)	1.40 (2.80)	239.45 (0.00)	0.00 (0.00)	0.00 (0.00)
Balances as at 31-03-2008:					
a) Share Capital held by the Company, in	479.10 (479.10)	1.75 (1.75)	959.60 (772.59)	0.00 (0.00)	0.00 (0.00)
b) Receivables- Trade dues from	0.21 (5.64)	8.84 (20.83)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
c) Share Capital of the company held by	0.00 (0.00)	145.57 (141.07)	0.00 (0.00)	390.59 (369.18)	723.43 (631.30)
d) Loans/Intercompany loans received from	400.00 (450.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
e) Fixed Deposits Received from	4.00 (4.00)	0.00 (0.00)	0.00 (0.00)	2050.45 (1551.50)	3041.80 (2409.95)
f) Payables :					
-Trade dues	10.26 (0.00)	1.95 (11.05)	0.00 (0.00)	0.00 (1.16)	0.00 (0.86)
-Dues on Current a/c	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
-Interest on F D's.	0.09 (0.08)	0.00 (0.00)	0.00 (0.00)	47.19 (37.22)	71.46 (59.14)
- Remuneration (including Comm.)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	280.18 (865.19)	0.00 (0.00)

AUDITORS' REPORT

To
The Board of Directors
THE ANDHRA SUGARS LIMITED
TANUKU

We have examined the attached Consolidated Balance Sheet of THE ANDHRA SUGARS LIMITED and its subsidiaries as at March 31, 2008, and the Consolidated Profit and Loss Account and the Cash flow Statement for the year ended on that date. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in India which require that we plan and perform the audit to obtain reasonable assurance that the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free from material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 "Consolidated Financial Statements", prescribed by Companies (Accounting Standards) Rules, 2006 and on the basis of the separate audited financial statements of THE ANDHRA SUGARS LIMITED and its subsidiaries included in the consolidated financial statements and in accordance with the requirements of Accounting Standard 23 "Accounting for Investments in Associates in Consolidated Financial Statements", Also prescribed by the afore side Rules with regard to the investment of The Andhra Sugars Limited in its Associate company.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of THE ANDHRA SUGARS LIMITED and its aforesaid subsidiaries, we are of the opinion that:

- a) the Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of THE ANDHRA SUGARS LIMITED and its subsidiaries as at March 31, 2008
- b) the Consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of THE ANDHRA SUGARS LIMITED and its subsidiaries for the year then ended, and

the Consolidated Cash flow statement is in agreement with the aforesaid consolidated Profit and Loss Account and Balance Sheet and gives a true and fair view of the consolidated cash flows of the company for the year ended on that date.

Camp : TANUKU
DATE : 28th July, 2008

for BRAHMAYYA & CO
Chartered Accountants
C. MURALI KRISHNA
(ICAI Membership No.20884)
Partner

BALANCE SHEET AS AT 31st MARCH, 2008

		(Rupees in lakhs)		
		Schedule	31-3-2008	31-3-2007
I SOURCES OF FUNDS:				
1)	Shareholders' Funds			
	a) Capital	1	2711.01	2711.01
	b) Reserves & Surplus	2	33632.80	30205.90
			36343.81	32916.91
2)	Minority Interest		4008.18	3666.18
3)	Loan Funds			
	a) Secured Loans	3	22416.01	18733.33
	b) Unsecured Loans	4	12215.31	11967.67
			34631.32	30701.00
4)	Deferred Tax (Net)			
	a) Liability		8404.29	7951.35
	b) Asset		894.15	369.70
			7510.14	7581.65
	TOTAL		82493.45	74865.74
II APPLICATION OF FUNDS:				
1)	Fixed Assets			
	a) Gross Block	5	76187.13	72209.40
	b) Less: Depreciation and impairment		29281.61	25608.70
	c) Net Block		46905.52	46600.70
	d) Capital work-in-progress at cost		4992.86	2270.72
	e) Good Will		191.98	191.98
			52090.36	49063.40
2)	Investments	6	8599.37	5525.04
3)	Current Assets, Loans & Advances			
	a) Inventories	7	25888.65	21065.94
	b) Sundry Debtors	8	5504.23	4854.30
	c) Cash and Bank Balances	9	2009.78	2105.41
	d) Other Current Assets	10	53.62	38.47
	e) Loans and Advances	11	11500.90	11880.11
			44957.18	39944.23
	Less: Current Liabilities & Provisions:			
	a) Liabilities	12	14672.17	11354.36
	b) Provisions	13	8482.23	8313.51
			23154.40	19667.87
	Net Current Assets		21802.78	20276.36
4)	Miscellaneous Expenditure	14	0.94	0.94
	TOTAL		82493.45	74865.74

NOTE: The schedules, notes and Statement on Accounting Policies form an integral part of the Balance Sheet.

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. Palachandra

Chairman & Managing Director
Director
Addl. Company Secretary

Camp : TANUKU
Date : 28-07-2008

TANUKU
28-07-2008

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2008.

