

THE ANDHRA SUGARS LIMITED





THE ANDHRA SUGARS LIMITED

56th ANNUAL REPORT

2002 - 2003

BOARD OF DIRECTORS :

Dr. Mullapudi Harischandra Prasad
Chairman & Managing Director

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

Shri T. Ramesh U. Pai

Shri Justice G. Ramanujam

Shri A. Ranga Rao

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

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

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

Shri P. Achutaramayya, B.Com., M.B.A.(New York)
Executive Director

Shri K. Kalyanaraman

Shri P.J.V. Sarma

Dr. A.V. Rama Rao

Dr. P. Kotaiah

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

SECRETARY :

Shri M. Bulli Abbayi, B.Sc., B.L., F.C.S.

VICE PRESIDENT (Finance) :

Shri T. Krishnaiah, B.A., F.I.C.W.A., F.C.S.

BANKERS :

Andhra Bank
State Bank of India
State Bank of Hyderabad
Bank of Baroda

AUDITORS :

M/s. Brahmaya & Co.,
Chartered Accountants
Vijayawada.

REGISTERED OFFICE :

Venkatarayapuram,
Tanuku - 534 215,
West Godavari District,
Andhra Pradesh.

CONTENTS	PAGE NOS.
Management	1
Contents	2
Notice	3
Directors' Report	8
Auditors' Report	29
Statement on Accounting Policies	32
General Business Profile	34
Balance Sheet	35
Profit & Loss Account	36
Schedules to Balance Sheet	37
Schedules to Profit & Loss Account	44
Notes to Accounts	46
Cash Flow Statement	54
Statement pursuant to Section 212 of the Companies Act	55
 CONSOLIDATED FINANCIAL STATEMENTS :	
Auditors' Report	58
Consolidated Balance Sheet	59
Consolidated Profit & Loss Account	60
Schedules to Consolidated Balance Sheet	61
Schedules to Consolidated Profit & Loss Account	66
Notes to Consolidated Financial Statements	68
Consolidated Cash Flow Statement	71

In terms of approval granted by the Central Government under Section 212(8) of the Companies Act, 1956, a copy of the Balance Sheet, Profit & Loss Account and other reports of the Subsidiary Companies have not been included in the Annual Report of your Company for the year 2002-2003. However the Company will make available these documents upon the request by any Member of the Company interested in obtaining the same. Consolidated financial statement presented by the Company includes financial information of its subsidiaries.

THE ANDHRA SUGARS LIMITED

Registered Office: Venkatarayapuram, TANUKU - 534 215
West Godavari District, Andhra Pradesh.

NOTICE TO SHAREHOLDERS

Notice is hereby given that the FIFTYSIXTH Annual General Meeting of THE ANDHRA SUGARS LIMITED will be held at the Registered Office of the Company, Venkatarayapuram, Tanuku on Wednesday the 24th day of September, 2003 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, 2003 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 2002-2003.
3. To appoint a Director in place of Shri T. Ramesh U Pai who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri P.J.V. Sarma who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Shri K. Kalyanaraman who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint Auditors for the year 2003-2004 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 :

7. 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, Shri 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 1.5.2004 on such salary, commission and perquisites as set out hereunder:-

Shri P.S.R.V.K. Ranga Rao is subject to retirement by rotation during the tenure of his office as Executive Director from 1.5.2004 to 30.04.2009.

1. **Salary:**

Rs. 30,000/- per month.

2. **Commission:**

Upto 0.5% of the net profits of the Company subject to the 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.

The Andhra Sugars Limited

- ii) **Medical Reimbursement:**
Expenses incurred for himself and his family subject to a ceiling of one month's salary in a year or 3 months salary over a period of 3 years.
- iii) **Leave Travel Concession:**
For himself and his family as per Rules of the Company.
- iv) **Club Fees:**
Subject to a maximum of two clubs. This will not include Admission and Life Membership Fees.
- v) **Personal Accident Insurance:**
Premium not to exceed Rs. 4,000/- per annum.
- vi) **Provident Fund:**
Company's contribution towards Provident Fund at 12% of his salary or such rate as may be applicable from time to time.
- vii) **Superannuation Fund:**
The Company's contribution towards Superannuation Fund as per the Company's Rules, such contribution together with the Company's contribution to the Provident Fund 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:**
Gratuity not exceeding half 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 the tenure will not be included in computation of the ceiling on perquisites.
- x) **Telephone:**
Free telephone facility at the residence for the use of the Company's business.
- xi) **Car:**
Use of Company's Car on Company's business with Driver and all expenses on maintenance, repairs and cost of petrol.

(Provision of Car for use of Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Executive Director).
- xii) Any other perquisites that may be allowed as per the guidelines issued by the Central Government from time to time.

(Perquisites shall be restricted to Rs.4,50,000/- per annum)

"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 Shri 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 Shri P.S.R.V.K. Ranga Rao".

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

“RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions if any of the Companies Act, 1956 for mortgaging and/or charging by the Board of Directors of the Company of all the immovable and movable properties of the Company wherever situate, present and future and whole of the undertaking of the Company together with the power to enter upon and take possession of the assets of the Company in certain events, in favour of lenders viz., ICICI Bank Ltd., acting for itself and as an agent of Andhra Bank, State Bank of India, State Bank of Hyderabad, Bank of Baroda in respect of term loan aggregating to Rs. 4,000 lakhs availed from them.”

“FURTHER RESOLVED THAT the mortgage / charge created / to be created and/or all documents / agreements executed / to be executed and all acts done in terms of the above Resolution by and with the authority of the Board of Directors be and are hereby confirmed and ratified.”

9. To consider and if thought fit to pass with or without modification(s) the following Resolution as an Ordinary Resolution:-

“RESOLVED THAT in supersession of the Resolution passed by the Shareholders at the 52nd Annual General Meeting held on 22nd September, 1999, 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 for mortgaging and/or charging by way of Second Charge all immovable and movable properties of the Company (except properties situated at COP Division, Guntur, Wind Power Project, Ramagiri, Ananthapur Dist., and residential quarters at Saggonda, West Godavari Dist.,) wherever situate, present and future, and whole of the undertaking of the Company in favour of all or any of the Bankers viz., Andhra Bank, State Bank of India, State Bank of Hyderabad and Bank of Baroda to secure working capital facilities upto Rs. 18,400 lakhs (including non-fund based limits).”

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

(BY ORDER OF THE BOARD)

Venkatarayapuram
TANUKU
26-07-2003

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, 2003 to Wednesday the 24th September, 2003 (both days inclusive).
3. The dividend recommended by Directors, if approved at the meeting, will be paid to the Shareholders whose names are on the Register of Members as on 24th September, 2003. **In respect of the shares held in Demat Mode, the above dividend will be paid on the basis of beneficial ownership as on 24th September, 2003 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 Number in order to enable the Company to print their Bank Account on the Dividend Warrants.

The Andhra Sugars Limited

6. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956 Interim Dividend for the year 1995-96 which remained unclaimed for a period of 7 years has been transferred by the Company to the Investor Education and Protection Fund established by the Central Government pursuant to Section 205C of the Companies Act, 1956.

Shareholders are requested to note that no claims shall lie against the Company or the said fund in respect of any amounts which were unclaimed and unpaid for a period of 7 years from the dates that they first become due for payment and no payment shall be made in respect of any such claims.

7. Explanatory Statement under Section 173(2) of the Companies Act, 1956 is attached.
8. **Information about the Directors seeking re-appointment/appointment at the 56th Annual General Meeting as required under Corporate Governance.**

The information or details to be provided in respect of Directors seeking appointment / re-appointment at the 56th Annual General Meeting as required by Corporate Governance are given hereunder:-

Shri T. Ramesh U Pai is a noted Industrialist having industrial experience of more than five decades. He holds Directorship on the Board of many Companies viz., Reliance Industries Ltd., Maharashtra Apex Corporation Ltd., Kurlon Limited, Commercial Corporation of India Ltd., Lingapur Estates Ltd. He is a Member of the Audit Committee constituted by the Board of Reliance Industries Ltd., and Lingapur Estates Ltd.

Shri P.J.V. Sarma is a nominee Director of ICICI Bank Ltd. on the Board of your Company. He is an Engineering Graduate and presently he is holding the position of General Manager, ICICI Bank Ltd. He holds Directorship on the Board of many Companies viz., ICICI Knowledge Park, Sanghi Industries, The Andhra Pradesh Paper Mills Ltd. He is the Member of the Audit Committee constituted by the Board of Andhra Pradesh Paper Mills Ltd.

Shri K. Kalyanaraman is a retired Executive Director of Life Insurance Corporation of India and is a nominee Director of LIC on the Board of your Company.

ANNEXURE TO NOTICE

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

ITEM NO. 7

Shareholders at the 52nd Annual General Meeting held on 23.09.1999 appointed Shri P.S.R.V.K. Ranga Rao as Executive Director for a period of five years with effect from 01.05.1999. His present term as Executive Director will be expiring by 30.04.2004. Shri P.S.R.V.K. Ranga Rao has been closely associated with Chemical Complex at Saggonda right from the construction stage and is conversant with its day to day affairs. Your Company has taken up new Projects at Chemical Complex, Saggonda and as such the Board of Directors considered it advisable to re-appoint Shri P.S.R.V.K. Ranga Rao as Executive Director for a period of five years with effect from 01.05.2004.

Your Board of Directors recommend the Resolution for your approval.

The terms and conditions as set out in the Resolution may be treated as an abstract of the terms of re-appointment of Shri P.S.R.V.K. Ranga Rao for a further period of five years with effect from 01.05.2004 pursuant to Section 302 (7) of the Companies Act, 1956.

Except Shri P.S.R.V.K. Ranga Rao no other Director is deemed to be interested or concerned in the Resolution.

ITEM NO. 8

Your Company availed a term loan aggregating to Rs. 4,000 lakhs from ICICI Bank Ltd., Andhra Bank, State Bank of India, State Bank of Hyderabad and Bank of Baroda. With regard to creation of security in connection with the said loan, a Resolution is required to be passed under Section 293(1)(a) of the Companies Act, 1956 by the Members at a General Meeting of the Company.

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

No Director is deemed to be interested or concerned in the Resolution.

ITEM NO. 9

Financial assistance in the form of working capital from the Company's Bankers has to be secured by way of Second Charge on all the immovable and movable properties of the Company, present and future. Shareholders at the 52nd Annual General Meeting held on 23.09.1999 accorded consent for creation of second charge on all immovable and movable properties of the Company to the extent of Rs. 9,500 lakhs. In view of the increased working capital limits availed by the Company from the Company's bankers, Second Charge is required to be created on all movable and immovable properties of the Company, present and future, to the extent of Rs. 18,400 lakhs (including non-fund based limits) in supersession of earlier Resolution.

With regard to creation of Second Charge, a Resolution is required to be passed under Section 293(1)(a) of the Companies Act, 1956 by the Members at a General Meeting of the Company.

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

No Director is deemed to be interested or concerned in the Resolution.

(BY ORDER OF THE BOARD)

Venkatarayapuram
TANUKU
26-07-2003

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

The Andhra Sugars Limited
DIRECTORS' REPORT

To
The Shareholders

Your Directors have pleasure in presenting this FIFTY SIXTH ANNUAL REPORT along with the audited Statement of Accounts for the year ending 31st March, 2003.

FINANCIAL RESULTS :

(Rupees in lakhs)

	This Year	Previous Year
Sales	35072.56	33816.99
Other Income	1902.05	1566.52
	36974.61	35383.51
Profit for the year	5187.20	4963.92
Depreciation	1387.83	1242.74
Profit after depreciation	3799.37	3721.18
Less : Provision of diminution in value of investments	----	2076.65
	3799.37	1644.53
Add : Income Tax refund received	18.16	23.08
Excess provision of Income-tax credited back	24.57	----
	3842.10	1667.61
Less: Provision of Income Tax for previous years	----	3.05
Provision for current Tax	1150.00	1000.00
Provision for deferred Tax	279.84	203.56
Provision for Wealth Tax	1.00	0.75
	2411.26	460.25
Add: Balance brought forward from last year	2418.37	2369.45
Transfer from Debenture Redemption Reserve	1412.50	1412.50
Profit available for appropriation	6242.13	4242.20
APPROPRIATIONS:		
Transfer to General Reserve	3000.00	1146.00
Proposed Dividend on Equity Shares @ 25%	677.83	677.83
Tax on Distributable Profits	86.85	----
Balance carried forward to next year	2477.45	2418.37
	6242.13	4242.20

DIVIDENDS:

Your Directors are glad to maintain the dividend of 25% on Equity Shares for the year under report as in the previous year 2001-2002.

CAPITAL & RESERVES:

Authorised Capital: The Authorised Capital of the Company is Rs.30 Crores.

Paid-up Capital: The paid up capital of the Company is Rs. 27.11 Crores. The Total Reserves position as on 31.03.2003 is Rs. 131.31 Crores as against Rs.114.84 Crores as on 31.03.2002.

REVIEW OF OPERATIONS:

SUGAR UNIT, TANUKU:

The cane crushed during season 2002-03 upto 31.03.2003 was 6,57,500 M.Ts and the Sugar produced was 73,399 M.Ts as against 4,75,247 M.Ts of cane crushed and 51,208 MTs of Sugar produced during the previous year.

