

THE ANDHRA SUGARS LIMITED

Registered Office: Venkatarayapuram, Tanuku-534215

CIN: L15420AP1947PLC000326 Phone: 08819-224911

Website: www.theandhrasugars.com e-mail: info.tnk@theandhrasugars.com

ACCEPTANCE OF FIXED DEPOSITS

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, Mono Methyl Hydrazine (MMH), Sugar and Chemical Plants equipments, Sulphuric Acid, Superphosphate, Caustic Soda (Lye, Solid, Flakes), Chlorine, Hydrochloric Acid, Caustic Potash, 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 and Thermal Power Plant at Saggonda.

- d. **Brief particulars of the management of the company:**

The Company is managed by Chairman Managing Director assisted by 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.	Sri P Narendranath Chowdary, B.Sc., Chairman Managing Director	DOMMERU- 534 351 West Godavari Dist.	00015764	Industrialist
2.	Sri Mullapudi Narendranath, B. Sc., (Ag.) Joint Managing Director	TANUKU – 534 211 West Godavari Dist.	00016764	Industrialist
3.	Sri Mullapudi Thimmaraja, B.Tech.,M.B.A.(Florida) Joint Managing Director	TANUKU – 534 211 West Godavari Dist.	00016711	Industrialist
4.	Sri P Achuta Ramayya, M.B.A.(New York) Joint Managing Director	VENKATARAYAPURAM Tanuku - 534 215.	00015065	Industrialist
5.	Sri A. Ranga Rao	Plot No.4, 8-2-335, Road No. 5, Banjara Hills, HYDERABAD-500 034.	00089664	Company Director
6.	Dr. A.V. Rama Rao	Avra House, 7-102/54, Sai Enclave, Habsiguda , HYDERABAD – 500007.	01341232	Company Director
7.	Dr. P. Kotaiah	102, Pooja Pride Aprts., Plot No. 75, Srinagar Colony, HYDERABAD – 500 073.	00038420	Company Director
8.	Sri V.S. Raju	106, Dhanunjaya Towers, Main Road, Road No. 1, Banjara Hills, HYDERABAD – 500 0034	00101405	Advocate
9.	Sri P.S.R.V.K. Ranga Rao, B.Com., Executive Director	DOMMERU – 534 351. West Godavari District	00015795	Industrialist
10.	Sri P. A. Chowdary, I.R.S. (Retd.)	A502, Trendset, Grande, 6-3-252. Erramnzil, Behind Hotel Taj Deccan, HYDERABAD – 500 034.	002936505	Chief Commissioner of Income Tax - I (Retired)
11.	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 33 MW Coal Based Power Plant has been successfully synchronized with State Electricity Board. 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	:	28.07.2018
b. Date of passing of resolution in the general meeting authorizing the invitation of such deposits	:	26.09.2015
c. Type of deposits, i.e., whether secured or unsecured	:	Unsecured
d. i) Amount which the company can raise by way of deposits as per the Act and the rules made thereunder	:	2,71,09,76,281
ii) the aggregate of deposits actually held on the last day of the immediately preceding financial year	:	1,88,02,85,000
iii) on the date of issue of the Circular or advertisement	:	1,87,19,45,000
iv) amount of deposit proposed to be raised	:	2,71,09,76,281
v) amount of deposit repayable within the next twelve months	:	63,87,50,000

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%	Interest payable Quarterly	NEFT /D.D./ A/c. payee Cheque
2 Year	9.5%		
3 Year	10%		

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 the date of 72nd Annual General Meeting in 2019 or 30-09-2019 whichever is earlier.

g. Reasons or objects of raising the deposits:

To meet short and medium term Funds requirements

h. Credit rating obtained :

Name of the Credit Rating Agency: ICRA Rating obtained : MAA- (Positive)

Meaning of the rating obtained : with Positive outlook Date on which rating was obtained : 13.07.2018

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.

No insurance company is currently providing deposit insurance services till date. Deposit insurance will be taken as and when the same is made available by insurance companies.

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 :

Directors, Promoters and Key Managerial Personnel may be considered as interested to the extent of the deposits they make under the scheme and such interest is not different from the interests of other persons who make the deposits.

3. DETAILS OF ANY OUTSTANDING DEPOSITS

	Shareholders	Public
A Amount Outstanding(28-07-2018) Provisional	--	Rs.46,60,000
B Date of acceptance	- -	Different dates
C Total amount accepted	Rs.20,000	Rs.71,10,000
D Rate of interest	- -	9% to 10%
E Total number of depositors	1	62
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)
2015 – 2016	7360.03	4639.75
2016 – 2017	15965.41	12051.05
2017 – 2018	14764.10	9929.92

- 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)

Accounting Year	Equity Shares	Amount (Rs. in Lakhs)	Interest Coverage Ratio
2015-16	50%	1355.51	4.63
2016-17	100%	2711.01	7.92
2017-18	100%	2711.01	5.96