		(Rupees in lakhs)	
	Schedule	This Year	Previous Year
INCOME			
Sales		57435.95	65973.80
Transport charges		433.23	539.98
Other Income	15	2830.38	2726.93
Accretion to /(Decretion in)stocks	16	2710.89	(2067.07)
		63410.45	67173.64
EXPENDITURE			
Raw Materials consumed		27935.95	26814.72
Payments & Benefits to Employees	17	5362.13	4693.87
Expenses	18	17906.79	18555.23
Excise Duty and Taxes	19	936.19	1045.41
Interest	20	2835.17	2306.16
Depreciation		3772.89	3577.23
		58749.12	56992.62
Profit for the year		4661.33	10181.02
Add: Profit from Associate		814.21	904.99
Excess provision of Income Tax		2.39	146.99
Tax credit under MAT		0.00	80.56
Provision for Deminutiion in value of investments Credited back		2094.42	--
		7572.35	11313.56
Less: Provisions for			
Current tax		1317.60	2107.60
Deferred tax (Net)		94.14	1368.48
Wealth Tax		4.00	2.00
Fringe benefit tax		22.67	19.15
Short provision of Income Tax made in earlier years		177.90	0.00
Profit after Tax		5956.04	7816.33
		5956.04	7816.33
Less: Minority Interest		394.23	115.10
Profit after Taxes and Minority Interest		5561.81	7701.23
Add: Balance brought forward from last year		4575.77	3150.47
Balance available for appropriation		10137.58	10851.70

The Andhra Sugars Limited - Group Consolidated Financial Statements

	Schedule	(Rupees in lakhs)	
		This Year	Previous Year
General Reserve		2779.95	4138.08
Interim dividend paid		0.00	79.89
Tax on Interim dividend		0.00	24.91
Provision for final dividend		1526.41	1737.73
Provision for Tax on distributable profits		230.35	295.32
Balance taken to Balance Sheet		5600.87	4575.77
		10137.58	10851.70

<u>Basic Earnings per Shares:</u>			
(Profit after tax/ No.of equity shares)			
Profit after tax		5561.81	7701.23
No.of equity shares		27107078	27107078
Basic Earnings per share(Face value of Rs.10/- each) Rs.		20.52	28.41
Notes forming part of the accounts.	21		

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. Palachandra

Chairman & Managing Director
Director
Addl. Company Secretary

Camp : TANUKU
Date : 28-07-2008

TANUKU
28-07-2008

SCHEDULES TO CONSOLIDATED BALANCE SHEET

(Rupees In lakhs)

	SCHEDULE - 1	
	As at 31-03-08	As at 31-03-07
SHARE CAPITAL:		
AUTHORISED CAPITAL		
Equity shares of Rs.10/- each	2875.00	2875.00
9.5% First Cumulative Redeemable Preference Shares of Rs.100/- each	30.00	30.00
9.5% Second Cumulative Redeemable Preference Shares of Rs.100/- each	95.00	95.00
	3000.00	3000.00
ISSUED CAPITAL		
Equity Shares of Rs.10/- each	2711.31	2711.31
	2711.31	2711.31
SUBSCRIBED AND PAID UP CAPITAL		
Equity Shares of Rs.10/- each	2710.66	2710.66
Add: Forfeited shares	0.35	0.35
	2711.01	2711.01
RESERVES & SURPLUS		
	As AT 31-03-08	As AT 31-03-07
General Reserve	26400.26	23998.46
Securities Premium	1560.70	1560.70
Capital Reserve	70.67	70.67
Forfeited Debentures	0.30	0.30
Surplus in Profit & Loss A/c	5600.87	4575.77
	33632.80	30205.90
SECURED LOANS		
	As AT 31-03-08	As AT 31-03-07
FROM BANKS :		
Term Loans	6000.00	7500.00
Cash Credit	16416.01	11233.33
	22416.01	18733.33
UNSECURED LOANS:		
	SCHEDULE-4	
Fixed Deposits from Shareholders	724.83	521.61
Fixed Deposits from Others	8003.20	6746.20
Short term loan from banks	—	1500.00
Sales Tax Deferment Loan	3487.28	3199.86
	12215.31	11967.67

FIXED ASSETS

SCHEDULE - 5
(Rupees in lakhs)

		GROSS BLOCK				NET BLOCK		
		Cost as at 31-3-07	Additions during the year	Deductions during the year	Cost as at 31-3-08	Dep.Upto 31-3-08	WDV AS AT 31-3-08	WDV AS AT 31-3-07
1)	Land	1017.78	22.25	0.10	1039.93		1039.93	1017.78
2)	Buildings	5646.36	132.32		5778.68	1865.78	3912.90	3959.43
3)	Plant and Machinery	57545.27	3636.88	67.08	61115.07	24605.59	36509.48	35935.78
4)	Vehicles and Materials Handling Equipment	2007.99	261.85	34.80	2235.04	1135.25	1099.79	1064.38
5)	Furniture & Fittings	695.66	35.25	9.17	721.74	531.25	190.49	193.91
6)	Tramways and Railway Sidings	733			733.00	208.41	524.59	559.96
7)	Renewable Energy Plant: Wind Farm	4560.3			4560.30	934.05	3626.25	3867.03
8)	Intangible Assets (Computer Software)	3.04	0.33		3.37	1.28	2.09	2.43
TOTAL		72209.40	4088.88	111.15	76187.13	29281.61	46905.52	46600.70
Previous year		66418.00	6690.21	898.80	72209.40	25608.70	46600.70	43713.33

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The Andhra Sugars Limited - Group Consolidated Financial Statements
(Rupees In lakhs)