For the entire season 2002-03, which ended on 14.04.2003 the crushing operations were carried on for 149 days as against 104 days in the previous season. The total cane crushed was 7,10,309 M.Ts and Sugar produced was 80,192 M.Ts.

Recovery achieved was 11.29% as against 10.79% achieved in the previous season.

SUGAR UNIT, TADUVAI:

The cane crushed during the year 2002-03 upto 31.03.2003 including the cane crushed upto 14.04.2002 was 4,43,263 M.Ts and the Sugar produced was 51,762 M.Ts as against 4,34,574 M.Ts of cane crushed and 48,285 MTs of Sugar produced during the previous year.

For the entire season 2002-03 which ended on 12.04.2003 the crushing operations were carried on for 158 days as against 163 days in the previous season. The total cane crushed was 4,65,571 M.Ts and Sugar produced was 56,858 M.Ts. as against 4,69,342 M.Ts of cane crushed and 52,819 M.Ts of Sugar produced during the previous season.

The Unit achieved a Recovery of 11.74% as against 11.25% achieved in the previous season.

POWER GENERATION :

During the year under report the Power Generation Unit at Taduvai generated 2,81,94,757 Units as against 3,18,93,370 Units generated in the previous year after deducting wheeling and banking charges.

CANE PRICE:

SUGAR UNIT, TANUKU :

In respect of Sugar Unit, Tanuku, for the season 2002-03 your Company has paid Statutory Minimum Cane Price of Rs. 827.40 per MT and Purchase Tax Incentive of Rs. 60/- per M.T. as against Statutory Minimum Cane Price Rs. 839.50 per M.T. and Purchase Tax incentive of Rs. 60/- per M.T. paid during the previous season.

SUGAR UNIT, TADUVAI :

In respect of Sugar Unit, Taduvai, for the season 2002-03 your Company has paid Statutory Minimum Cane price of Rs. 880.60 per M.T. and Purchase Tax incentive of Rs. 60/- per M.T. as against Statutory Minimum Cane PriceRs. 832.20 per M.T. and Purchase Tax of Rs. 60/- per M.T. paid during the previous season.

SUGAR PRICE:

SUGAR UNIT, TANUKU:

The ratio of Levy : Free Sugar quota continues to be 10 : 90 as in the previous year.

SUGAR UNIT, TADUVAI :

Sugar Unit, Taduvai is entitled for 100% Free Sugar sale upto 38,000 M.Ts of Sugar produced during the season.

PERFORMANCE OF OTHER DIVISIONS :

Performance of Chemical Divisions continued to be satisfactory. Caustic Soda Division at Kovvur made a profit of Rs. 1714.13 lakhs after depreciation as against Rs. 1127.13 lakhs after depreciation achieved during the previous year. Your Directors are glad to report that within a short span of operations, the Caustic Soda Unit at Saggonda has put up an impressive performance by achieving a profit of Rs. 1097.82 lakhs after Depreciation as against Rs. 818.40 lakhs after depreciation achieved in the previous year. The Saggonda Unit has been modernised thereby resulting in increase of capacity from 100 TPD to 175 TPD. 75 TPD capacity Membrane Cell Caustic Soda Plant was commissioned during the year under report.

WIND POWER PROJECT:

The Power Generated at this Unit during the year is 25,44,547 Units as against 26,59,729 Units after deducting wheeling and banking charges.

PROJECTS:

In the Directors' Report of 2001-02 a mention was made that ISRO selected your Company for setting up of a Plant for the manufacture of HTPB. Your Directors are glad to report that the Plant is expected to be commissioned shortly.

Your Directors are happy to report that your Company's association with ISRO continues as it has been selected to establish a Plant for the production and supply of Liquid Hydrogen. Necessary agreement has been entered into with ISRO. Orders have been placed for the supply of Engineering and Equipment for Hydrogen Liquefaction System.

REDEMPTION OF DEBENTURES:

As per the terms of the Letter of Offer, 45,20,000 16.5% Non-convertible Debentures of Rs.113 Crores were fully and completely redeemed on the due date of 22nd February, 2003 with the payment of fourth and final instalment of Rs.29.66 Crores including premium.

DEMATERIALISATION OF EQUITY SHARES

As on 31st March, 2003, Equity Shares representing 27.21% 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, 2003 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 the 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 Directors' Report.

DIRECTORS:

In terms of Article 116 of the Articles of Association of the Company, Shri T. Ramesh U Pai, Shri P. J. V. Sarma and Shri K. Kalyanaraman retire by rotation at the ensuing 56th Annual General Meeting, and being eligible, they offer themselves for re-appointment.

The present term of Shri P.S.R.V.K. Ranga Rao as Executive Director expires by 30.04.2004. His re-appointment is being placed for the approval of the Members at the ensuing 56th Annual General Meeting.

AUDIT COMMITTEE :

Audit Committee has been constituted by the Board with non-Whole-time Directors, Shri T. Ramesh U Pai, Shri A. Ranga Rao and Dr. P. Kotaiah being its Members. Shri T. Ramesh U Pai continues to be the Member of the Audit Committee and Shri A. Ranga Rao is elected as Chairman of the Audit Committee.

INDUSTRIAL RELATIONS:

The relations with the employees continued to be cordial and harmonious during the year.

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.

The Andhra Sugars Limited

FIXED DEPOSITS:

Fixed Deposits aggregating to Rs. 38,86,000 held by 85 depositors had fallen due for payment but remained unclaimed as on 31.03.2003. Unclaimed deposits aggregating to Rs. 31,20,000 held by 53 depositors have since been renewed/repaid. Still, deposits aggregating to Rs. 7,66,000 held by 32 depositors remained unclaimed as on date.

CONSOLIDATED ACCOUNTS:

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

Your Company has made an application to the Central Government under the provisions of Section 212(8) of the Companies Act, 1956 seeking exemption for attaching the copy of Balance Sheet, Profit & Loss Account and other reports of the Subsidiary Companies to the Annual Report of your Company for the year 2002-2003. Approval is awaited.

SUBSIDIARY COMPANIES:

JOCIL LIMITED:

For the Financial Year ending 31.03.2003, your subsidiary Company, JOCIL Ltd., recorded a profit of Rs. 1292.36 lakhs (before taxation) as against Rs. 1697.08 lakhs (before taxation) during the previous year. The Board of Directors have maintained the dividend of 50% on the Equity Shares as in the previous year 2001-02.

THE ANDHRA FARM CHEMICALS CORPORATION LIMITED :

During the year 78 M.Ts. of Hydrazine Hydrate was produced as against 52 M.Ts in the previous year. The turnover during the year was Rs. 174.71 lakhs as against Rs. 111.52 lakhs in the previous year. The Company achieved a profit of Rs. 20.11 lakhs as against the profit of Rs. 6.31 lakhs in the previous year.

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 56th 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 31.03.2003.

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.

For and on behalf of the Board

TANUKU
26-07-2003

Dr. MULLAPUDI HARISCHANDRA PRASAD
Chairman & Managing Director

ANNEXURE "A" TO THE DIRECTORS REPORT FOR THE YEAR ENDED 31-03-2003

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 the report of the Board of Directors for the period from 01-04-2002 to 31-03-2003

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		56	01-08-1968	9532120	82	Partner, Ex-Managing Agency Firm The Andhra Sugars Ltd., 21 Years
2)	Dr. B. B. Ramaiah	Managing Director (Tech.)	B.Sc., (Hons), Sugar Technology M.Sc., (Chemical Technology) M.Sc., (Wisconsin), A.M.P. (Harvard)	49	01-04-1998	9233755	77	Managing Director (Tech.) The Andhra Sugars Ltd., 28 Years
3)	Shri P. Narendranath Chowdary	Joint Managing Director	B.Sc.,	36	12-01-1976	5092078	55	Director, The Andhra Sugars Ltd., 8 Years
4)	Shri M. Narendranath	Joint Managing Director	B.Sc., (Ag.)	29	01-01-1998	5091750	54	Managing Director, 24 Years Sree Satyanarayana Spinning Mills Ltd., Tanuku.
5)	Shri M. Thimmaraja	Joint Managing Director	B.Tech., M.B.A. (Florida)	28	01-08-1978	5096207	52	Director, The Andhra Sugars Ltd., 2 1/2 Years
6)	Shri P. Achuta Ramayya	Executive Director	B.Com., M.B.A. (New York)	20	01-08-1983	4868678	48	First Appointment
7)	Shri P.S.R.V.K. Ranga Rao	Executive Director	B.Com.,	4	01-05-1999	2758408	33	Director, The Andhra Sugars Ltd., 1 1/2 Years

- 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 31.03.2003

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:

CHEMICAL COMPLEX, KOVVUR

Equipment of latest technology which is energy efficient has been installed which has resulted in improved operating efficiency.

CHEMICAL COMPLEX, SAGGONDA

Caustic Soda Plant was modernised to increase its capacity from 100 TPD to 175 TPD by adopting latest Membrane Cell technology with two Electrolysers consisting 102 Elements each. Reduction in Energy consumption will be around 400 Units per tonne of Caustic Soda.

B. Technology absorption:

SUGAR UNIT, TANUKU

During the year 2002-03, your Company installed one Mono Vertical Crystalliser of capacity 170 MT for cooling of B-Masseccuite. This has resulted in better exhaustion of the mother liquor by cooling and consequent reduction in the BH molasses purity thereby resulting in the purity control of C-masseccuite and also FM purity.

Your Company has also installed a system of clarification including treatment of scum from Syrup Clarifier and the filtrate of the vacuum filter. This has resulted in improved juice clarity and reduction in the recirculation of thin mud thereby resulting in reduction in the filter cake % cane. Evaporator load has been considerably reduced and there is also reduction in scaling effects. The process is simple and does not involve any recurring expenses like additional chemicals.

4 Nos. special type of rotary valves for continuous ash removal for Texmaco Boiler No.I has been installed due to which erosion on ID Fans and wear and tear has been reduced.

SUGAR UNIT, TADUVAI

- a) Your Company is developing a new design of continuous vacuum pan which is more energy efficient in terms of steam consumption.
- b) Your Company has installed a set of 3 Vibro Screens after the DSM Screens and this has reduced the level of suspended matter in the Draught Juice to the single digit. There will be less colour formation on account of this improvement.

Other details of 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	25.71	15.41
ii) Know-how fee and Service Charges of Engineers	NIL	NIL
b) Earned (Rs. in lakhs)	NIL	NIL

ANNEXURE

FORM A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

PARTICULARS	UM	TANUKU UNITS		KOVVUR UNITS		GUNTUR UNIT		TADUVAI UNIT		SAGGONDA 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	5787366	5488956	126325396	1114623145	2330171	2641999	143400	33600	87014700	74388900
Total Amount	Rs.	20407804	18553791	250072464	239009739	6446470	8193821	252484	221573	158955514	125967955
Rate / Unit	Rs.	3.53	3.38	1.98	2.09	2.77	3.10	1.76	6.59	1.83	1.69
b) Own Generation											
i) Through Diesel Generator											
Units	KWH	717052	465234	----	30995	148410	101810	43736	46560	350947	5459341
Units per Ltr. of Diesel Oil	KWH	3.30	5.22	----	3.96	2.96	2.63	0.96	1.00	4.26	4.30
Cost / Unit	Rs.	8.81	7.03	----	72.95	15.28	29.47	35.20	17.77	28.64	3.92
ii) Through Steam Turbine Gnerator											
Units	KWH	14153850	10502870	----	----	----	----	28738040	26572055	----	----
KWH per Tonne of Begasse		----	----	----	----	----	----	----	----	----	----
Cost / Unit	Rs.	0.68	0.71	----	----	----	----	0.76	0.94	----	----
2. Coal (Specify Quality and where used)											
Quantity	MT	114.350	134.000	----	----	784.110	----	----	----	----	----
Total Cost	Rs.	192626	283733	----	----	2061113	----	----	----	----	----
Average	Rs.	1684.53	2117.41	----	----	2628.60	----	----	----	----	----

ANNEXURE

FORM A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

PARTICULARS	UM	TANUKU UNITS		KOVVUR UNITS		GUNTUR UNIT		TADUVAI UNIT		SAGGONDA UNIT	
		CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
3. Furnace Oil											
Quantity	KL	----	----	888.13	704.78	----	----	----	----	351.175	1530.694
Total Amount	Rs.	----	----	9491867	5372466	----	----	----	----	4126041	14236095
Average Rate	Rs.	----	----	10687.47	7622.94	----	----	----	----	11749.25	9300.42
4. ONGC Natural Gas											
Quantity	M3	3009388	3857640	----	----	----	----	----	----	----	----
Total Amount	Rs.	10975386	13608111	----	----	----	----	----	----	----	----
Rate / Unit (M3)	Rs.	3.65	3.53	----	----	----	----	----	----	----	----
5. Husk and Fire Wood											
Quantity	MT	97.650	49.770	----	----	4434.750	5934.018	21.040	9756.00	7260.500	6044.693
Total Cost	Rs.	82681	39500	----	----	4324837	3309249	17884	5220997	8328860	4619120
Average Rate	Rs.	846.71	793.66	----	----	975.22	613.50	850.00	535.16	661.74	764.16
6. Other Internal Generation											
a) Bagasse											
Quantity	MT	167869	131043	----	----	----	----	146293	137299	----	----
Total Amount	Rs.	----	----	----	----	----	----	----	----	----	----
Rate / Unit	Rs.	----	----	----	----	----	----	----	----	----	----
b) Biogas :											
Quantity	M3	3941642	774031	----	----	----	----	----	----	----	----
Total Amount	Rs.	----	----	----	----	----	----	----	----	----	----
Rate / Unit	Rs.	----	----	----	----	----	----	----	----	----	----
c) Hydrogen											
Quantity	MT	----	----	857.23	759.94	----	----	----	----	410.14	403.82
Total Amount	Rs.	----	----	Own Generation in Caustic Soda Plant		----	----	----	----	Own Generation in Caustic Soda Plant	
Rate / Unit	Rs.	----	----	Own Generation in Caustic Soda Plant		----	----	----	----	Own Generation in Caustic Soda Plant	