- 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	2017-2018	2016-2017	2015-2016
Fixed Assets (Net)	69351.80	62633.67	50764.70
Non-current Investments	21685.14	25759.02	20648.45
Long Term Loans & Advances	3214.64	7305.87	5641.14
Current Assets	46761.04	50917.25	43470.39
Total	141012.62	146615.81	120524.68
LIABILITIES			
Share Capital	2711.01	2711.01	2711.01
Reserves & Surplus	85433.38	81420.97	66628.74
Non-current Liabilities	32514.07	40301.01	31373.71
Current Liabilities	20354.16	22182.82	19811.22
Total	141012.62	146615.81	120524.68

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

(Rupees in lakhs)

**CASH FLOW STATEMENT FOR THE YEAR
ENDED 31 MARCH 2018**

PARTICULARS	31st March 2018	31st March 2017	31st March 2016
Profit before tax from continuing operations	14764.10	15965.41	7360.03
Adjustments for			
Net gain on sale of current investments	(786.68)	(152.49)	(170.66)
Net gain on revaluation of current investments	(3.04)	(158.84)	--
Interest expense	3000.81	2430.45	2766.02
Interest income	(768.83)	(783.35)	(573.83)
Dividend income	(148.08)	(2.95)	(638.61)
Loss Allowance provided	4.70	(27.54)	(10.27)
Government Grant amortized	(349.91)	(431.83)	(471.54)
Depreciation/amortization on continuing operation	4863.20	4420.43	4789.47
Loss/[profit] on sale of fixed assets	(90.16)	(1.22)	(5.29)
Remeasurement of defined benefit plans	(421.98)	(478.59)	(50.72)
Wealth Tax			
Operating profit before working capital changes	20064.13	20779.48	12996.86
<u>Movements in working capital:</u>			
Increase/[decrease] in trade payables	(894.85)	2419.27	(355.78)
Increase/[decrease] in long-term provisions	875.44	282.82	(277.26)
Increase/[decrease] in short-term provisions	73.90	(41.88)	40.01
Increase/[decrease] in other liabilities	(646.14)	2275.34	2627.43
Increase/[decrease] in other financial liabilities (non-current)	13.72	16.21	32.70
Increase/[decrease] in other liabilities (non-current)	235.81	(232.83)	375.15
Decrease/[increase] in trade receivables	(3333.70)	(287.19)	597.56
Decrease/[increase] in inventories	2247.78	3941.99	4280.14
Decrease/[increase] in long-term loans and advances	(39.81)	20.07	(2577.23)
Decrease/[increase] in other current assets	1344.83	(1464.33)	1832.26
Decrease/[increase] in other financial assets (current)	(24.70)	(15.12)	(31.09)
Decrease/[increase] in other Bank balances (current)			

Cash generated from/[used in] operations	19916.41	27693.83	19540.75
Direct taxes paid [net of refunds]	3580.43	2217.47	2905.28
Net cash flow from/[used in] operating activities (A)	16335.98	25476.36	16635.47
<u>Cash flows from investing activities</u>			
Purchase of fixed assets, including intangible assets, CWIP and capital advances	(11062.52)	(15475.16)	(7808.67)
Proceeds from sale of fixed assets	102.36	2.17	10.14
Purchase of non-current investments	--	(1002.50)	(0.10)
Purchase of current investments	(34400.00)	(25349.99)	(15250.00)
Proceeds from sale/maturity of current investments	43364.16	15683.85	15420.66
Interest received	768.83	783.35	573.83
Dividends received from subsidiary company	146.60	--	635.25
Decrease/[increase] in other Bank balances (current)	281.28	(659.68)	--
Dividends received from Long- Term investments	1.48	2.95	3.36
Net cash flow from/[used in] investing activities (B)	(797.81)	(26015.01)	(6415.53)
Proceeds from non-current borrowings	(8885.34)	7433.78	2043.12
Inter-corporate loan to APL	400.00	(2500.00)	--
Proceeds from borrowings (Current)	(361.57)	(2281.14)	(7918.12)
Interest paid	(2764.36)	(2040.49)	(2300.85)
Dividends paid including Interim Dividend	(2710.71)	-	(2168.56)
Tax on equity dividend paid	(521.99)	-	(262.40)
Net cash flow from/[used in] in financing activities [C]	(14843.97)	612.15	(10606.81)
Net increase/[decrease] in cash and cash equivalents (A+B+C)	694.20	73.50	(386.87)
Cash and cash equivalents at the beginning of the year	1065.33	991.83	2458.72
Cash and cash equivalents at the end of the year	1759.53	1065.33	2071.85
Components of cash and cash equivalents			
Cash on hand	13.19	60.22	14.82
Cheques/drafts on hand	757.84	130.05	273.75
With banks Accounts	988.50	875.06	91.27
Total cash and cash equivalents (Note 10)	1759.53	1065.33	2071.85

- e. Any change in accounting policies during the last three years and their effect on the profits and the reserves of the company : No change.

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 365 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.

The text of this circular / circular in the form of advertisement inviting deposits was approved by the Board of Directors at their meeting held on July 28, 2018.

Place: Venkatarayapuram
Date: 28.07.2018

By order of the Board
For The Andhra Sugars Limited
P. Narendranath Chowdary
Chairman Managing Director