INVESTMENTS :	SCHEDULE-6	
	As at 31-03-08	As at 31-03-07
TRADE INVESTMENTS :		
- Equity shares - in Associates (quoted) (See Note No.4 in Schedule 21)	4817.39	1729.14
- in others (quoted)	9.23	9.22
- Equity shares - (un-quoted)	3656.73	3656.74
NON-TRADE INVESTMENTS:		
- Equity shares (quoted)	10.54	3.14
- Equity shares (un-quoted)	60.00	60.00
- In Govt. securities	0.18	0.23
- In Mutual Funds	45.30	66.57
	8599.37	5525.04
INVENTORIES		SCHEDULE-7
(As certified by the Respective Managing Directors)		
Stores and Spares & Tools and Implements	3048.59	3089.58
Raw Materials	3614.00	1817.18
Work-in-process	463.48	651.79
Finished Goods	18733.57	15501.25
Goods in Transit	22.48	—
Crops under cultivation	6.53	6.14
	25888.65	21065.94
SUNDRY DEBTORS		SCHEDULE-8
a) Debts outstanding for a period exceeding six months		
Unsecured-considered good	440.82	551.76
Unsecured-considered doubtful	19.81	20.10
	460.63	571.86
Less: Provision for Doubtful Debts	19.81	19.81
	440.82	552.05
b) Other Debts: Unsecured-considered good	5063.41	4302.25
	5504.23	4854.30
CASH AND BANK BALANCES		SCHEDULE-9
Cash and Cheques on hand	12.72	19.09
Balances with Scheduled Banks in		
Current Accounts	1327.38	857.07
In Fixed Deposit Accounts	651.08	1229.25
Remittance in Transit	18.60	—
	2009.78	2105.41

The Andhra Sugars Limited - Group Consolidated Financial Statements

(Rupees In lakhs)

OTHER CURRENT ASSETS

SCHEDULE-10

	As at 31-03-08	As at 31-03-07
Interest accrued on Investments and Deposits	53.62	38.47
	<u>53.62</u>	<u>38.47</u>

LOANS AND ADVANCES

SCHEDULE-11

Advances (Recoverable in cash or in kind for value to be received)		
Unsecured considered good	2669.13	3407.30
Unsecured considered doubtful	0.03	0.03
	<u>2669.16</u>	<u>3407.33</u>
Less: Provision for doubtful Advances	0.03	0.03
	<u>2669.13</u>	<u>3407.30</u>
Prepaid expenses	92.62	143.87
Excise Duty paid in advance (including Cenvat credit pending utilisation)	1781.68	1294.68
Service Tax paid in Advance	1.04	—
APVAT paid in Advance	5.79	—
Advance payment of Income Tax	4986.53	5577.07
Advance payment of Fringe Benefit Tax	12.29	10.29
Income Tax deducted at source	377.61	329.38
Income Tax refund receivable	17.03	17.03
Deposits recoverable	722.38	518.98
Claims recoverable	374.89	142.50
Balance with Customs, Port Trust etc.	59.91	8.45
Intercorporate Loans	400.00	350.00
MAT credit entitlement	0.00	80.56
	<u>11500.90</u>	<u>11880.11</u>

LIABILITIES

SCHEDULE-12

Due to Small Scale Industrial Undertakings	---	3.46
Due to Others (Incl.Rs.864.81 lakhs(Rs.779.80 lakhs) due to directors of Group Companies)	13838.83	10417.20
Advances received against sales	341.04	334.66
Trade Deposits	94.86	87.05
Staff security deposit	24.40	20.21
Interest accrued but not due on Loans	207.21	164.42
Dividends declared pending payment / encashment	120.85	278.38
Unclaimed matured fixed deposits	38.02	41.68
Unclaimed interest on matured deposits and debentures	6.96	7.30
	<u>14672.17</u>	<u>11354.36</u>

The Andhra Sugars Limited - Group Consolidated Financial Statements

(Rupees In lakhs)

PROVISIONS

SCHEDULE-13

	As at 31-03-08	As at 31-03-07
For Income Tax	5607.54	5933.60
For Fringe Benefit Tax	13.62	28.10
For Wealth Tax	8.00	6.00
For Proposed Dividend(Subsidiary companies)	171.06	111.31
For Proposed Dividend	1355.35	1626.42
For Tax on Distributable Profits	230.35	295.32
Provision for Group Gratuity	798.08	—
For Accrued sick leave	44.59	—
For Leave Encashment on Retirement	253.64	312.76
	<u>8482.23</u>	<u>8313.51</u>

**MISCELLANEOUS EXPENDITURE
(To the extent not written off or adjusted)**

SCHEDULE-14

Preliminary Expenses		
Issue expenses of Debentures / Shares on rights basis	0.94	5.29
Less: Written off during the year	---	4.35
	<u>0.94</u>	<u>0.94</u>

SCHEDULES TO CONSOLIDATED PROFIT & LOSS ACCOUNT

SCHEDULE-15

OTHER INCOME:

Income from job works	51.70	40.80
Freight and other sales expenses recovered	1321.18	1266.03
Subsidy on Superphosphate sales	347.75	406.23
Rents received	57.80	54.56
Dividend income (Gross)	312.69	213.15
Interest received -Banks and others	220.00	156.48
Miscellaneous Receipts	186.37	301.01
Profit on Sale of Assets	4.60	30.25
Provisions no longer required and Credit balances written back	9.40	10.56
Claims received	193.37	52.76
Income from agriculture	9.08	6.88
Bad Debts recovered	---	2.51
Difference in exchange	112.48	—
Interest income on investments	3.05	11.20
Impairment Provision reversed	—	162.24
Income of earlier years	0.41	12.27
Sales tax refund received	0.50	—
	<u>2830.38</u>	<u>2726.93</u>