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.	15	0.51	16	0.54
2. Alcohol	KL.	203	2.96	200	2.91
3. Acetic Acid / Anhydride Mix	MT.	830	9.68	865	10.37
4. Ethyl Acetate	MT.	350	6.68	361	6.24
5. Aspirin	MT.	1952	11.92	2427	10.27
6. U.D.M.H.	MT.	12095	209.00	12456	210.14
7. M.M.H.	MT.	24191	418.00	24912	420.26
8. Caustic Soda Lye at Kovvur	MT.	3027	----	2941	----
9. Caustic Soda Lye at Saggonda	MT.	2514	1.12	2492	1.13
10. Liquid Chlorine at Kovvur	MT.	261	----	254	----
11. Liquid Chlorine at Saggonda	MT.	141	----	154	----
12. Hydrochloric Acid at Kovvur	MT.	31	----	36	----
13. Hydrochloric Acid at Saggonda	MT.	5	----	4	----
14. Caustic Potash Lye	MT.	2233	----	2253	----
15. Sulphuric Acid	MT.	75	0.34	72	0.32
16. Superphosphate	MT.	26	----	26	----
17. Chlorosulphonic Acid	MT.	52	0.48	53	0.48
18. Vanaspathi	MT.	144	1.34	144	1.35
19. Sunflower Refined Oil	MT.	112	0.49	95	0.46
20. Sugar (Taduvai)	MT.	19	0.49	20	0.48

FORM B

Form for Disclosure of particulars with respect to Technology absorption

RESEARCH & DEVELOPMENT (R&D)

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

Your Company is actively involved in development of indigenous technology for new products & processes, Technology up-gradation, Development of expertise and knowledge in related fields, Testing & Certification of products for conformity to various international standards, Development of methods and controls to minimize waste to reduce environmental pollution, Introduction of modern methods in sugarcane management.

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

The continuous R&D activities of your company have helped in improving the quality, yield and economics of currently manufactured products, Preparedness to counter competition and explore new markets, Increased capacity utilisation of plants, Improved sugar recovery.

3. Future plan of action:

Your Company continues to focus on developing new products & processes by utilising the existing R&D capabilities. Continuing efforts for new technology absorption & adaptation based on work carried out in the R&D department.

4. Expenditure on R&D:		(Rupees in lakhs)
a) Capital	:	44.54
b) Recurring	:	75.71
c) Total	:	120.25
d) Total R&D expenditure as percentage of total turnover	:	0.325%

TECHNOLOGY ABSORPTION ADAPTATION AND INNOVATION :

1. Efforts, in brief, made towards technology absorption, adaptation and Innovation.

- a) Commercial production of Sodium Salicylate based on the data derived from pilot plant.
- b) Efforts for certification from various international bodies such as EDQM, FDA for Aspirin.
- c) Commercial production of "Pharmaceutical Grade Sugar".
- d) Carrying out trials on different filtration systems to reduce suspended particulate matter in draught juice.

2. Benefits derived as a result of above efforts e.g. product improvement, cost reduction, production development, import substitution etc.:

- a) The new process / product development utilising raw materials / intermediates from the existing plants contributes in developing related products.
- b) The efforts for certification from international bodies for Aspirin will help in export of the material to USA, Europe etc.
- c) A value added product, "Pharmaceutical Grade Sugar" is being produced.
- d) This results in reduction in chemical consumption.

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

The securities 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:

Your Company is engaged in the manufacture and Sale of Sugar, Organic and Inorganic Chemicals, Edible and Non-Edible Vegetable Oils and Non-Conventional Power Generation at Tanuku, Kovvur, Guntur, Taduvai, Saggonda and Ramagiri in the State of Andhra Pradesh. Of these Sugar and Caustic Soda form the major segments with Power Generation being focussed.

SUGAR:

Sugar is manufactured at Tanuku with 5000 TCD capacity and at Taduvai with a 2500 TCD capacity. Molasses is a bye-product at the Sugar Plants which is the raw material for your Company's 15 KL per day capacity Alcohol plant located at Tanuku which produces Industrial Alcohol. The distillery is now being converted from the Conventional batch process to the more economical continuous process, which will produce 30 KL per day of Industrial Alcohol. This Industrial Alcohol is the raw material for your Company's Acetic Acid, Acetic Anhydride and Ethyl Acetate Plants.

Bagasse which is the residue at the Sugar Units after extraction of juice for the production of Sugar is being used for Co-generation of electricity.

The Sugar Industry which was under a regime of control is now being decontrolled step by step with the ratio of levy : free sugar being maintained at 10:90. The Government of India ultimately contemplates to decontrol this sector completely.

Huge Sugar stocks coupled with the low Sugar prices in International market has hampered the exports of Sugar by the Indian Sugar Industry. Fragmentation of Sugar capacities has resulted in higher cost of production. To sustain Indian Sugar Industry, Sugarcane farming community needs to bring down the cost of production and improve cane variety and the Industry should focus on encouraging value addition through Co-generation, improvement of Ethanol production etc. to meet the challenges of Globalisation.

Keeping in view the Globalisation regime continuous efforts are directed towards improving the quality of Sugar to meet the International Standards. Sugar produced at Taduvai, besides attaining Indian Pharmacopoeia standards, has also attained U.S. Pharmacopoeia standards. Further effective steps are being taken to produce Sugar at Taduvai equivalent to refined Sugar.

CAUSTIC SODA:

Caustic Soda is manufactured at plants located at Kovvur and Saggonda having a combined production capacity of about 1,12,000 MT per annum. Hydrogen and Chlorine are bye-products at the Caustic Soda Plants. Part of the Chlorine is utilised in combination with Hydrogen and Sulphur Trioxide from the Sulphuric Acid Plant to produce Hydrochloric Acid and Chlorosulphonic Acid.

The Andhra Sugars Limited

Production of Caustic Soda is power intensive as power constitutes one of the major raw-material. Caustic Soda Industry is faced with increasing power cost coupled with high infrastructure cost. Further, dumping of Caustic Soda from other countries is also hampering the growth of domestic market. Although Government of India has imposed anti dumping duty to protect the Indian Industry, still further efforts are needed to meet the adverse effects of dumping.

Modernisation of Saggonda Plant resulting in increase of capacity from 100 TPD to 175 TPD was undertaken to meet future demand for Caustic Soda and other Chloro-alkali Industry products.

COTTON & OIL PRODUCTS DIVISION:

Initially this Division was engaged in crushing of Cotton Seed and Sun Flower Seed. However due to adverse effects of import policy, sales tax exemption for other new competing Units, this Division was constrained to discontinue the crushing activities. With a view to enlarge the avenues of business concerted efforts were directed for manufacturing and packing of Vanaspati and Sun-flower Oil. Vanaspati and Sun-flower Oil produced meets high standards of quality.

Recent fiscal and import policy changes of Government have become a cause of concern to this Division making it difficult to remain competitive in the market. Representations in this regard, through the concerned Associations, to the Government have been made for suitable reliefs.

POWER:

As your Company operates two Caustic Soda Units where Electricity is the raw material along with Salt, it is necessary to have access to power at economical costs. Your Company operates 2.025 MW Wind Power Unit at Ramagiri and a Co-generation Power Plant at Taduvai.

Apart from generating power at its own Units, your Company has invested in the Equity Capital of Andhra Pradesh Gas Power Corporation Limited (APGPCL) to have access to cheaper power. The Caustic Soda Units now receive major portion of their power requirement from APGPCL and the Co-generation plant at Taduvai. The dispute regarding wheeling charges imposed by APERC has been resolved in favour of the Industry by Hon'ble High Court of Andhra Pradesh upholding that the wheeling charges would be paid as per the Agreements entered into with the Industry. This has provided much relief to the industries such as ours availing power from APGPCL thereby helping to contain the cost of production.

INTERNAL CONTROL SYSTEM

Your Company has a full-fledged Internal Audit Department with qualified and experienced staff who regularly conduct a review of the financial and operating controls of various Units of your Company. 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. 73.84 Crores (before interest and depreciation) and achieved an operating margin of 20% as against gross profit of Rs. 74.08 Crores (before interest and depreciation) and operating margin of 21% in the previous year thus maintaining the same level of performance.

The working capital limits were enhanced from Rs. 78.00 Crores to Rs. 100.00 Crores by the Consortium of Banks to meet the increased funds requirement for Sugar Units.

Unsecured loan of Rs. 12.11 Crores from the State Government on account of Sales Tax deferment is interest free and has no holding cost.

General reduction in the interest rates in the Country contained the interest costs during the year 2002-03. The interest cost this year is reduced due to effective working capital management. Your Company continues its endeavour to bring down these costs further.

Your Company's strategy, based on healthy profit generation has been to reduce the high cost long term debt and bring down the overall debt level.

The gross Fixed Assets of your Company as on 31.03.2003 is Rs.331.38 Crores as compared to Rs. 286.36 Crores during the previous year 2001-02. Your Company has net worth of Rs. 158.42 Crores.

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 31.03.2003 your Company has a strength of 2,179 employees.

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 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 31.3.2003, the Board of Directors consists 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.)
	Shri P. NARENDRANATH CHOWDARY Joint Managing Director
	Shri M. NARENDRANATH Joint Managing Director
	Shri M. THIMMARAJA Joint Managing Director
	Shri P. ACHUTA RAMAYYA Executive Director
	Shri P.S.R.V.K. RANGA RAO Executive Director
Non-Executive and Independent Directors	Shri T. RAMESH U PAI
	Shri A. RANGA RAO
	Shri Justice G. RAMANUJAM
	Shri K. KALYANARAMAN (LIC Nominee – Equity Investor)
	Dr. A.V. RAMA RAO
	Dr. P. KOTAIAH Shri P.J.V. SARMA (ICICI Bank Ltd., Nominee – Term Loan Lender)

The Andhra Sugars Limited

- b) 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, Committee Membership and Chairmanship in other Companies		
	Board Meetings	Last AGM	Other Directorship	Committee Membership	Committee Chairmanship
Dr. M. Harischandra Prasad	4	Yes	8	6	4
Dr. B. B. Ramaiah	3	Yes	1	3	1
Shri P. Narendranath Chowdary	4	No	6	4	None
Shri M. Narendranath	4	Yes	5	None	None
Shri M. Thimmaraja	4	Yes	2	5	None
Shri P. Achuta Ramayya	4	Yes	None	None	None
Shri P.S.R.V.K. Ranga Rao	4	Yes	None	None	None
Shri T. Ramesh U Pai	1	No	5	2	None
Shri A. Ranga Rao	3	Yes	None	None	None
Shri Justice G. Ramanujam	1	No	7	8	5
Shri K. Kalyanaraman	4	No	None	None	None
Dr. A.V. Rama Rao	2	No	None	None	None
Dr. P. Kotaiah	3	No	5	2	2
Shri P.J.V. Sarma	1	No	3	1	None

c) NUMBER OF BOARD MEETINGS HELD AND THE DATES ON WHICH HELD

Sl. No.	Date of Board Meeting
1	30.04.2002
2	27.07.2002
3	30.10.2002
4	30.01.2003

1. AUDIT COMMITTEE

- a) The Audit Committee consists of 3 Non-Executive Independent Directors viz., Shri T. Ramesh U Pai, Shri A. Ranga Rao and Dr. P. Kotaiah. Shri T. Ramesh U Pai, continues to be the Member of the Committee and Shri A. Ranga Rao is elected as Chairman of the Committee.

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

- b) The terms of reference stipulated by the Board to the Audit Committee are in terms of Clause 49 of the Listing Agreement are as follows:-

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.

- i) Recommend the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.

- ii) Review with management the annual financial statements before submission to the Board, focusing primarily on;
 - a) Any changes in accounting policies and practices.
 - b) Major accounting entries based on exercise of judgement by management
 - c) Qualifications in draft audit report.
 - d) Significant adjustments arising out of audit.
 - e) The going concern assumption
 - f) Compliance with accounting standards.
 - g) Compliance with stock exchange and legal requirements concerning financial statements.
 - h) Any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc., that may have potential conflict with the interest of company at large.
- iii) Review with the management, external and internal auditors, the adequacy of internal control systems.
- iv) Review the adequacy of internal audit function, 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.
- v) Discussion with internal auditors any significant findings and follow up thereon.
- vi) 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.
- vii) Discussions with external auditors before the audit commences, nature and scope of audit as well as has post-audit discussion to ascertain any area of concern.
- viii) Review the Company's financial and risk management policies.
- ix) 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.

c) NUMBER OF AUDIT COMMITTEE MEETINGS HELD AND THE DATES ON WHICH HELD

Sl. No.	Date of Audit Committee Meeting
1	30.10.2002
2	30.01.2003

Note : Audit Committee meetings were convened on 30.04.2002 and 27.07.2002 of which due notices were given to all the Members of the Audit Committee. However due to unavoidable circumstances two of the Members could not attend the meeting so convened consequent upon which the meetings on 30.04.2002 and 27.07.2002 could not be held for lack of quorum.

d) ATTENDANCE OF DIRECTORS AT THE AUDIT COMMITTEE MEETINGS HELD DURING THE FINANCIAL YEAR 2002-03

Name of the Director	No. of Meetings Held	No. of Meetings attended
Shri T. Ramesh U Pai	2	1
Shri A. Ranga Rao	2	2
Dr. P. Kotaiah	2	2

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

Company Secretary acts as a Secretary to the Committee.

