

CIRCULAR OR CIRCULAR IN THE FORM OF ADVERTISEMENT INVITING DEPOSITS

[Pursuant to section 73 (2)(a) and section 76 and rule 4(1) and 4(2) of the Companies (Acceptance of Deposits) Rules, 2014]

1. GENERAL INFORMATION

- a. **Name:** THE ANDHRA SUGARS LIMITED **CIN:** L15420AP1947PLC000326
Address: Venkatarayapuram, Tanuku – 534215, West Godavari District, Andhra Pradesh
Website: www.theandhrasugars.com **Email:** info.tnk@theandhrasugars.com
Telephone: 08819-224911 **Fax:** 08819-224168
- b. **Date of incorporation of the company:** 11th August, 1947
- c. **Business carried on by the company and its subsidiaries with the details of branches or units:**
Manufacture and sale of Sugar, Industrial Alcohol, Acetic Acid, Acetic Anhydride, Ethyl Acetate, Aspirin, UH25, Monomethyl Hydrazine (MMH), Sugar and Chemical Plants equipments, Sulphuric Acid, Superphosphate, Caustic Soda (Lye, Solid, Flakes), Chlorine, Hydrochloric Acid, Caustic Potash, processing of Cotton Seed, Solvent Extraction of Oil cakes, refining of Edible Oil, Cattle Feed mixing. The Company is having factories at Tanuku, Kovvur, Guntur, Taduvai, Saggonda and Bhimadole. Non-conventional Wind Power is generated at Ramagiri in Andhra Pradesh and at Veeranam, Kundadam & Palladam in Tamilnadu & Solar Power at Kovvur.
- d. Brief particulars of the management of the company:

The Company is managed by a Chairman & Managing Director assisted by a Managing Director and four Whole-time Directors, subject to the control and supervision of the Board of Directors.

e. Names, addresses, DIN and occupations of the directors;

	Name	Address	DIN Nos.	Occupation
1.	Dr. B. B. Ramaiah Chairman & Managing Director	VENKATARAYAPURAM Tanuku - 534 215.	00015061	Industrialist
2.	Sri P Narendranath Chowdary, B.Sc., Managing Director	DOMMERU- 534 351 West Godavari Dist.	00015764	Industrialist
3.	Sri M Narendranath, B. Sc.,(Ag.) Joint Managing Director	TANUKU – 534 211 West Godavari Dist.	00016764	Industrialist
4.	SriMThimmaraja, B.Tech.,M.B.A.(Florida) Joint Managing Director	TANUKU – 534 211 West Godavari Dist.	00016711	Industrialist
5.	Sri P Achuta Ramayya, M.B.A.(New York) Joint Managing Director	VENKATARAYAPURAM Tanuku - 534 215.	00015065	Industrialist
6.	Sri A. Ranga Rao	Plot No.4, 8-2-335, Road No. 5, Banjara Hills, HYDERABAD-500 034.	00089664	Company Director

7. Dr. A.V. Rama Rao	Avra House, 7-102/54, Sai Enclave, Habsiguda , HYDERABAD – 500007.	01341232	Company Director
8. Dr. P. Kotaiah	102, Pooja Pride Aprts., Plot No. 75, Srinagar Colony, HYDERABAD – 500 073.	00038420	Company Director
9. Sri V.S. Raju	106, Dhanunjaya Towers, Main Road, Road No. 1, Banjara Hills, HYDERABAD – 500 0034	00101405	Advocate
10. Sri P.S.R.V.K. Ranga Rao, B.Com., Executive Director	DOMMERU – 534 351. West Godavari District	00015795	Industrialist
11. Sri P. A. Chowdary, I.R.S. (Retd.)	8-3-833/55, Phase – I Street, Ward – 8, Circle VII, Kamalapuri Colony HYDERABAD – 500 073.	002936505	Chief Commissioner of Income Tax - I (Retired)
12. Dr. Dasari Manjulata	Plot No.1148, Road No.59 Jubilee Hills HYDERABAD – 500 033.	02788338	Retired Vice Chancellor of Potti Sreeramulu Telugu University, Hyderabad

f. Management's perception of risk factors ;

The Major Segments of operations of the Company are Sugar and Chlor Alkali.