	(Rupees In lakhs)	
	SCHEDULE - 16	
	This year	Previous year
OPENING AND CLOSING STOCKS		
Opening Stock:		
Work-in-process	651.79	388.28
Finished goods	15501.25	17966.46
	<u>16153.04</u>	<u>18354.74</u>
Closing Stock:		
Work-in-process	463.48	651.79
Finished goods	18733.57	15501.25
	<u>19197.05</u>	<u>16153.04</u>
Add: (increase)/decrease in ED on stocks	(333.12)	(134.63)
Accretion to /(Decretion in)stocks	2710.89	(2067.07)
PAYMENTS AND BENEFITS TO EMPLOYEES		SCHEDULE-17
Salaries, Wages and Bonus	4395.03	3941.32
Contribution to Provident, Gratuity and other funds	703.94	563.65
Workmen and Staff Welfare Expenses	263.16	188.90
	<u>5362.13</u>	<u>4693.87</u>
MANUFACTURING AND OTHER EXPENSES		SCHEDULE-18
Stores & Spares consumed (including packing materials)	1798.58	1821.86
Power and Fuel	8723.11	8349.15
Insurance	182.03	248.23
Sugarcane Development Expenses	46.56	47.16
Repairs to Buildings	247.41	247.78
Repairs to Machinery	2819.39	2740.56
Repairs to Other Assets	523.07	526.02
Advertisement and Sales Promotion	19.02	36.85
Handling, Transport & Expenses at Sales Depots	1746.64	1767.15
Commission on Sales	180.54	165.92
Rent	17.09	16.99
Directors' Sitting Fee	5.32	4.76
Managerial Remuneration	457.89	964.95
Payments to Auditors	14.54	12.40
Miscellaneous Expenses	623.42	598.34
Donations	42.00	74.55
Loss on sale of Assets	0.12	1.03
Issue expenses of Shares/Debentures written off	—	4.35
Expenses of Earlier years	0.22	—
Bad debts written off	0.03	0.57
Debit balances written off	0.14	0.00
Tools written off	2.91	3.76
Production Expenses	17.76	—
Assets written off	5.38	334.42
Processing charges paid	—	11.08
Freight on materials	389.03	497.67
Stores & Spares written-off	—	27.35
Loss on sale/conversion of investments	4.82	23.84
Difference in exchange	39.77	28.49
	<u>17906.79</u>	<u>18555.23</u>

The Andhra Sugars Limited - Group Consolidated Financial Statements

TAXES AND LICENSES	(Rupees In lakhs)	
	This year	SCHEDULE-19 Previous year
Excise Duty	0.62	3.23
Purchase Tax on Sugarcane	709.16	809.25
Rates and Taxes	226.41	232.93
	936.19	1045.41
INTEREST		SCHEDULE-20
On Debentures and fixed period loans	1241.24	1387.16
On Fixed deposits/loans from whole time Directors	182.20	132.61
To Banks and on other Accounts	1411.73	786.39
	2835.17	2306.16
	As at	As at
MINORITY INTEREST	31-03-08	31-03-07
Share capital	212.62	212.62
Add:		
Share in General Reserve	2992.59	2816.04
Capital Reserve	1.16	1.16
Securities Premium	352.45	352.45
Capital Reserve	17.84	17.84
provision for dividend(including tax)	163.54	
Profit and loss A/c.	267.98	266.08
Total	4008.18	3666.18

NOTES FORMING PART OF THE GROUP ACCOUNTS

1. Basis of preparation:

The Andhra Sugars Limited (ASL), the parent company has prepared the group consolidated financial statements by consolidating its accounts and those of its subsidiaries viz., JOCIL Limited, The Andhra Farm Chemical Corporation Limited and Hindustan Allied Chemicals Limited in accordance with Accounting Standard-21 “Consolidated Financial Statements” prescribed by Companies (Accounting Standards) Rules, 2006.

Financial Statements of the Subsidiaries used in the consolidation are drawn up to the same reporting date as that of the parent company i.e., year ended 31st March 2008.

2. Principles of consolidation:

The consolidated financial statements of the group are prepared according to the accounting policies as stated in the “Statements on Accounting Policies” in the respective group companies and published separately. The accounting policies of the group companies are uniform except for the method of charging depreciation in respect of some of the items of like assets. It is not practicable to use uniform accounting policies in preparing the consolidated financial statements, and in the opinion of the management, the effect of such differences in the accounting policies is not material.

3. Minority Interest:

Subsidiary companies	% Voting power held as at 31 st March, 2008
a. JOCIL	44.97
b. The Andhra Farm Chemical Corporation Limited	23.17
c. Hindustan Allied Chemicals Limited	22.64

4. Associates

The Andhra Sugars Limited and its other group companies hold 28.18% of the share capital of The Andhra Petrochemicals limited (APL), a company incorporated in India, as on 31.3.2008. Therefore APL is treated as an associate, and investment in it is recognized in the accounts using the ‘equity method’ as per which the share of profit of the associate company has been added to the cost of investment, in accordance with the Accounting Standard – 23 “Accounting for Investments in Associates in Consolidated Financial Statements” prescribed by Companies (Accounting Standards) Rules, 2006. The un-audited accounts of the The Andhra Petrochemicals limited is considered for the purpose of computing the share of profit from associate for the year ended 31st March 2008.

The accounting policies of APL are broadly comparable to those of ASL. The accounts of associate company are drawn up to the same reporting date as the parent entity.