4. REMUNERATION COMMITTEE, POLICY, DETAILS

- " The Company is not required to and does not have a Remuneration Committee.
- " The Company does not remunerate the non-Executive Directors except for the payment of sitting fees for attending each Meeting of the Board or Committee thereof.
- " Remuneration is fixed and paid to the Managing / Whole-time Directors as approved by Shareholders of the Company and is in accordance with and subject to the limits prescribed by the Companies Act, 1956.

Details of the remuneration paid to the Directors during the year 2002-03 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	10,99,715	84,32,405	95,32,120
Dr. B. B. Ramaiah	Nil	8,01,350	84,32,405	92,33,755
Shri P. Narendranath Chowdary	Nil	8,75,876	42,16,202	50,92,078
Shri M. Narendranath	Nil	8,75,548	42,16,202	50,91,750
Shri M. Thimmaraja	Nil	8,80,005	42,16,202	50,96,207
Shri P. Achuta Ramayya	Nil	6,52,476	42,16,202	48,68,678
Shri P.S.R.V.K. Ranga Rao	Nil	6,50,307	21,08,101	27,58,408
Shri T. Ramesh U Pai	4,000	Nil	Nil	4,000
Shri A. Ranga Rao	10,000	Nil	Nil	10,000
Shri Justice G. Ramanujam	4,000	Nil	Nil	4,000
Shri K. Kalyanaraman	8,000	Nil	Nil	8,000
Dr. A.V. Rama Rao	4,000	Nil	Nil	4,000
Dr. P. Kotaiah	10,000	Nil	Nil	10,000
Shri P.J.V. Sarma	2,000	Nil	Nil	2,000

5. SHAREHOLDERS' GRIEVANCES COMMITTEE

- a) The Board has constituted Shareholders' / Investors' Grievances Committee comprising Shri Justice G. Ramanujam (Chairman of the Committee – non-Executive Independent Director), Shri P. Narendranath Chowdary and Shri M. Thimmaraja as Members of the Committee. The Committee looks into redressal of Shareholders' complaints like Transfer of Shares, non-receipt of Balance Sheet, non-receipt of declared Dividend and other matters.
- b) The Board has designated Shri M. Bulli Abbayi, Company Secretary and Shri M. Palachandra, Deputy Company Secretary as Compliance Officers.
- c) During the year 2002-03, Committee Meetings were held on 30.04.2002, 27.07.2002, 30.10.2002 and 30.01.2003. The Company received a total number of 277 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 31.03.2003 no Share Transfers were pending.

d) ATTENDANCE OF DIRECTORS AT THE SHAREHOLDERS GRIEVANCE COMMITTEE MEETINGS HELD DURING FINANCIAL YEAR 2002-03

Name of the Director	No. of Meetings Held	No. of Meetings attended
Shri Justice G. Ramanujam	4	1
Shri P. Narendranath Chowdary	4	4
Shri M. Thimmaraja	4	4

6. GENERAL BODY MEETINGS

Financial Year – 1st April to 31st March			
Financial Year	Venue	Date	Time
1999-2000	Registered Office premises, VENKATARAYAPURAM, TANUKU-534 215 (A.P.)	23-09-2000	3.00 p.m.
2000-2001	-do-	25-09-2001	3.00 p.m.
2001-2002	-do-	27-09-2002	3.00 p.m.

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

7. 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 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.

8. MEANS OF COMMUNICATION

- i. Half Yearly Reports are not sent to each household of shareholders.
- ii. Half Yearly Results and Quarterly Results are published in "The Hindu Business Line" and "Andhra Bhoomi".
- iii. The Company does not by itself display its periodic results in any Web Site, except on EDIFAR Web Site as required by listing agreement.
- iv. The Company has not issued any press release or made any presentations to the investors or to analysts about its financial results during the year.
- v. Management Discussion and Analysis (MD&A) forms the part of the Annual Report.

9. GENERAL SHAREHOLDER INFORMATION

- (i) Annual General Meeting:
 - Date & Time : 24-9-2003, 3.00 P.M.
 - Venue : Registered Office
Venkatarayapuram, Tanuku – 534 215
West Godavari Dist. (A.P.)
- (ii) Financial Calendar : 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 : 16-9-2003 to 24-9-2003 (both days inclusive)
- (iv) Dividend payment date : 8th October, 2003
- (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 Rs.	Low Rs.
April, 2002	28.80	21.55
May, 2002	27.60	21.60
June, 2002	42.00	24.80
July, 2002	40.30	24.10
August, 2002	34.80	24.00
September 2002	32.95	23.00
October, 2002	25.20	22.00
November 2002	25.00	22.90
December, 2002	25.00	21.80
January, 2003	26.00	20.95
February, 2003	24.00	21.95
March, 2003	24.05	21.35

- (viii) Performance in comparison to broad-based indices such as BSE Sensex, CRISIL etc.:
Company's Equity Shares are not quoted on Bombay Stock Exchange to depict performance in comparison to broad-base indices such as BSE Sensex, CRISIL etc.

(ix) Registrars & Share Transfer Agents :

The 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_asitnk@sancharnet.in

(x) Share Transfer System :

Shareholders have an option to hold Shares in physical form or in demat form. In 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 Depositories Act, 1996.

(xi) (a) Shareholding pattern as on 31st March, 2003

Category	No. of Shares Held	% of Shareholding
Promoters	1,50,24,472	55.42
Institutions and Banks	39,32,174	14.50
Bodies Corporate	8,32,297	3.07
Public	73,24,145	27.01
Total	2,71,13,088	100.00

(b) Distribution of Shareholding as on 31st March, 2003

Shareholding of Nominal value of Rs.	No. of Shareholders	% to total	Share amount in Rs.	% to Total
Upto 5000	6,022	73.287	1,00,53,970	3.708
5001 to 10000	866	10.539	67,17,390	2.476
10001 to 20000	524	6.377	76,94,500	2.838
20001 to 30000	215	2.617	53,68,180	1.980
30001 to 40000	103	1.253	36,59,670	1.350
40001 to 50000	81	.986	36,76,220	1.356
50001 to 10000	187	2.276	1,32,95,850	4.904
100001 onwards	219	2.655	22,06,65,100	81.388
Total	8,217	100.00	27,11,30,880	100.000

(xii) Dematerialisation of Equity Shares and liquidity:

The Company's Equity Shares are listed on Hyderabad, Madras and National Stock Exchanges with a view to provide liquidity to the Shareholders. As per 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 31.3.2003 27.21% of Equity Shares have been dematerialised.

The Andhra Sugars Limited

(xiii) Outstanding DGRs / 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. PERECHERLA, GUNTUR. Andhra Pradesh.
6. RAMAGIRI, Ananthapur Dist.,
Andhra Pradesh

(xv) Address for correspondence for all matters including Shares. :

Registered Office:
VENKATARAYAPURAM
Tanuku – 534 215
West Godavari Dist.,
Andhra Pradesh

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, 2003 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, except that it could hold only two meetings of the Audit Committee against the required minimum of three meetings, for want of quorum despite being duly convened.

We state that in respect of investor grievances received during the year ended 31st March, 2003, no investor grievances are 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 neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

CAMP : TANUKU
DATE : 26-07-2003

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

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 31st March, 2003, its Profit and Loss Account for the year ended on that date annexed thereto and its 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 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 Manufacturing and Other Companies (Auditors' Report) Order, 1988 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, 2003, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2003 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, 2003;

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 : 26-07-2003

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

ANNEXURE REFERRED TO IN PARAGRAPH 4 OF OUR REPORT OF EVEN DATE

1. The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets. The company has adopted a programme of phased physical verification of its fixed assets other than furniture and fixtures which, in our opinion, is reasonable and adequate in relation to the number and location of its fixed assets. We are informed by the company that in accordance with the said programme, no physical verification has been carried out during the year, but is being carried out in the subsequent year.
2. None of the Fixed Assets has been revalued during the year.
3. According to the information and explanations given to us, the stocks of finished goods, and raw materials have been physically verified during the year by the management at reasonable intervals. According to the information furnished to us the company has carried out physical verification of only the high value items of its stores during the year.
4. In our opinion, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
5. According to the information and explanations furnished to us the discrepancies noticed on physical verification of stocks as compared to book records were not material, and have been properly dealt with in the books of account.
6. In our opinion and according to the information made available to us and the explanations given to us, the method of valuation of stocks is proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. In our opinion, the rate of interest and the terms and conditions on which loans have been obtained from parties listed in the register maintained under Section 301 or from companies under the same management as contemplated in section 370 (1B) of the Companies Act 1956 are not, prima facie, prejudicial to the interests of the company.
8. According to the information and explanation given to us, the company has not granted any loans to parties listed in the register maintained under Section 301 or from companies under the same management as contemplated in section 370 (1B), of the Companies Act 1956.
9. According to the information and explanations given to us, the parties to whom loans or advances in the nature of loans have been given by the company are repaying the principal amounts and also interest as stipulated.
10. In our opinion, there is an adequate internal control procedure commensurate with the size of the company and the nature of its business for the purchase of stores, raw materials including components, plant and machinery, equipment and other assets and for the sale of goods.
11. In our opinion and according to the information and explanations given to us, the transactions of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs.50,000/- or more in respect of each party were comparable to similar transactions with other parties.
12. In our opinion, wherever unserviceable or damaged stores, raw materials and finished goods were determined, provision for loss, if any, has been made in the accounts.
13. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of Section 58-A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules 1975 with regard to the deposits accepted from the public.
14. In our opinion and according to the information and explanations given to us, the company is maintaining reasonable records for the sale and disposal of realisable by-products and scrap.
15. In our opinion, the company has an internal audit system commensurate with its size and nature of its business.

16. We have broadly reviewed the books of accounts maintained by the company pursuant to the Order made by the Central Government for the maintenance of cost records wherever applicable under Section 209(1)(d) of the Companies Act 1956, and are of the opinion that, prima facie, the prescribed accounts and records have been maintained. We have not, however, conducted a detailed examination of the same.
17. According to the records of the company, the company is regular in depositing Provident Fund and Employees State Insurance dues with appropriate authorities and there are no arrears of such dues on the Balance Sheet date.
18. According to the records of the company and information given to us, there were no undisputed amounts payable in respect of Income tax, Wealth tax, Sales tax, Customs Duty and Excise Duty outstanding as at the date of the Balance Sheet for a period of more than six months from the date they became payable.
19. In our opinion and according to the information and explanations given to us and the records of the company examined by us, no personal expenses have been charged to revenue account, except those payable under contractual obligations, and in accordance with usual commercial practices.
20. The company is not a Sick Industrial Company, within the meaning of the provisions of Clause (o) of Sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985, (1 of 1986) as at the date of the Balance Sheet.
21. In respect of its service activities:
 - 1) In our opinion, the company has a reasonable system of recording receipts, issues and consumption of materials and stores and allocating materials consumed to the relative jobs, commensurate with the size and the nature of its business.
 - 2) In our opinion, the company has a reasonable system of allocating man hours utilised to the relative jobs, commensurate with the size and the nature of its business.
 - 3) In our opinion, there is a reasonable system of authorisation at proper levels and an adequate system of internal control commensurate with the size of the company and the nature of its business for issue of stores and allocation of stores and labour to jobs.
22. According to the information and explanations given to us, in respect of the company's trading activities, there were no damaged stocks.

CAMP : TANUKU
Date : 26-07-2003

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

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 Modvat/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 capitalised. Revenue expenses incidental to new projects are capitalised.

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:

Inventories are valued at lower of cost or net realisable value. Cost of Raw materials, stores and spares is determined using FIFO and weighted average method respectively. Cost of Work-in-process and finished goods includes appropriate portion of overheads etc., and excise duty wherever applicable. By-products, scraps 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 and packing charges 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. RETIREMENT BENEFITS:

- Contributions to Provident Fund are accounted on accrual and remitted to the Provident Fund authorities.
- Contributions to Gratuity and Superannuation funds are made to schemes under arrangements with Life Insurance Corporation of India and, accounted for based on the annual demands received each year. Differential gratuity if any payable on retirement of employees is accounted for in the year of retirement.
- Liability for leave encashment at the time of cessation of service is estimated as if all the employees retire at the Balance Sheet date and reviewed and stated in the accounts each year accordingly.

9. RESEARCH AND DEVELOPMENT 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:

- a) On part of Buildings, Main Plant and Machinery and Electrical Installations of Caustic Soda, Chlorosulphonic Acid, Alum, Aspirin, Wind Power and Sugar Unit at Taduvai and all Buildings, Plant and machinery, Electrical Installations, Weigh Bridges and Scales and Workshop Equipment of Cotton and Oil Products Unit, under Straight Line Method.