The major aspects of concern for the Sugar Sector are:

- 1) Harvesting Labour
- 2) Power to operate the irrigation requirements
- 3) Proper Cane Varieties that give good Cane and Sugar yield and that are suitable for mechanical harvesting.

To get around the 1st aspect, the Company has embarked upon locating the right Cane Harvester suited to our Grower Farm sizes. The 2nd aspect is being taken care of by setting up a Solar Powered Pumping System at our R & D Farm so that our Growers could ultimately be provided the right guidance in this aspect. The 3rd aspect is being met by the Cane Breeding Programme undertaken by the Company. 2 Varieties out of the programme will be released for Grower use this year and will be followed by a few more next year.

Chlor Alkali segment is power intensive where Power constitute a major input cost. Restricted power supply and increased power cost have become a cause of concern. To mitigate this impact, a Solar Power Plant has been put up at Kovvur. At Saggonda location a coal based Power Plant is being set up. This would improve the power availability to the Chemical Plants.

g. Details of default, including the amount involved, duration of default and present status, in repayment of

- i) statutory dues; : NIL
 ii) debentures and interest thereon; : NIL
 iii) loan from any bank or financial institution and interest thereon : NIL

2. PARTICULARS OF THE DEPOSIT SCHEME

- a. Date of passing of board resolution : 26.5.2014
 b. Date of passing of resolution in the general meeting : 10.9.2014
 authorizing the invitation of such deposits
 c. Type of deposits, i.e., whether secured or unsecured : Unsecured
 d. Amount which the company can raise by way of deposits as per the Act and the rules made thereunder, and the aggregate of deposits actually held on the last day of the immediately preceding financial year and on the date of issue of the Circular or advertisement and amount of deposit proposed to be raised and amount of deposit repayable within the next twelve months ;

Sl	Description	Limits	Deposits held as on 31.3.2014	Deposits held as on 10.9.2014	Amount of Deposits proposed to be raised	Deposits repayable with next 12 months
A	Deposits from members (10% of the aggregate of the paid up capital and free Reserves)	56,36,33,095	40,83,05,000	35,71,85,000	56,36,33,095	17,43,60,000
B	Deposits from Public (25% of the aggregate of the paid up capital and free Reserves)	1,40,90,82,738	1,04,63,80,000	96,28,85,000	1,40,90,82,738	36,37,80,000
	Total:	1,97,27,15,833	1,45,46,85,000	1,32,00,70,000	1,97,27,15,833	53,81,40,000

e. Terms of raising of deposits : Duration, Rate of Interest , Mode of payment and repayment			
Duration	Rate of Interest	Mode of payment	Repayment
1 Year	9.5%	Interest payable Quarterly	
2 Year	10%		
3 Year	10.5%		

f. **Proposed time schedule mentioning the date of opening of the Scheme and the time period for which the circular or advertisement is valid:** Upto 68th Annual General Meeting.

g. **Reasons or objects of raising the deposits:** To meet short and medium term Working Capital requirements

h. **Credit rating obtained;**

Name of the Credit Rating Agency: ICRA Rating obtained: MA+

Meaning of the rating obtained: Stable

Date on which rating was obtained: 23.5.2014

i. **Extent of deposit insurance, ; Name of the Insurance Company, terms of the insurance coverage, duration of coverage, extent of coverage, procedure for claim in case of default etc.** Not applicable immediately as the Companies are now permitted to accept the deposits without deposit insurance contract till March 31, 2015.

j. **Short particulars of the charge created or to be created for securing such deposits, if any;** Not applicable as type of deposits proposed to be accepted are unsecured deposits.

k. **Any financial or other material interest of the directors, promoters or key managerial personnel in such deposits and the effect of such interest in so far as it is different from the interests of other persons.:** NIL