Particulars of investment in Associate company by Group companies:

	(Rupees in lakhs)
Gross cost of the investment in Associate company - (including goodwill of Rs. 489.07 lacs)	3054.83
Less: Dividend received	232.91
Add: share of post acquisition reserves and surplus	1995.47

Carrying value of investment in associate company	4817.39

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

Particulars	(Rupees in lakhs)	
	Assets	Liabilities
1. Depreciation	----	8404.29
2. Amounts disallowed u/s 43 B of Income Tax Act, 1961.	900.6	----
3. Amounts disallowed under 40 (ia) of the Income Tax Act	6.53	----
4. Provision for doubtful debts	6.74	----
5. Payment under VRS	2.63	----
6. Due to compensated absence	-30.10	
	-----	-----
	886.40	8404.29
	-----	-----
Net deferred tax liability		7517.89

6. CONTINGENT LIABILITIES NOT PROVIDED FOR:

	(Rupees in lakhs)	
	As at 31-3-2008	As at 31-3-2007
a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for	1666.65	3786.89
b) Out standing Guarantees to Banks including letter of credit opened with bankers for purchase of material.	60.15	498.03
c) Liability on account of membership in Alkali Manufacturers' Association of India, a Company limited by Guarantee	0.01	0.01
d) Uncalled liability on partly paid shares held as investments.	24.66	24.66
e) Claims not acknowledged by the company relating to the following area		
i) Excise	19.66	26.27
ii) Customs	71.68	74.37
iii) Sales Tax	28.14	28.14
iv) State Levies	307.90	273.60
v) Suppliers and Service contract	175.51	160.89
vii) Labour related	17.71	17.71
viii) others	3.01	2.89

7. In the Case of The Andhra Sugars Ltd., Under the provisions of "The Levy Sugar Price Equalization 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

The Andhra Sugars Limited - Group Consolidated Financial Statements

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.

8. In the Case of The Andhra Sugars Ltd., 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.
9. In the Case of The Andhra Sugars Ltd., "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 recognized as revenue in the year of receipt, pending disposal of final appeal.
10. In the Case of The Andhra Sugars Ltd., 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.
11. In the Case of The Andhra Sugars Ltd., 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.
12. In the Case of The Andhra Sugars Ltd., Balances in personal accounts of various parties are subject to confirmation by and reconciliation with the said parties.
13. In the Case of The Andhra Sugars Ltd., despite of its efforts, has not received from the concerned creditors, the necessary details to identify Micro, Small, and Medium enterprises among them, in terms of the Micro, Small and Medium Enterprises Development Act, 2006. Therefore, company is unable to furnish the prescribed information with regard to its dues if any, to such enterprises. However, according to the information available with and in the opinion of the company, there are no Claims/Dues from any such parties for interest etc., on such dues/payments at the date of the Balance sheet.
14. In the Case of The Andhra Sugars Ltd., 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.0.21 lakhs as on 31.3.2008. (Maximum balance outstanding during the year is Rs.0.83 lacs.. The investment in the Equity shares of the company is Nos. 328760.
15. In the Case of The Andhra Sugars Ltd., Closing stock units of 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.
16. a) In the case of JOCIL Limited, the company billed the entire power supplied to A.P. Transco during the year at Rs.4.03/K.W.H till April 2007 billing month and thereafter at Rs.4.23/k.W.h. Petition filed by Bio-mass energy developers Association (BEDA), Hyderabad in which the Company is a member for revision of rate was allowed by the appellate tribunal for electricity, New Delhi, But Both AP TRANSCO and APERC went on appeal on the order to Supreme Court. In the absence of finality on the rate, the Company continues to recognize the income for the Units supplied to AP Transco at the revised tariff rate as decided by APERC plus 50% of the rate difference between the old rate (as applicable for the year 2003-04) and the revised tariff rate decided by APERC as per the interim directions of the appellate tribunal for electricity, New Delhi. Hence the rate at which APTRANSCO is making payments has been

The Andhra Sugars Limited - Group Consolidated Financial Statements

considered for income recognition. Accordingly, for the Units supplied to AP TRANSCO during the year at the rate applicable as per interim orders of Appellate Tribunal, an amount of Rs.531.81 lakhs has been recognized as income and balance of Rs.178.51 lakhs has not been considered.

- b) The Company filed an appeal before Appellate Tribunal for Electricity, New Delhi on the orders of APERC directing AP TRANSCO for purchase of entire surplus power over and above 2.4MW after meeting the captive consumption and for the payment of retained amounts. During the year an amount of Rs.57.36 lakhs was received from APTRANSCO towards variable cost for supplies over and above 2.4MW on the directions of Appellate Tribunal and APERC. An amount of Rs.188.95 Laks is yet to be realized from APTRANSCO out of the amount recognized as income till 31.03.2008.
17. In the case of JOCIL Limited, there are no Micro, Small and Medium enterprises, as defined in the Micro, small and Medium Enterprises Development Act, 2006, to whom the company owes dues on account of principal together with interest and accordingly no additional disclosures have been made. The said information regarding Micro, Small and Medium enterprises has been determined to the extent such parties have been identified on the basis of information available with the company. This has been relied up on by the auditors accordingly.
18. In the case JOCIL Limited, Cash at scheduled Banks in Fixed Deposits includes:
- a) Rs.8,37,331 (previous year Rs.23,37,331) deposited towards maintenance of liquid assets under provisions of the companies (Acceptance of Deposits) Rules, 1975.
- b) Rs.19,38,736 (previous year Rs.49,25,839) towards margin money for Bank Guarantees and Foreign Letters of Credit.
- c) Rs.10,22,288 (previous year Rs.1,73,94,377) on account of unclaimed dividends.
19. In the case of JOCIL Limited, Foreign exchange earnings on exports during the year calculated FOB basis Rs.72,53,734.18 (Previous year -36,38,459/-)
20. In the case of The Andhra Farm chemical Corporation Ltd., claims against the company not admitted as Debts in respect of Direct Taxes for the Assessment year 1997-98 is Rs.43,94,380/- and the same is paid under protest and shown under "Loans and Advances".
21. Disclosure as required by Accounting Standard-18 (AS-18) "Related Party Disclosures" issued by The Institute of Chartered Accountants of India are given in Annexure - I.
22. Segment information:
Particulars disclosed pursuant in Accounting Standard -17 "Segment Reporting" are given in Annexure - II
23. General:
Figures have been rounded off to the nearest thousand.
Previous year figures have been regrouped wherever necessary.