- b) On the remaining assets of the above Units and all assets of the other units, under Written Down Value Method.
- c) In respect of Inter Unit transfer of assets, depreciation is computed on the same basis as in the transferor unit.

11. FOREIGN EXCHANGE TRANSACTION:

- a) Export sales are initially accounted at the exchange rate prevailing on the date of documentation/invoicing and the same is adjusted with the difference in the rate of exchange arising on actual receipt of proceeds in foreign exchange.
- b) Earnings in foreign currency other than export sales are accounted for at the rate of conversion on the date of realisation.
- c) Imports of materials/capital equipment are accounted at the rates at which the actual payments are effected.
- d) Assets and Liabilities arising out of foreign exchange transactions, as mentioned above, are translated at the rates of exchange ruling on the date of Balance Sheet, and are suitably adjusted to the appropriate Revenue/Capital account.

12. TAXATION:

- a) 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.
- b) The net deferred tax liability arising on account of timing differences at 1-4-2001 has been adjusted against the General reserve as 1-4-2001.

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 recognised 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 recognised only if there is a reasonable certainty of realisation.

13. 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.

14. 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	31-03-2003
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	5157924
b) Total Liabilities	5157924
Sources of Funds:	
a) Paid-up Capital	271061
b) Reserves & Surplus	1313135
c) Deferred Tax (Net)	362940
d) Secured Loans	1209369
d) Unsecured Loans	796190
TOTAL:	3952695
Application of Funds:	
a) Net Fixed assets	2097533
b) Investments	207602
c) Net Current Assets	1645092
d) Miscellaneous Expenses	2468
TOTAL:	3952695
IV. Performance of Company:	
a) Turnover	3507256
b) Other Income	190205
c) Total Expenditure	3313251
d) Profit Before Tax	384210
e) Profit After Tax	241126
f) Earnings Per Share in Rs.	8.90
g) Dividend Rate %	25
V. Generic Names of Three Principal Products / Services of Company (As per monetary terms)	
1. Item Code No. (ITC Code) Product Description	170111.09 Sugar
2. Item Code No. (ITC Code) Product Description	281512.00 Caustic Soda
3. Item Code No. (ITC Code) Product Description	280110.00 Chlorine

BALANCE SHEET AS AT 31st MARCH, 2003

	Schedule	(Rupees in lakhs)	
		31-3-2003	31-3-2002
I SOURCES OF FUNDS			
1) Shareholders' Funds			
a) Capital	1	2710.61	2710.61
b) Reserves & Surplus	2	13131.35	11484.47
		<u>15841.96</u>	<u>14195.08</u>
2) Deferred Tax			
a) Liability		4126.93	3728.20
b) Asset		497.53	378.64
		<u>3629.40</u>	<u>3349.56</u>
3) Loan Funds			
a) Secured Loans	3	12093.69	12436.32
b) Unsecured Loans	4	7961.90	6303.24
		<u>20055.59</u>	<u>18739.56</u>
TOTAL		<u>39526.95</u>	<u>36284.20</u>
II APPLICATION OF FUNDS			
1) Fixed Assets			
a) Gross Block		33137.84	28635.61
b) Less: Depreciation		12515.29	11317.04
c) Net Block	5	20622.55	17318.57
d) Capital work-in-progress at cost		352.78	221.92
		<u>20975.33</u>	<u>17540.49</u>
2) Investments			
	6	2076.02	2076.02
3) Current Assets, Loans & Advances			
a) Inventories	7	20645.13	17387.93
b) Sundry Debtors	8	3722.48	3825.68
c) Cash and Bank Balances	9	1035.17	1104.92
d) Other Current Assets	10	21.71	28.03
e) Loans and Advances	11	3078.72	2611.50
		<u>28503.21</u>	<u>24958.06</u>
Less: Current Liabilities & Provisions:			
a) Liabilities	12	8781.53	5977.86
b) Provisions	13	3270.76	2343.97
		<u>12052.29</u>	<u>8321.83</u>
Net Current Assets		16450.92	16636.23
4) Miscellaneous Expenditure			
	14	24.68	31.46
TOTAL		<u>39526.95</u>	<u>36284.20</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. Muralikrishna
Partner

FOR AND ON BEHALF OF THE BOARD
Dr. Mullapudi Harischandra Prasad
Dr. P. Kotaiah
M. Bulli Abbayi

Chairman & Managing Director
Director
Secretary

Camp : TANUKU
Date : 26-07-2003

TANUKU
26-07-2003

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2003

		(Rupees in lakhs)	
	Schedule	This Year	Previous Year
INCOME			
Sales (including Excise Duty recovered Rs. 3268.90 lakhs) (Rs. 2917.44 lakhs)		35072.56	33816.99
Other Income	15	1902.05	1566.52
		<u>36974.61</u>	<u>35383.51</u>
EXPENDITURE			
Opening Stocks	16	14942.04	13049.03
Raw Materials consumed		15961.69	13800.26
Purchase of Finished goods		14.49	23.70
Payments & Benefits to Employees	17	2461.91	2517.32
Expenses	18	10198.12	9564.74
Excise Duty and Taxes	19	4271.72	3962.56
Interest	20	2198.53	2444.02
Depreciation		1387.83	1242.74
		<u>51436.33</u>	<u>46604.37</u>
Less: Closing Stocks	16	18261.09	14942.04
		<u>33175.24</u>	<u>31662.33</u>
Profit for the year before extra-ordinary items		3799.37	3721.18
Less: Provision for Diminution in value of Investments		---	2076.65
		<u>3799.37</u>	<u>1644.53</u>
Add: Income Tax refund received		18.16	23.08
Excess provision of Income Tax		24.57	---
		<u>3842.10</u>	<u>1667.61</u>
Less: Provisions for:			
Income Tax of previous years		---	3.05
Current Tax		1150.00	1000.00
Deferred Tax		279.84	203.56
Wealth Tax		1.00	0.75
		<u>2411.26</u>	<u>460.25</u>
Add: Balance brought forward from last year		2418.37	2369.45
Transfer from Debenture redemption reserve		1412.50	1412.50
		<u>6242.13</u>	<u>4242.20</u>
APPROPRIATIONS			
General Reserve		3000.00	1146.00
Dividends (See Directors' Report)	21	764.68	677.83
Balance carried forward to next year		2477.45	2418.37
		<u>6242.13</u>	<u>4242.20</u>
Basic Earnings per Share:			
(Profit after tax/No. of equity shares)			
Profit after tax		2411.26	460.25
No. of equity shares		27113088	27113088
Basic Earnings per share			
(Face value of Rs. 10/- each) Rs.		8.89	1.70
Notes forming part of the accounts.	22		

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

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

FOR AND ON BEHALF OF THE BOARD
Dr. Mullanpudi Harischandra Prasad
Dr. P. Kotaiah
M. Bulli Abbayi

Chairman & Managing Director
Director
Secretary

Camp : TANUKU
Date : 26-07-2003

TANUKU
26-07-2003

SCHEDULES TO BALANCE SHEET**SHARE CAPITAL****SCHEDULE -1**
(Rupees in lakhs)

	As at 31-3-2003	As at 31-3-2002
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
	<u>3000.00</u>	<u>3000.00</u>
ISSUED CAPITAL		
27113091 Equity Shares of Rs.10/- each	2711.31	2711.31
	<u>2711.31</u>	<u>2711.31</u>
SUBSCRIBED AND PAID UP CAPITAL		
27113088 Equity Shares of Rs.10/- each	2711.31	2711.31
Less: Calls in arrears	0.70	0.70
	<u>2710.61</u>	<u>2710.61</u>

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)
- iii) An amount of Rs.15/- originally paid up on Forfeited Shares.

RESERVES AND SURPLUS**SCHEDULE - 2**

1) DEBENTURE REDEMPTION RESERVE			
As per last Balance Sheet	1892.50		
Less: Withdrawn during the year	1412.50	480.00	1892.50
	<u> </u>		
2) GENERAL RESERVE			
As per last Balance Sheet	6000.00		
Add: Transferred from Profit & Loss A/c during the year	3000.00	9000.00	6000.00
	<u> </u>		
3) SHARE PREMIUM			
As per last Balance Sheet		1128.60	1128.60
4) CAPITAL RESERVE			
Capital investment subsidy		45.00	45.00
Forfeited Debentures *		0.30	---
5) SURPLUS IN PROFIT & LOSS ACCOUNT		2477.45	2418.37
		<u>13131.35</u>	<u>11484.47</u>

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

SECURED LOANS

SCHEDULE - 3

(Rupees in lakhs)

As at	As at
31-3-2003	31-3-2002

DEBENTURES:

i) 5,50,000 17% Non-Convertible Debentures of Rs.100/- each (after redemption during the year of the value of Rs. 183 lakhs)	184.00	367.00
ii) 2,50,000 17% Non-Convertible Debentures of Rs.100/-each (after redemption during the year of the value of Rs. 83.34 lakhs)	83.33	166.67
iii) 45,20,000 16.5% Non-Convertible Debentures of Rs.250/-each (redeemed in full during the year)	---	2828.57

FROM BANKS:

i) Term Loans	4037.74	51.47
ii) Cash Credit	7788.62	7991.55

FROM OTHERS

i) UTI Bank Limited (assigned from ICICI)	---	1000.00
ii) Indian Renewable Energy Development Agency Ltd	---	31.06
	12093.69	12436.32

NOTES:

1) DEBENTURES:

- A) Debentures under (i) and (iii) above are secured under a Debenture Trust Deed with ICICI up to 31-12-2001 and with The Western India Trustee & Executor Company Ltd., from 01-01-2002 Trustees to the debenture holders, by first legal mortgage in English Form on all the Company's movable and immovable properties, present and future situated at Mouje Dhanot, Mehsana District in the State of Gujarat and further by way of equitable mortgage on all the properties present and future of Sugar Plant at Taduvai, Caustic Soda and other plants at Saggonda and existing assets at Tanuku & Kovvur (excluding land and subsidised industrial housing colony tenements constructed at Tanuku and Kovvur, quarters constructed at Guntur and Saggonda and assets at Ramagiri).
- B) Debentures under (i) and (ii) are privately placed as detailed below.
 (i) With Army Group Insurance Directorate, LIC, GIC and two of its subsidiaries.
 (ii) With UTI
- C) Debentures of Rs.450 lakhs under (i) and Rs.250 lakhs in (ii) are to be redeemed in three yearly equal instalments, and the balance of Rs.100 lakhs in (i) above is to be redeemed at par in three yearly instalments of Rs.33/-, Rs.33/- and Rs.34/- on the expiry of 6th, 7th and 8th year respectively from the date of allotment thereof i.e., 19-08-95 and 29-12-95 respectively.

2) BANKS:

- a) Term Loan of Rs.37.74 lakhs from Vysya Bank is secured by equitable mortgage of land along with Staff Quarters constructed thereon at Company's Chemical Division Saggonda.
- b) Cash Credits are secured by hypothecation of Raw-Materials, Finished Goods, and Stores & Spares, and a second charge on the properties of the Company offered as security for the Term loan from banks and others.

3) OTHERS:

Term loan of Rs.4000 lakhs availed from ICICI Bank, Andhra Bank, State Bank of India, State Bank of Hyderabad and Bank of Baroda (for an amount of Rs.400 lakhs, Rs.1800 lakhs, Rs.400 lakhs, Rs.900 lakhs and Rs.500 lakhs respectively), during the year are secured by way of mortgage by deposit of title deeds in respect of the Companies immovable properties situated at Tanuku, Kovvur, Taduvai & Saggonda together with all buildings and structures thereon and all plant and machinery attached to the earth or permanently fastened to anything attached to the earth.

The above mortgages and charge shall rank pari-passu with the charges created / to be created in favour of banks and institutions for the above term loans/non-convertible debentures.

UNSECURED LOANS**SCHEDULE - 4**

(Rupees in lakhs)

	As at 31-3-2003	As at 31-3-2002
Fixed Deposits from Shareholders (including Rs. 522.80 lakhs from directors)	1360.14	568.75
Fixed Deposits from Others	2639.78	1959.06
Short term loan from bank for working capital	1000.00	501.24
Due to Companies *	1706.00	1806.00
Due to Directors	---	450.07
Sugarcane Development Fund (Covered by Bank guarantee in turn Counter Guaranteed by the Company)	45.26	60.34
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)	1210.72	957.78
	7961.90	6303.24
* Include amounts due to subsidiary companies :		
JOCIL Ltd.,	1700.00	1800.00
Hindustan Allied Chemicals Ltd.,	6.00	6.00

Note : Fixed deposits matured and remaining unclaimed aggregating to Rs. 38.86 lakhs are not included above but shown in Schedule 12.