3. DETAILS OF ANY OUTSTANDING DEPOSITS

	Shareholders	Public
a Amount Outstanding (28.7.2014)	150000	2015000
b Date of acceptance	different dates	different dates
c Total amount accepted	320000	3800000
d Rate of interest	10.5% to 11%	9.5% to 11.5%
e Total number of depositors	6	82
f Default, if any, in repayment of deposits and payment of interest thereon, if any, including number of depositors, amount and duration of default involved	NIL	NIL
g Any waiver by the depositors, of interest accrued on deposits	No	No

4. FINANCIAL POSITION OF THE COMPANY

- a Profits of the company, before and after making provision for tax, for the three financial years immediately preceding the date of issue of circular or advertisement

Accounting Year	Profit before Tax (Rs. in Lakhs)	Profit after Tax (Rs. in Lakhs)
2011 - 2012	13784.10	9342.27
2012 - 2013	11937.08	7484.92
2013 - 2014	7622.46	5454.28

- b Dividends declared by the company in respect of the said three financial years; interest coverage ratio for last three years (Cash profit after tax plus interest paid or interest paid)

Accounting Year	Equity Shares	Amount (Rs. in Lakhs)	Interest Coverage Ratio
2011 - 2012	70%	1897.50	9.73
2012 - 2013	60%	1626.42	9.28
2013 - 2014	50%	1355.35	7.13

- c A summary of the financial position of the company as in the three audited balance sheets immediately preceding the date of issue of circular or advertisement

ASSETS	2013-2014	2012-2013	2011-2012
Fixed Assets (Net)	49269.73	50134.65	49402.54
Non-current Investments	10306.12	7804.27	7472.26
Long Term Loans & Advances	1203.57	1142.34	1158.90
Current Assets	60369.87	52017.68	52376.35
Total	121149.29	111098.94	110410.05
Liabilities			
Share Capital	2711.01	2711.01	2711.01
Reserves & Surplus	53652.31	49733.89	44110.28
Non-current Liabilities	30955.56	29405.63	27604.61
Current Liabilities	33830.41	29248.41	35984.15
Total	121149.29	111098.94	110410.05

- d. Audited Cash Flow Statement for the three years immediately preceding the date of issue of circular or advertisement;

PARTICULARS	2013-14	2012-13	2011-12
(Rupees in lakhs)			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax from continuing operations	7622.46	11937.08	13784.10
Adjustments for			
Depreciation/amortisation on continuing operation	4325.93	4119.29	3932.37
Impairment/other write off on tangible/intangible assets	2.85	0.61	19.28

Loss/(profit) on sale of fixed assets	(33.02)	(59.60)	(25.35)
Wealth Tax	5.00	3.76	5.00
Net (gain)/Loss on sale of non - current investments	--	15.24	(5.00)
Net gain on sale of current investments	(52.24)	(11.79)	--
Interest expense	1977.68	1930.48	1971.91
Interest income	(238.16)	(304.81)	(297.25)
Dividend income	(297.68)	(371.13)	(446.01)
Operating profit before working capital changes	13312.82	17259.13	18939.05
Movements in working capital:			
Increase/(decrease) in trade payables	442.65	(1285.01)	11.34
Increase/(decrease) in long-term provisions	(3.07)	(484.95)	(122.84)
Increase/(decrease) in short-term provisions	35.89	62.73	293.37
Increase/(decrease) in other current liabilities	2122.35	315.01	(1015.97)
Increase/(decrease) in other long-term liabilities	(333.46)	1670.73	461.39
Decrease/(increase) in trade receivables	(5.65)	(41.93)	(3808.52)
Decrease/(increase) in inventories	(6940.10)	1234.67	(5116.44)
Decrease/(increase) in long-term loans and advances	(75.02)	(506.68)	(125.44)
Decrease/(increase) in short-term loans and advances	154.31	1011.14	(38.50)
Decrease/(increase) in other current assets	(8.11)	(44.96)	(0.51)
Cash generated from/(used in) operations	8702.61	19189.88	9476.93
Direct taxes paid (net of refunds)	3009.81	4104.92	4185.61
Net cash flow from/(used in) operating activities (A)	5692.80	15084.95	5291.32
Cash flows from investing activities			
Purchase of fixed assets, including intangible assets, CWIP and capital advances	(3463.69)	(4380.37)	(4656.61)
Proceeds from sale of fixed assets	46.64	111.17	33.23
Proceeds of non-current investments	--	185.86	55.00
Purchase of non-current investments	(2501.85)	(533.10)	(0.48)
Purchase of current investments	(5450.00)	(1575.00)	--
Proceeds from sale/maturity of current investments	5502.25	1586.79	--
Interest received	238.16	304.81	297.25
Dividends received from subsidiary company	293.19	244.32	195.46
Dividends received from long-term investments	4.49	126.81	250.55
Net cash flow from/(used in) investing activities (B)	(5330.81)	(3928.70)	(382560)
Cash flows from financing activities			
Proceeds from long-term borrowings	2191.02	27.90	--
Repayment of long-term borrowings	--	--	(22.06)
Proceeds from short-term borrowings	952.57	(6717.63)	2176.64
Interest paid	(1977.68)	(1930.48)	(1971.91)
Dividends paid on Equity Shares	(1626.42)	(1897.50)	(1490.89)
Tax on equity dividend paid	(234.89)	(276.11)	(210.18)
Net cash flow from/(used in) in financing activities (C)	(695.40)	(10793.82)	(1518.40)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(333.41)	362.43	(52.68)