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. Palachandra

Chairman & Managing Director
Director
Addl. Company Secretary

Camp : TANUKU
Date : 28-07-2008

TANUKU
28-07-2008

GROUP CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR 2007-08

(Rupees in lakhs)

2007-2008 2006-2007

A. CASH FLOW FROM OPERATING ACTIVITIES

Net Profit before Tax and extra-ordinary items	4661.33	10181.02
ADJUSTMENTS FOR:		
Depreciation	3772.89	3577.23
Assets written off	5.38	334.66
Interest (Net)	2612.10	2138.48
Impairment provision reversed credited to P&L a/c	0.00	(162.24)
Profit/Loss on sale of assets(Net)	(4.47)	(29.22)
Dividends received	(312.69)	(213.15)
Issue expenses of shares/debentures written off	0.00	4.35
Loss on conversion/sale of investments	4.82	23.60
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	10739.36	15854.73
Trade and other receivables	(861.55)	(1688.19)
Inventories	(4822.71)	1990.98
Trade payables	3510.17	(1301.69)
CASH GENERATED FROM OPERATIONS	8565.27	14855.83
Direct taxes paid	(1532.80)	(2588.10)

NET CASH FROM OPERATING ACTIVITIES.... A

7032.47 12267.73

CASH FLOW FROM INVESTING ACTIVITIES:

Purchase of Fixed Assets(Including Capital Work-in-progress, unallocated capital expenditure)	(6810.76)	(5494.83)
Sale of Fixed assets	18.43	81.98
Sale of investments	8.06	0
Purchase of investments	(187.01)	(304.75)
Interest received	223.08	167.68
Deposits/Withdrawal of Inter corporate advances	(50.00)	0
Dividends received	246.54	213.15

NET CASH USED IN INVESTING ACTIVITIES....B

(6551.66) (5336.77)

C. CASH FLOW FROM FINANCING ACTIVITIES

Proceeds from borrowings/loans	3830.32	(1591.53)
Dividends paid	(1803.88)	(2379.96)
Interest paid	(2969.60)	(2306.16)

NET CASH FROM FINANCING ACTIVITIES.....C

(943.16) (6277.64)

INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)

(95.63) 653.31

Cash and Cash equivalents as on 01.4.2007 **2105.41** 1452.10

Cash and Cash equivalents as on 31.3.2008 **2009.78** 2105.41

(95.63) 653.31

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 Chairman & Managing Director
A. Ranga Rao Director
M. Palachandra Addl. Company Secretary

Camp : TANUKU
Date : 28-07-2008

TANUKU
28-07-2008

ANNEXURE – I

Particulars disclosed pursuant to “Accounting Standard -18 Related Party Disclosures”

(A) LIST OF RELATED PARTIES:

1) Key Management Personnel: (Viz: Wholetime Directors)

The Andhra Sugars Limited

Dr. Mullapudi Harischandra Prasad
Dr. B.B. Ramaiah
Sri P. Narendranath Chowdary
Sri M. Narendranath
Sri M. Thimmaraja
Sri P. Achuta Ramayya
Sri P.S.R.V.K. Ranga Rao

JOCIL Limited

Sri J. Murali Mohan

The Andhra Farm Chemicals Corporation Limited

Sri P.V. Krishna Rao

2) Relatives of Key Management Personnel:

Sri B.V.V.S. Ramesh Kumar	Son of Dr. B.B.Ramaiah
Smt. M. Chandramathi Devi	Wife of Dr.Mullapudi Harischandra Prasad
Smt. CH. Ravanamba	Sister of Dr.Mullapudi Harischandra Prasad
Smt. J. Gangabhavani Devi	Sister of Dr.Mullapudi Harischandra Prasad
Smt. Y. Rajeshwari Devi	Sister of Dr.Mullapudi Harischandra Prasad
Smt. J. Anantha Lakshmi	Daughter of Dr.Mullapudi Harischandra Prasad
Smt. N.V. Ramanamma	Daughter of Dr.Mullapudi Harischandra Prasad
Smt. Y. Narayanamma	Daughter of Dr. Mullapudi Harischandra Prasad
Smt. R.Akkamamba	Daughter of Dr. Mullapudi Harischandra Prasad
Smt. M. Narayanamma	Wife of Sri M. Narendranath
Kum. M. Jayashree	Daughter of Sri M. Narendranath
Smt. G. Anuradha	Daughter of Sri M.Narendranath
Sri M. Vikram Prasad	Son of Sri M. Narendranath
Smt. M. Renuka	Wife of Sri M. Thimmaraja
Smt. G. Devi	Daughter of Sri M.Thimmaraja
Sri M. Mrutyumjaya Prasad	Son of Sri M. Thimmaraja
Smt. P. Jhansi Jayalakshmi	Wife of Sri P. Narendranath Chowdary
Kum. P.A.L. Satyavathi Devi	Daughter of Sri P. Narendranath Chowdary
Smt. S.B. Ranganayaki	Sister of Sri P. Narendranath Chowdary
Smt. E. Rama Lakshmi	Sister of Sri P.Narendranath Chowdary
Smt. J. Akkamamba	Sister of Sri P.Narendranath Chowdary