FIXED ASSETS

SCHEDULE - 5
(Rupees in lakhs)

	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK	
	Cost as at 31-3-02	Additions during the year	Deductions during the year	Cost as at 31-3-03	Dep. upto 31-3-02	Dep. for 02-03	Dep. on Dedn	Dep. Upto 31-3-03	WDV AS AT 31-3-03	WDV AS AT 31-3-02
1) Land *	367.31	4.80	0.30	371.81	---	---	---	---	371.81	367.31
2) Buildings**	3100.38	117.93	---	3218.31	799.39	95.42	---	894.81	2323.50	2300.98
3) Plant and Machinery	22990.63	4210.91	129.91	27071.63	9301.57	1094.57	116.05	10280.09	16791.54	13689.05
4) Renewable Energy Plant : Wind Farm	706.08	---	---	706.08	279.66	37.28	---	316.94	389.14	426.42
5) Tramways and Railway Sidings	161.59	---	---	161.59	99.16	8.68	---	107.84	53.75	62.44
6) Furniture & Fittings	510.77	72.32	7.98	575.11	335.86	55.91	6.43	385.34	189.77	174.91
7) Vehicle and Materials Handling Equipment	798.85	306.16	71.70	1033.31	501.40	97.06	68.19	530.27	503.04	297.46
TOTAL	28635.61	4712.12	209.89	33137.84	11317.04	1388.92	190.67	12515.29	20622.55	17318.57
Previous Year	27636.18	1062.24	62.81	28635.61	10130.51	1243.39	56.88	11317.04	17318.59	17505.67

* 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.

INVESTMENTS**SCHEDULE - 6**

(Rupees in lakhs)

	As at 31-3-2003	As at 31-3-2002
--	--------------------	--------------------

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.,(Quoted)	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) 2,06,82,025 fully paid Equity shares of Rs.10/- each in The Andhra Petrochemicals Ltd., (a company under the same management) (Quoted) Less : Provision for diminution in value	2479.21 2055.22 -----	423.99
c) 76,54,080 fully paid Equity Shares of Rs.10/- each in Andhra Pradesh Gas Power Corporation Ltd., (Unquoted)	983.36	983.36
d) 11.60% Redeemable Non-convertible Bonds in Andhra Pradesh Power Finance Corpn. Ltd., (Unquoted)	90.00	90.00

B) NON-TRADE INVESTMENTS

a) In Government Securities: National Plan Saving Certificates (held by Govt.Departments towards security)	0.31	0.31
b) 300 fully paid Equity Shares of Rs.10/-each in Andhra Pradesh Scooters Ltd.,(quoted) *	0.03	0.03
c) 1000 fully paid Equity Shares of Rs.10/- each in Andhra Pradesh Steels Ltd.,(quoted) *	0.10	0.10
d) 1000000 Equity Shares of Rs.10/-each in Agri Business Finance (AP) Ltd., (Unquoted) Less: Calls due	100.00 50.00 -----	50.00
e) 22,800 Fully paid equity shares of Rs. 10/- each in Andhra Bank (Quoted)	2.28	2.28
f) 4,51,000 units of Rs. 10/- each in Unit Trust of India earmarked for deposit under companies deposit regulations (Repurchase value Rs. 45.10 lakhs)	66.52 21.42 -----	45.10
	----- 2076.02 -----	----- 2076.02 -----

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

* Pending transfer in company's Name		
Cost of unquoted investments	1160.67	1160.67
Cost of investments which are listed but whose quotations are not available	443.67	443.67
Cost of quoted investments	2548.32	2548.32
	----- 4152.66 -----	----- 4152.66 -----
Market value of quoted investments	1033.93	471.47

The Andhra Sugars Limited

INVENTORIES

(As certified by the Managing Director)

SCHEDULE - 7

(Rupees in lakhs)

	As at 31-3-2003	As at 31-3-2002
Stores and Spares	1401.24	1344.52
Raw Materials	982.73	1100.99
Work-in-process	339.51	180.69
Finished Goods - at Cost	17489.90	14088.53
- at Market value	431.68	672.82
Goods in Transit	0.07	0.38
	20645.13	17387.93

SUNDRY DEBTORS

SCHEDULE - 8

a) Debts outstanding for a period exceeding six months		
Unsecured-considered good	445.19	785.33
Unsecured-considered doubtful	3.18	3.18
	448.37	788.51
Less: Provision for Doubtful Debts	3.18	3.18
	445.19	785.33
b) Other Debts: Unsecured-considered good	3277.29	3040.35
	3722.48	3825.68
Due from a Subsidiary Company (included in the above)	---	61.38

CASH AND BANK BALANCES

SCHEDULE - 9

Cash and Cheques on hand	20.89	19.84
Balances with Scheduled Banks in		
Current Accounts	818.24	553.51
Fixed Deposit Accounts	196.04	307.85
Remittance in Transit	---	223.72
	1035.17	1104.92

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

a) In "Unclaimed Dividend Accounts" u/s 205A of the Companies Act, 1956	36.98	27.36
b) For repayment of Preference Share Capital redeemed	0.20	0.20
c) For payment of interest accrued and due on 16.5% Non-convertible Debentures	0.56	0.98
e) Towards staff security deposit	3.38	1.38

OTHER CURRENT ASSETS

SCHEDULE - 10

Interest accrued on Investments and Deposits	21.71	28.03
	21.71	28.03

LOANS AND ADVANCES**SCHEDULE - 11**

(Rupees in lakhs)

	As at 31-3-2003	As at 31-3-2002
Advances (recoverable in cash or in kind for value to be received)		
Unsecured considered good	359.69	693.47
Unsecured considered doubtful	0.03	0.03
	<u>359.72</u>	<u>693.50</u>
Less: Provision for doubtful Advances	0.03	0.03
	<u>359.69</u>	<u>693.47</u>
Prepaid Expenses	29.10	19.11
Excise Duty paid in advance (including Modvat Credit pending Utilisation)	358.45	133.22
Advance payment of Income Tax	1941.48	1341.00
Income Tax deducted at source	51.50	56.26
Income Tax refund receivable	9.11	1.03
Deposits recoverable	186.33	308.16
Claims recoverable	143.06	59.25
	<u>3078.72</u>	<u>2611.50</u>

LIABILITIES**SCHEDULE - 12**

Sundry Creditors		
Due to Small Scale Industrial undertakings	---	
Due to Others	8268.25	5333.02
(incl. Rs. 360.68 lakhs (Rs. 351.27 lakhs) due to directors)	<u>8268.25</u>	
Advances received against sales	267.88	270.14
Trade Deposits	53.00	50.18
Staff security deposit	3.24	1.29
Interest accrued but not due on Loans (Includes Rs. 4.87 lakhs due to directors)	113.38	295.93
Dividends pending encashment	36.92	27.30
Fixed Deposits matured but unclaimed *	38.86	---
	<u>8781.53</u>	<u>5977.86</u>

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

PROVISIONS**SCHEDULE - 13**

For Income Tax	2375.00	1525.00
For Wealth Tax	2.50	2.25
For Proposed Dividend	677.83	677.83
For Tax on Distributable Profits	86.85	---
For Leave Encashment on Retirement	128.58	138.89
	<u>3270.76</u>	<u>2343.97</u>

MISCELLANEOUS EXPENDITURE**SCHEDULE - 14**

(to the extent not written off or adjusted)

Issue expenses of Debentures / Shares on Rights basis	31.46	38.24
Less: Written off during the year	6.78	6.78
	<u>24.68</u>	<u>31.46</u>

SCHEDULES TO PROFIT & LOSS ACCOUNT

OTHER INCOME

	SCHEDULE - 15	
	(Rupees in lakhs)	
	This Year	Previous Year
Processing and Job Work Income	58.31	96.04
Freight and other sales expenses recovered	680.41	746.10
Subsidy on Superphosphate sales	173.00	183.08
Rents received	10.94	6.31
Dividend income	123.88	128.30
Interest income from Banks and Others (Gross)	103.60	50.41
Interest income on Investments	10.45	---
Miscellaneous Receipts	133.86	24.08
Profit on Sale of Assets	69.26	0.48
Sales tax refund received	39.47	---
Provisions no longer required and Credit balances written back	24.21	12.13
Claims received	43.64	37.53
Income from agriculture (Net)	2.30	3.11
Income of earlier years	9.87	---
Bad debts recovered	0.25	---
Rebates and expenses of prior years	418.60	278.95
	<u>1902.05</u>	<u>1566.52</u>
1) Dividend income includes:		
i) from Trade Investments - in subsidiaries	122.16	122.16
- in others		
ii) from Non-Trade investments	1.72	6.14
2) Tax deducted at source :		
-- on Interest income	7.48	6.88
-- On Processing charges received	3.46	2.90
-- On Rents received	1.40	---
-- On Dividends received	13.01	---

OPENING AND CLOSING STOCKS

SCHEDULE - 16

Opening Stock:		
Work-in-process	180.69	193.67
Finished goods	14761.35	12855.36
	<u>14942.04</u>	<u>13049.03</u>
Closing Stock:		
Work-in-process	339.51	180.69
Finished goods	17921.58	14761.35
	<u>18261.09</u>	<u>14942.04</u>

PAYMENTS AND BENEFITS TO EMPLOYEES

SCHEDULE - 17

Salaries, Wages and Bonus	2006.26	2084.85
Contribution to Provident, Gratuity and other funds	307.30	301.38
Workmen and Staff Welfare Expenses	148.35	131.09
	<u>2461.91</u>	<u>2517.32</u>

MANUFACTURING AND OTHER EXPENSES

The Andhra Sugars Limited

SCHEDULE - 18

(Rupees in lakhs)

	This Year	Previous Year
Stores & Spares consumed (including packing materials)	1267.19	1224.24
Power and Fuel	4438.86	3816.26
Insurance	116.85	119.45
Sugarcane Development Expenses	504.10	501.77
Royalty	0.89	2.22
Repairs to Buildings	79.62	102.82
Repairs to Machinery	1246.18	1383.45
Repairs to Other Assets	199.62	159.32
Advertisement and Sales Promotion	6.30	35.37
Handling, Transport & Expenses at Sales Depots	752.29	806.36
Commission on Sales	77.12	58.44
Rent	6.38	4.12
Equipment lease rentals	48.95	48.95
Directors' Sitting Fee	0.42	0.52
Managerial Remuneration (Note No.26)	416.75	410.85
Payments to Auditors (Note No.22)	6.77	5.97
Miscellaneous Expenses	574.44	526.35
Donations	20.20	0.16
Loss on sale of Assets	0.66	2.06
Premium on Debentures	141.21	141.25
Issue expenses of Shares/Debentures written off	6.78	6.78
Bad debts written off	264.11	194.80
Tools written off	17.57	10.73
Assets written off	1.07	2.50
Stores & Spares written off	3.79	---
	10198.12	9564.74

EXCISE DUTY AND TAXES**SCHEDULE - 19**

Excise Duty	3509.31	3024.94
Purchase Tax on Sugarcane	660.35	545.78
Rates and Taxes	102.06	391.84
	4271.72	3962.56

INTEREST**SCHEDULE - 20**

On Debentures and fixed period loans	1017.38	1520.51
On Director's loans	53.86	45.21
On Banks and other Accounts	1127.29	878.30
	2198.53	2444.02

DIVIDENDS**SCHEDULE - 21**

Proposed dividend	677.83	677.83
Tax on above	86.85	---
	764.68	677.83

NOTES FORMING PART OF THE ACCOUNTS

SCHEDULE - 22

(Rupees in lakhs)

	As at 31-3-2003	As at 31-3-2002
1. CONTINGENT LIABILITIES NOT PROVIDED FOR:		
a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for	113.05	1534.43
b) On letter of credit opened with Bankers for purchase of material	362.61	408.50
c) Uncalled liability on partly paid shares held as Investments	74.66	74.66
d) Liability on account of membership in Alkali Manufacturers' Association of India, a Company limited by Guarantee	0.01	0.01
e) Claims against the Company not admitted	1663.11	733.64
2. Under the provisions of "The Levy Sugar Price Equalisation Fund Act, 1976" the excess amount collected over the notified levy sale price pursuant to the interim stay granted by the Courts vests in the fund. In a writ petition No: 1534/76 filed by the Company against these provisions, the High Court of Andhra Pradesh has held that provisions of the said Act are not applicable to the excess collections made prior to 15-6-1972, against which the Union Government filed a civil appeal No: 274/79 before the Supreme Court, which is pending.		
While admitting the appeal, the Supreme Court granted stay of operation of Judgement of A.P. High Court in W.P.No: 1534/76 and directed the Company to furnish a Bank Guarantee for Rs.9.60 lakhs being the difference in levy Sugar price for the Sugar Season 1969-70. The Bank Guarantee was furnished on 7-12-1979 in favour of Registrar, High Court of Andhra Pradesh. Interest, if any, payable under the said Act, estimated at Rs.48.82 lakhs (Rs. 47.09 lakhs) has not been provided for in the accounts pending final legal decision in the matter.		
3. No provision has been made in the accounts towards additional cane price for the years 1974-75 to 1979-80, if any, payable to the cane growers, arising out of the orders of Supreme Court in C.A. No: 274/79 which is estimated by the company at Rs.46.07 lakhs. The company has along with other sugar companies claimed on the Govt. that additional levy price of sugar for the said years should also be revised consequent on revision of cane price referred to above. The net impact of the above is not determinable.		
4. Pursuant to an amendment to the Bonus Act 1965 in July 1995 the eligibility limit and the maximum amount of bonus payable was increased with retrospective effect from 1st April 1993. This was challenged by the company by way of writ petition in the High Court of Andhra Pradesh, which was pleased to grant stay of operation of the amendment with regard to its retrospectivity pending further orders. As the matter is subjudice no provision is made in the accounts for Rs.22.66 lakhs being the differential bonus for the accounting year ended 31st March 1994.		
5. 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.		
6. "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.		