Cash and cash equivalents at the beginning of the year	2589.44	2227.01	2279.69
Cash and cash equivalents at the end of the year	2256.03	2589.44	2227.01
Components of cash and cash equivalents			
Cash on hand	15.98	12.50	10.63
Cheques/drafts on hand	433.60	849.13	763.01
With banks on current account	1425.04	1434.95	944.61
Margin Money deposit accounts	274.77	184.25	405.45
Unpaid dividend accounts	106.64	108.61	103.31
Total cash and cash equivalents	2256.03	2589.44	2227.01

e. Any change in accounting policies during the last three years and their effect on the profits and the reserves of the company: Not Applicable

5. A DECLARATION BY THE DIRECTORS THAT-

- a. the company has not defaulted in the repayment of deposits accepted either before or after the commencement of the Act or payment of interest there on;
- b. the board of directors have satisfied themselves fully with respect to the affairs and prospects of the company and that they are of the opinion that having regard to the estimated future financial position of the company, the company will be able to meet its liabilities as and when they become due and that the company will not become insolvent within a period of one year from the date of issue of the circular or advertisement.
- c. the company has complied with the provisions of the Act and the rules made thereunder.
- d. the compliance with the Act and the rules does not imply that repayment of deposits is guaranteed by the Central Government.
- e. the deposits accepted by the company before the commencement of the Act have been repaid (or will be repaid along with interest within 30 days (days to be specified) and until they are repaid, they shall be treated as unsecured and ranking pari passu with other unsecured liabilities).
- f. In case of any adverse change in credit rating, depositors will be given a chance to withdraw deposits without any penalty.
- g. the deposits shall be used only for the purposes indicated in the Circular or circular in the form of advertisement.
- h. the deposits accepted by the company (other than the secured deposits, if any, aggregate amount of which to be indicated) are unsecured and rank pari passu with other unsecured liabilities of the company.

For THE ANDHRA SUGARS LIMITED

Sd/- x x x x x x x
(Dr. B.B. RAMAIAH)
Chairman & Managing Director

Venkatarayapuram
TANUKU – 534 215.
Dt.10-10-2014

DIRECTORS :

Sd/-x x x x x x
1. P. Narendranath Chowdary

Sd/-x x x x x x x
2. M. Narendranath

Sd/-x x x x x x
3. M. Thimmaraja

Sd/-x x x x x x x
4. P. Achuta Ramayya

Sd/-x x x x x x x
5. P.S.R.V.K.Ranga Rao

Sd/-x x x x x x
6. A. Ranga Rao

Sd/-x x x x x x
7. Dr. P.Kotaiah

Sd/-x x x x x x
8. Dr. A.V.Rama Rao

Sd/-x x x x x
9. Sri V.S.Raju

Sd/-x x x x x x
10. Sri P.A.Chowdary