The Andhra Sugars Limited - Group Consolidated Financial Statements

Smt. J. Usha Rani	Sister of Sri P.Narendranath Chowdary
Smt. N. Anantha Lakshmi	Sister of Sri P.Narendranath Chowdary
Smt. M. Kamala Devi	Sister of Sri P. Narendranath Chowdary
Smt. P. Nagamani Devi	Wife of Sri P.V. Krishna Rao
Smt. S. Archana	Daughter of Sri P.V. Krishna Rao
Chy. P.V. Rayudu	Son of Sri P.V. Krishna Rao
Chy. P. Ravi	Son of Sri P.V. Krishna Rao
Smt. P. Sesha Shailaja	Wife of Sri P. Achuta Ramayya
Kum. P. Divya Atchimamba	Daughter of Sri P. Achuta Ramayya
Kum. P. Sruthi Rajeswari	Daughter of Sri P. Achuta Ramayya
Smt. P. Sujatha	Mother of Sri P.S.R.V.K. Ranga Rao
Smt. P. Usha Lakshmi	Wife of Sri P.S.R.V.K. Ranga Rao
Kum. P. Meghana Srisai Sujatha	Daughter of Sri P.S.R.V.K. Ranga Rao
Chy. P. P. Sri Narendrarayudu	Son of Sri P.S.R.V.K. Ranga Rao
Smt. J. Sunitha Mohan	Wife of Sri J. Murali Mohan
Kum. J. Namrata	Daughter of Sri J. Murali Mohan
Smt. V. Indira	Sister of Sri J. Murali Mohan

3) Entities in which Key Management Personnel and/or their relatives have significant influence :

Jaya Industries
Jayalakshmi Fertilisers
Jayalakshmi Estates
Jaya Agro Chemicals
Jayalakshmi Chemical Enterprises Pvt. Ltd.,
S P V K R M Trust, Dommeru
Sree Akkamamba Textiles Limited
Sree Satyanarayana Spinning Mills Limited
Mullapudi Venkatarayudu Eye Centre
Mullapudi Kamala Devi Cardio Vascular Centre
Sree Mullapudi Venkataramanamma Memorial Hospital
SMTRM Library and Cultural Centre
Royal Printing Works

4) Associates:

The Andhra Petrochemicals Limited

(B) TRANSACTIONS WITH THE RELATED PARTIES:

(Corresponding figures related to 31st March, 2007)

(Rupees in Lakhs)

PARTICULARS	Entities in which KMP or their relatives have significant influence	Associate Company	Key Management Personnel	Relatives of Key Management Personnel
Purchase of Goods from	286.25	0.00	18.35	21.01
	(398.96)	(0.00)	(27.00)	(19.97)
Services Rendered by	0.00	0.00	10.29	1.45
	(0.00)	(0.00)	(10.62)	(1.45)
Sale of Goods to	563.95	26.27	3.28	0.00
	(759.67)	(24.36)	(1.84)	(0.00)
Sale of Fixed Assets to	0.00	0.00	0.00	0.00
	(0.00)	(0.62)	(0.00)	(0.00)
Services Rendered to	0.00	0.35	1.16	0.77
	(0.15)	(0.33)	(1.37)	(0.43)
Interest Paid to	0.00	185.38	182.20	278.04
	(0.00)	(17.26)	(132.61)	(212.8)
Interest Received from	0.00	22.85	0.00	0.00
	(0.00)	(31.44)	(0.00)	(0.00)
Remuneration (including Commission) paid to	0.00	0.00	540.53	0.00
	(0.00)	(0.00)	(964.95)	(0.00)
Donations Paid to	27.00	0.00	0.00	0.00
	(55.00)	(0.00)	(0.00)	(0.00)
Dividend Paid to	87.34	0.00	234.27	435.38
	(105.8)	(0.00)	(268.36)	(519.31)
Dividend Received from	1.40	239.45	0.00	0.00
	(2.80)	(0.00)	(0.00)	(0.00)
Balances as at 31-03-2008				
a) Share Capital held by the Company, in	1.75	999.60	0.00	0.00
	(1.75)	(812.59)	(0.00)	(0.00)
b) Receivables- Trade dues from	8.84	0.00	0.00	0.00
	(20.83)	(0.00)	(0.00)	(0.00)
c) Share Capital of the company held by	145.57	0.00	391.87	726.39
	(141.07)	(0.00)	(370.46)	(634.26)
d) Fixed Deposits Received from	0.00	0.00	2058.10	3062.13
	(0.00)	(0.00)	(1557.88)	(2437.99)
e) Loans/Intercompany loans given to	0.00	400.00	0.00	0.00
	(0.00)	(350.00)	(0.00)	(0.00)
f) Payables : - Trade dues	1.95	0.00	0.00	0.00
	(11.05)	(0.00)	(1.16)	(0.86)
- Interest on F D's.	0.00	0.00	47.19	71.46
	(0.00)	(0.00)	(37.22)	(59.14)
- Remuneration (including Commission)	0.00	0.00	384.57	0.00
	(0.00)	(0.00)	(875.39)	(0.00)