7. The Company has given undertakings / assurance to APIDC, IDBI, ICICI and other Institutions not to dispose of its share holdings in The Andhra Petrochemicals Limited, and Andhra Pradesh Gas Power Corporation Limited without the prior consent of the institutions until the loans payable by the said companies to the said institutions are fully repaid.
8. 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 and necessary steps are being taken to ensure their recovery.
9. Balances in personal accounts of various parties are subject to confirmation by and reconciliation with the said parties.
10. According to the information available with the company, there are no dues payable to Small Scale Industrial Undertakings as on the date of the balance sheet. The Auditors have relied upon the said information.
11. The Company has entered into an agreement with the Government of India, Department of Space, for setting up and operation of a plant to manufacture Hydroxy Terminated Polybutadiene (HTPB) Polymer. Under the agreement, the entire cost of plant, except for some utilities and the land on which it is to be set up, shall be borne by the government and the respective assets shall be owned by the government.

The moneys received by the Company and the expenditure incurred by the company upto the date of the balance sheet have been accounted for in the books of the company, in terms of the said agreement. The Plant is under construction on the date of balance sheet.

12. SALES

		(Rupees in lakhs)			
		This year		Previous year	
		Quantity	Value	Quantity	value
Sugar	M.T	97920	12673.64	83889	12222.61
Molasses	M.T	20781	434.33	13482	329.78
Industrial Alcohol	K.L	2032	277.07	1837	267.90
Acetic Acid	M.T	1240	305.30	1043	251.61
Acetic Anhydride	M.T	805	366.52	974	452.90
Ethyl Acetate	M.T	75	29.84	14	5.03
Aspirin	M.T	635	841.13	387	506.04
Caustic Soda	M.T	61812	7235.75	55243	9054.54
Caustic Potash	M.T	6282	1760.84	5782	1793.82
Chlorine	M.T	37223	3091.65	35110	1371.82
Hydrochloric Acid	M.T	47173	1322.73	46623	894.25
Sodium Hypochlorite	M.T	4302	134.98	2659	100.21
Hydrogen gas	CU.MT	1885390	258.90	1840110	253.27
Chlorosulphonic Acid	M.T	13658	1063.72	6613	283.82
Sulphuric Acid	M.T	16436	351.30	14412	250.88
Superphosphate	M.T	26616	638.09	26154	605.38
Unsymmetrical Dimethyl Hydrazine	M.T	162	543.25	52	160.57
Mono Methyl Hydrazine	M.T	9	163.26	12	219.14
Sunflower Oil	M.T	1836	934.26	4400	1982.20
Neem Oil	M.T	1	0.23	65	11.81
Vanaspati	M.T	4929	2104.05	6073	2042.61
Rice Bran & Other Extractions	M.T	709	126.54	2253	53.87
Cattle Feed	M.T	1563	88.41	1605	84.10
Others		----	326.77	----	618.83
			35072.56		
				33816.99	

NOTE: The above figures include Excise Duty recovered: 3268.90 2917.44

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.

64.45 71.00

14. RAW MATERIALS CONSUMED:

		(Rupees in lakhs)			
		This year		Previous year	
		Quantity	Value	Quantity	value
Sugarcane	M.T.	110763	10054.71	909821	7593.61
Phenol	M.T.	618	270.84	487	169.62
Sulphur	M.T.	12705	345.29	10007	237.52
Rockphosphate	M.T.	15194	415.41	12580	339.25
Salt	M.T.	105708	1197.03	96417	1131.87
Potassium Chloride	M.T.	7711	715.22	8274	780.72
Sunflower Crude Oil	M.T.	2093	862.37	4735	1674.12
Vanaspati Oils	M.T.	5415	1778.44	6413	1609.62
Extractions for Cattle feed	M.T.	1616	63.20	1657	56.31
Other raw materials		---	259.18	----	207.62
			15961.69		
				13800.26	

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 internal 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	122749	13339.13	107245	11705.71	149991	16741.43	122749	13339.13
MOLASSES	MT	32241	599.41	33392	460.47	27631	375.03	32241	599.41
SULPHURIC ACID	MT	1547	14.39	1456	17.96	831	10.29	1547	14.39
OLEUM	MT	12	0.12	8	0.12	37	0.43	12	0.12
SUPERPHOSPHATE	MT	451	10.04	4292	100.73	1166	24.93	451	10.04
CAUSTIC SODA	MT	1728	185.16	490	65.14	1272	108.69	1728	185.16
CAUSTIC POTASH	MT	582	126.69	229	53.60	177	33.89	582	126.69
CHLORINE	MT	130	4.34	418	15.59	327	20.07	130	4.34
SODIUM HYPOCHLORITE	MT	11	0.41	4	0.17	11	0.36	11	0.41
HYDROCHLORIC ACID	MT	157	1.62	246	4.06	494	9.50	157	1.62
INDUSTRIAL ALCOHOL	KL	240	24.65	126	9.77	611	67.74	240	24.65
FUSEL OIL	KL	4	0.34	4	0.48	---	0.05	4	0.34
ACETIC ACID	MT	37	6.78	10	1.95	30	5.84	37	6.78
ACETIC ANHYDRIDE	MT	119	38.31	134	49.38	164	58.20	119	38.31
ETHYL ACETATE	MT	32	8.92	13	4.52	16	5.09	32	8.92
CHLOROSULPHONIC ACID	MT	380	8.03	137	4.86	329	11.99	380	8.03
ASPIRIN	MT	90	95.48	122	127.31	28	30.34	90	95.48
UNSYMMETRICAL DIMETHYL HYDRAZINE	MT	10	42.20	11	49.67	7	24.55	10	42.20
MONOMETHYL HYDRAZINE	MT	2	17.14	1	13.09	2	16.04	2	17.14
SUNFLOWER OIL	MT	198	79.41	119	37.01	271	130.15	198	79.41
NEEM OIL	MT	---	---	53	9.70	---	---	---	---
RICE BRAN AND OTHER EXTRACTIONS	MT	2	0.07	1313	53.35	1	0.02	2	0.07
CATTLE FEED	MT	4	0.16	15	0.67	---	---	4	0.16
VANASPATI	MT	152	49.27	156	38.48	196	82.35	152	49.27
HYDROGEN	CU. MTR	4771	0.24	7391	0.33	5226	0.42	4771	0.24
BARIUM SULPHATE	MT	7	1.47	---	---	8	1.15	7	1.47
WIND POWER (BANKED WITH POWER GRID OF APSEB)	UNITS	74671	1.66	115643	2.58	1139323	24.98	74671	1.66
ELECTRICITY	UNITS	4370190	41.08	---	---	9349108	71.05	4370190	41.08
OTHERS			64.83		28.66		67.01		64.83
TOTAL			14761.35		12855.36		17921.58		14761.35

16. PARTICULARS REGARDING CAPACITY AND PRODUCTION:

CLASS OF GOODS	CAPACITY				ACTUAL PRODUCTION			
	LICENCED		INSTALLED		Year ended March, 2003		Year ended March, 2002	
1 Sugar								
a. Tanuku	5,000	MT Cane/Day	5,000	MT Cane/Day	73399	MT	51208	MT
Molasses (By-product of Sugar)					25699	MT	19382	MT
b. Taduvai	2,500	MT Cane/Day	2,500	MT Cane/Day	51762	MT	48285	MT
Molasses (By-product of Sugar)					21249	MT	19750	MT
2 Acetic Acid	1,080	MT/annum	1,080	MT/annum	1310	MT	1120	MT
Acetic Anhydride	720	MT/annum	720	MT/annum	1327	MT	1246	MT
Ethyl Acetate	1,268	MT/annum	1,268	MT/annum	104	MT	66	MT
Butyl Acetate	1,268	MT/annum	1,268	MT/annum	—		—	
3 Industrial Alcohol	9,900	KL/annum	9,900	KL/annum	6132	KL	5351	KL
4 Sulphuric Acid	45,000	MT/annum	45,000	MT/annum	37979	MT	29369	MT
5 Superphosphate	66,000	MT/annum	66,000	MT/annum	27331	MT	22313	MT
6 Caustic Soda (Kovvur)								
a. Caustic Soda	46,200	MT/annum	46,200	MT/annum	32436	MT	29661	MT
b. Hydrochloric Acid	28,710	MT/annum (100% basis)	28,710	MT/annum (100% basis)	39160	MT	31841	MT
c. Chlorine	29,730	MT/annum	29,730	MT/annum	18927	MT	18761	MT
d. Caustic Potash	2,500	MT/annum	2,500	MT/annum	5655	MT	5959	MT
e. Sodium Hypochlorite	1,650	MT/annum	1,650	MT/annum	2441	MT	1628	MT
7 Caustic Soda (Saggonda)								
a. Caustic Soda	66,000	MT/annum	66,000	MT/annum	31579	MT	28877	MT
b. Hydrochloric Acid	20,000	MT/annum (100% basis)	20,000	MT/annum (100% basis)	26611	MT	26040	MT
c. Chlorine	38,000	MT/annum	38,000	MT/annum	19168	MT	16759	MT
d. Sodium Hypochlorite	6,600	MT/annum	6,600	MT/annum	1861	MT	1038	MT
e. Hydrogen gas	800	MT/annum	800	MT/annum	1931624	UMTR	1873201	U.MTR
f. Barium Sulphate	330	MT/annum	330	MT/annum	5	MT	12	MT
8 Chlorosulphonic Acid	20,000	MT/annum	20,000	MT/annum	13607	MT	6856	MT
9 Oleum	6,600	MT/annum	6,600	MT/annum	25	MT	165	MT
10 Aspirin	1,000	MT/annum	1,000	MT/annum	581	MT	355	MT
11 Carbon Dioxide	5,000	MT/annum	5,000	MT/annum	380	MT	300	MT
12 Alum	3,000	MT/annum	3,000	MT/annum	—		—	
13 Diffusers	4 Nos	per annum	4 Nos	per annum	—		—	
14 Chemical Equipment	392	MT/annum	500	MT/annum	323	MT	283	MT
15 Sugar Factory Boiling House Equipment	1,000	MT/annum	1,000	MT/annum	—		—	
16 Unsymmetrical Dimethyl Hydrazine	90	MT/annum	90	MT/annum	58	MT	74	MT
Monomethyl Hydrazine	10	MT/annum	10	MT/annum	9	MT	13	MT
17 Crushing and processing of , seeds and oil bearing vegetable produce	63,000	MT/annum	125	MT/day crusing	—		—	
			300	MT/day processing	597	MT	942	MT
18 Vegetable oil refining	18,000	MT/annum	60	MT/day	6969	MT	10517	MT
19 Hydrogenation of Oils	12600	MT/day	40	MT/day	4973	MT	6069	MT
20 Cattle and Poultry Feed	15000	MT/annum	15	MT/day	1559	MT	1604	MT
21 Wind Power	2.025	MW	2.025	MW	2544547	Units	2659729	Units
22 Electricity	7	MW	7	MW	28194757	Units	31893370	Units
23 Bagasse					305210	MT	272916	MT

50

1. The above licenced capacities are as registered with the concerned authorities, wherever necessary, consequent to delicensing of the respective products.
 2. Production of Wind Power & Electricity 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	1725.30	11	2253.43	16
Indigenous	14236.39	89	11546.83	84
	<u>15961.69</u>		<u>13800.26</u>	

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

Imported	172.12	4	302.02	12
Indigenous	3715.16	96	2198.66	88
	<u>3887.28</u>		<u>2500.68</u>	

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

Capital Goods	1377.52	---
Components and Spare Parts	159.05	234.48
Raw - materials	1286.71	1591.48
	<u>2823.28</u>	<u>1825.96</u>

20. Earnings in foreign exchange on FOB basis:

	This Year	Previous Year
	NIL	NIL

21. Expenditure Incurred in foreign currency:

Books and Periodicals	5.08	4.81
Foreign travel (excluding tickets purchased in India)	18.38	7.87
Delegation fee	0.92	2.73
Professional charges	1.33	---

22. Payments made to Auditors:

As Auditors	2.89	2.63
As Tax Auditors and for other Tax matters	1.05	1.30
Fee for Certification	1.52	0.75
Reimbursement of out of pocket expenses	0.47	0.44
	<u>5.93</u>	<u>5.12</u>
Fee to Cost Auditors	0.64	0.64
Fee for Certification	0.10	0.10
Reimbursement of out of pocket expenses	0.10	0.11
	<u>6.77</u>	<u>5.97</u>

The Andhra Sugars Limited

(Rs. in lakhs)

This Year **Previous Year**

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

Salaries, Wages and Bonus	27.75	28.77
Contribution to Provident, Gratuity and other funds	5.27	4.95
Workmen and Staff Welfare Expenses	0.92	1.33
Materials consumed	5.79	17.98
Power and Fuel	1.80	2.91
Repairs to Assets	4.31	0.39
Miscellaneous Expenses	24.96	3.64
Depreciation	4.91	4.08
	75.71	64.05

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	25.52	22.71
Contribution to Provident, Gratuity and other funds	2.45	2.52
Workmen and Staff Welfare Expenses	1.48	1.66
Power and Fuel	6.35	3.73
Insurance	0.08	0.15
Repairs to machinery	7.18	1.47
Miscellaneous Expenses	0.18	0.26
Tools written off	0.21	0.11
Depreciation	1.09	0.65
	44.54	33.26