STATEMENT SHOWING SEGMENT WISE ANALYSIS AS ON 31-03-2008

ANNEXURE – II

Description	SUGARS		CAUSTIC SODA		POWER GENERATION		INDUSTRIAL CHEMICALS		SOAP		OTHERS		ELIMINATIONS		CONSOLIDATED	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
REVENUE:																
External sales	15397.07	27770.21	22553.10	22024.97	1186.71	1032.30	11970.26	10453.28	4446.60	2524.60	2315.44	2708.42			57869.18	66513.78
Inter-segment sales	394.26	350.16	839.49	772.17	1802.81	1807.29	3408.68	1890.53	0.00	0.00	35.59	52.93	6480.83	4873.08		
Total revenue	15791.33	28120.37	23392.59	22797.14	2989.52	2839.59	15378.94	12343.81	4446.60	2524.60	2351.03	2761.35	6480.83	4873.08	57869.18	66513.78
RESULT:																
Segment result before Interest, Extra-ordinary items	-919.00	5672.81	6131.21	7612.10	489.62	577.93	2788.64	2375.99	667.19	172.50	875.38	-1101.84			10033.04	15309.49
Unallocated corporate expenses less Income															2759.59	2990.00
Operating Profit															7273.45	12319.50
Interest expenses															2835.17	2306.16
Interest income															223.05	167.68
Prov. For Diminution in Investment Withdrawn															2094.42	0.00
Profit before tax															6755.75	10181.02
Provision for current and deferred tax															1616.31	3294.59
Net profit after tax															5956.04	6886.43
OTHER INFORMATION:																
Segment Assets	30436.63	28638.59	32534.15	29796.96	11563.76	8366.24	8359.51	7499.44	1670.73	1444.62	2196.47	2400.19			86761.25	78146.04
Unallocated Corporate Assets															18886.60	16387.57
Total Assets															105647.9	94533.61
Segment Liabilities	6284.22	6051.26	4531.17	3621.62	513.19	295.72	2868.82	1379.69	18.06	18.42	-372.17	1567.97			13843.29	12934.68
Unallocated Corporate Liabilities															51452.58	47769.86
Total Liabilities															65295.87	57950.52
Capital expenditure	331.44	1945.25	2248.49	4149.41	936.16	9.78	328.06	397.41	34.99	22.87	209.75	165.49			4088.89	6690.21
Depreciation	762.10	698.50	1719.02	1568.63	604.26	626.12	388.39	371.57	102.58	114.42	196.54	197.99			3772.89	3577.23
Non-cash Expenditure other than depreciation											0.00	4.35			0.00	4.35

NOTES:

- The company and its subsidiaries have disclosed Business Segment as the primary Segments. Segments have been identified taking into account the nature of Products, the different risks and returns, the organization structure and internal reporting system.
- The operations of the Parent Company and its subsidiaries predominantly relate to manufacture of Sugar, Caustic Soda, Soaps, Industrial Chemicals comprising mainly fatty acids Industrial alcohol, Acetic acid and its related products and Liquid propellants.
- The business segments that are disclosed under "Others" comprise Fertilizers, Bulk Drugs, Edible oils and Transportation receipts etc.,
- All the Group companies operate predominantly in the Indian markets and have no production facilities outside India. Hence, there are no separately reportable Geographical Segments.
- Inter Segment transfers are priced at market rates.

STATEMENT REGARDING SUBSIDIARY COMPANIES AS ON 31-03-2008

(Rupees in Lakhs)

Name of the Subsidiary Company	JOCIL Ltd.	The Andhra Farm Chemicals Corporation Limited	Hindustan Allied Chemicals Limited
1. Capital	444.11	45.00	10.63
2. Reserves	7866.49	407.73	----
3. Total Assets	11474.57	741.37	9.95
4. Total Liabilities	3226.53	288.67	0.34
5. Details of Investments	62.56	0.03	----
6. Total Income	11529.47	661.84	0.43
7. Profit before taxation	1225.65	16.16	0.33
8. Provision for current Taxation	358.56	2.48	0.10
9. Profit after Taxation	869.49	13.68	0.23
10. Proposed dividend	310.84	----	----

BANK PARTICULARS

To
The Company Secretary,
The Andhra Sugars Limited,
Venkatarayapuram
TANUKU - 534 215

Date :

FOR OFFICE USE ONLY
Ref. No. :
Date :

Dear Sir,

Sub : Payment of Dividend (Year 2007-2008) (Electronic Clearing Service / Bank Particulars

ECS MANDATE

* I Wish to participate in the Electronic Clearing Service and give below the details of my bank account, to which you may electronically credit the payment due to me against the reference foilo number mentioned below:

- 1. Name of the First Holder (In Block Letters) : _____
- 2. Regd. Folio No. :

--	--	--	--	--	--	--	--
- 3. Bank & Branch Name & Address : _____

- 4. Account Number
(As appearing on your Cheque Book) : _____
- 5. Ledger Folio Number
(As appearing on your Cheque Book) : _____
- 6. Account Type : _____
(Saving Bank / Current / Cash Credit A/c) :
- 7. 9 Digit Code number of the Bank & Branch :

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appearing on the MICR Cheque issued by the Bank. (Please attach a photocopy of cheque for verifying the accuracy of the MICR Code Number)

BANK MANDATE

* **I do not wish to opt for ECS facility** and therefore request the following Bank details to be incorporated on the Dividend Warrant.

- Bank Name : _____
- Branch Name & Address : _____

- A/c Type (SB / Current / Cash Credit) : _____
- A/c Number (as mentioned in Cheque Book) : _____

(* Strike out which is not applicable)

I hereby declare that the particulars given above are correct and complete. I undertake to inform of any subsequent changes in the above particulars. If the ECS payment transaction is delayed or not effected for any reasons beyond the control of the Company, I would not hold the Company responsible.

Signature of the first named shareholder : _____

Name : _____

Address : _____

Note : In case of shares held in demat form, the above particulars for ECS facility / bank particulars have to be provided to your Depository Participant (DP), quoting your Client ID No. to them.

(Attn. Page No. 6)