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

Salaries, Wages and Bonus	0.35	---
Insurance	12.95	---
Taxes & Licences	3.55	---
Borrowing Costs		
-- Term Loan Processing & Upfront fee	45.75	---
-- Interest Paid to Banks	3.05	---
	65.65	---

25. PURCHASE OF FINISHED GOODS:

	Quantity	Value	Quantity	Value
Palm Fatty Acid distillate	21 MT	3.47	120 MT	20.58
Refined Palmolein Oil	34 MT	11.02	10 MT	3.12
		14.49		23.70

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

		(Rs. in lakhs)
Net Profit as per Profit & Loss account		3799.37
Add: Sitting fees	0.42	
Remuneration provided	416.75	
Depreciation provided	1387.83	1805.00
	-----	-----
		5604.37
Less: Capital Profit on Land	0.34	
Depreciation in accordance with Sec.350	1387.83	1388.17
	-----	-----
Net Profit in accordance with Sec.349		4216.20

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	10.07	11.24
Other perquisites	13.50	13.54
Commission	358.38	351.27
	-----	-----
	416.75	410.85
	-----	-----

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

Particulars	Assets	Liabilities
1. Depreciation		4126.93
2. Amounts disallowed u/s 43B of Income Tax Act, 1961	489.06	---
3. Unabsorbed losses under the Income Tax Act	7.33	---
4. Provision for doubtful debts	1.14	---
	-----	-----
	497.53	4126.93
	-----	-----
Deferred Tax (Net)		3629.40

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
 Dr. P. Kotaiah Director
 M. Bulli Abbayi Secretary

Camp : TANUKU
 Date : 26-07-2003

TANUKU
 26-07-2003

CASH FLOW STATEMENT FOR THE YEAR

	(Rupees in lakhs)	
	2002-2003	2001-2002
A CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit before Tax and extra-ordinary items	3799.37	3721.18
ADJUSTMENTS FOR:		
Depreciation	1388.92	1243.39
Assets written off	1.07	2.50
Interest (Net)	2084.48	2393.61
Profit/Loss on sale of assets	-68.60	1.58
Dividends received	-123.88	-128.30
Incremental liabilities leave encashment	-10.31	42.04
Issue expenses of shares/debentures written off	6.78	6.78
Premium on Debentures	141.21	141.25
	-----	-----
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	7219.04	7424.03
Trade and other receivables	246.10	494.85
Inventories	-3257.20	-1944.42
Trade payables	2774.78	-234.66
	-----	-----
CASH GENERATED FROM OPERATIONS	6982.72	5739.80
Direct taxes paid	-879.98	-754.43
Refund of taxes	18.16	---
	-----	-----
NET CASH FROM OPERATING ACTIVITIES.....A	6120.90	4985.37
	-----	-----
B CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets (including Capital Work-in-Progress, unallocated capital expenditure)	-4842.98	-1109.55
Sale of Fixed Assets	86.75	1.86
Purchase of Investments	---	-89.84
Interest received	114.05	50.41
Dividends received	123.88	128.30
	-----	-----
NET CASH USED IN INVESTING ACTIVITIES.....B	-4518.30	-1018.82
	-----	-----
C CASH FLOW FROM FINANCING ACTIVITIES:		
Calls in arrears received	---	0.02
Share premium arrears received	---	0.03
Capital Subsidy Received	---	20.00
Forfeited debentures	0.30	---
Redemption of Debentures (including premium)	-3236.12	-3230.96
Proceeds from borrowings/loans	4439.83	2606.36
Dividends paid	-677.83	-677.83
Interest paid	-2198.53	-2444.02
	-----	-----
NET CASH USED IN FINANCING ACTIVITIES.....C	-1672.35	-3726.40
	-----	-----
INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	-69.75	240.15
	-----	-----
Cash and Cash equivalents as on 01.4.2002	1104.92	864.77
Cash and Cash equivalents as on 31.3.2003	1035.17	1104.92
	-----	-----
	69.75	240.15
	-----	-----

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
Dr. P. Kotaiah Director
M. Bulli Abbayi Secretary

Camp : TANUKU
Date : 26-07-2003

TANUKU
26-07-2003

AUDITORS' REPORT

We have examined the above Cash flow statement of The Andhra Sugars Limited for the year ended 31st March, 2003. The Statement has been prepared by the Company in accordance with the requirements of listing agreement clause 32 with Hyderabad Stock Exchange and is based on and is in agreement with the corresponding profit and loss account and balance sheet of the Company covered by our report dated July 26, 2003 to the members of the Company.

CAMP : TANUKU
Date : 26-07-2003

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

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. 12,92,36,213/- for the year ended 31st March, 2003 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.20,11,239/- for the year ended 31st March, 2003 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 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.77,671/- for the year ended 31st March, 2003 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
26-07-2003

Dr. Mullapudi Harischandra Prasad Chairman & Managing Director
Dr. P. Kotaiah Director
M. Bulli Abbayi 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 Harishchandra Prasad
Sri 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:

Sri B.V.V.S. Ramesh Kumar	Son of Sri B.B.Ramaiah
Smt. J. Anantha Lakshmi	Daughter of Dr.Mullapudi Harishchandra Prasad
Smt. K. Rama Lakshmi	Daughter of Dr.Mullapudi Harishchandra Prasad
Smt. N.V. Ramanamma	Daughter of Dr.Mullapudi Harishchandra Prasad
Smt. R. Akkamamba	Daughter of Dr. Mullapudi Harishchandra Prasad
Smt. Y. Narayanammama	Daughter of Dr. Mullapudi Harishchandra Prasad
Smt. CH. Ravanamba	Sister of Dr.Mullapudi Harishchandra Prasad
Smt. J. Gangabhavani Devi	Sister of Dr.Mullapudi Harishchandra Prasad
Smt. Y. Rajeshwari Devi	Sister of Dr.Mullapudi Harishchandra Prasad
Smt. M. Chandramathi Devi	Wife of Dr.Mullapudi Harishchandra Prasad
Kum. M. 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. Narayanamma	Wife of Sri M. Narendranath
Kum. M. Devi	Daughter of Sri M.Thimmaraja
Smt. M. Renuka	Wife of Sri M. Thimmaraja
Sri M. Mrutyumjaya Prasad	Son of Sri M. Thimmaraja
Kum. P. Divya Atchmamba	Daughter of Sri P. Achuta Ramayya
Kum. P. Sruthi Rajeswari	Daughter of Sri P. Achuta Ramayya
Smt. P. Sessa Shailaja	Wife of Sri P. Achuta Ramayya
Sri P. V. Krishna Rao	Brother 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. N. Anantha Lakshmi	Sister of Sri P.Narendranath Chowdary
Smt. M. Kamala Devi	Sister of Sri P. Narendranath Chowdary
Smt. S.B. Ranganayaki	Sister of Sri P. Narendranath Chowdary
Kum. P.A.L. Satyavathi Devi	Daughter of Sri P. Narendranath Chowdary
Smt. P. Jhansi Jayalakshmi	Wife of Sri P. Narendranath Chowdary
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

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

Jaya Industries
 Jayalakshmi Fertilisers
 Jayalakshmi Chemical Enterprises Private Limited
 S P V K R M Trust, Dommeru
 Sree Akkamamba Textiles Limited
 Sree Mullapudi Venkataramanamma Memorial Hospital
 Venkatarayudu Eye Centre
 Kamala Devi Cardio Vascular Centre

5) Associate Company:

The Andhra Petrochemicals Limited

(B) TRANSACTIONS WITH THE RELATED PARTIES:

(Rupees in lakhs)

PARTICULARS	Subsidiary Companies	Enterprises in which KMP or their relatives have significant influence	Associate Company	Key Management Personnel	Relatives of Key Management Personnel
Purchase of Goods from	105.85	123.89	0.55	11.01	19.36
Sale of Goods to	317.15	520.07	18.13		
Purchase of Fixed Assets from		2.80			
Services Rendered to	18.26	0.06	0.41		
Services Rendered by	48.92	4.74			
Interest Paid to	225.06			53.88	42.42
Remunerations (including Commission) paid to				416.75	
Donation paid to		20.00			
Dividend Paid to		29.83		93.66	176.14
Dividend Received from	122.16	1.40			
Balances as at 31-03-2003:					
a) Share Capital held by the company, in	479.10	1.75	423.98		
b) Receivables-Trade dues from		3.31			
c) Share Capital of the the company held by		119.33		374.65	704.56
d) Loans / Intercorporate loans received from	1700.00				
e) Fixed Deposits Received from	6.00			522.8	421.73
f) Payable - Trade dues to	25.82	1.81			
- On Current Account to				360.73	

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, 2003, 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", issued by the Institute of Chartered Accountants of India 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", issued by the Institute of Chartered Accountants of India 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, 2003
- 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
- c) 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 : 26-07-2003

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

BALANCE SHEET AS AT 31st MARCH, 2003

		(Rupees in lakhs)	
		As at 31-3-2003	As at 31-3-2002
I SOURCES OF FUNDS	Schedule		
1) Shareholders' Funds			
a) Capital	1	2710.61	2710.61
b) Reserves & Surplus	2	16061.36	14556.23
		<u>18771.97</u>	<u>17266.84</u>
2) Minority Interest			
a) Capital		212.62	212.62
b) Reserves & Surplus	2A	3093.14	2362.82
		<u>3305.76</u>	<u>2575.44</u>
3) Deferred Tax Net			
a) Liability		4749.55	4401.44
b) Asset		497.53	389.15
		<u>4252.02</u>	<u>4012.29</u>
3) Loan Funds			
a) Secured Loans	3	12898.53	13242.58
b) Unsecured Loans	4	6429.10	4643.80
		<u>19327.63</u>	<u>17886.38</u>
TOTAL		<u>45657.38</u>	<u>41740.95</u>
II APPLICATION OF FUNDS			
1) Fixed Assets			
a) Gross Block		39733.46	34958.76
b) Less: Depreciation		15832.87	14087.56
c) Net Block	5	23900.59	20871.20
d) Capital work-in-progress at cost		786.92	314.26
e) Good Will		191.98	191.98
		<u>24879.49</u>	<u>21377.44</u>
2) Investments	6	1618.20	1618.20
3) Current Assets, Loans & Advances			
a) Inventories	7	22278.18	18464.06
b) Sundry Debtors	8	4870.82	4678.83
c) Cash and Bank Balances	9	1209.27	1332.23
d) Other Current Assets	10	22.97	30.14
e) Loans and Advances	11	4519.89	3560.37
		<u>32901.13</u>	<u>28065.63</u>
Less: Current Liabilities & Provisions:			
a) Liabilities	12	9267.45	6331.77
b) Provisions	13	4499.61	3020.93
		<u>13767.06</u>	<u>9352.70</u>
Net Current Assets		19134.07	18712.93
4) Miscellaneous Expenditure	14	25.62	32.38
TOTAL		<u>45657.38</u>	<u>41740.95</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. Muralikrishna
Partner

FOR AND ON BEHALF OF THE BOARD

Dr. Mullapudi Harischandra Prasad
Dr. P. Kotaiah
M. Bulli Abbayi

Chairman & Managing Director
Director
Secretary

Camp : TANUKU
Date : 26-07-2003

TANUKU
26-07-2003

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2003

		(Rupees in lakhs)	
		This Year	Previous Year
INCOME			
Sales		43035.92	41587.07
Transport charges		337.24	324.58
Other Income	15	1958.45	1488.63
		<u>45331.61</u>	<u>43400.28</u>
EXPENDITURE			
Opening Stocks	16	15320.71	13551.90
Raw Materials consumed		19868.35	16787.71
Purchase of Finished goods		14.49	23.70
Payments & Benefits to Employees	17	2949.91	2945.51
Expenses	18	11988.48	11251.60
Excise Duty and Taxes	19	5129.54	4743.82
Interest	20	2056.10	2323.85
Depreciation		1956.30	1789.23
		<u>59283.88</u>	<u>53417.32</u>
Less: Closing Stocks	16	19064.88	15320.71
		<u>40219.00</u>	<u>38096.61</u>
Profit for the year		5112.61	5303.67
Less: Provision for Diminution in value of Investments		---	2115.85
		<u>5112.61</u>	<u>3187.82</u>
Add: Income Tax refund received		18.16	23.08
Excess provision of depreciation of earlier years		5.35	8.72
Excess provision of Income Tax		24.60	---
		<u>5160.72</u>	<u>3219.62</u>
Less: Provisions for:			
Income Tax of previous years		---	7.34
Current Tax		1669.70	1365.81
Deferred Tax		239.74	410.10
Wealth Tax		1.00	0.75
		<u>3250.28</u>	<u>1435.62</u>
Less: Minority Interest		376.14	492.54
		<u>2874.14</u>	<u>943.08</u>
Profit after Taxes and Minority Interest		2874.14	943.08
Add: Withdrawal from Debenture redemption reserve		1412.50	1412.50
Balance brought forward from last year		2507.79	2830.28
		<u>6794.43</u>	<u>5185.86</u>
Balance available for appropriation		6794.43	5185.86
APPROPRIATIONS			
General Reserve		3600.00	2000.24
Proposed Dividend		677.83	677.83
Provision for Tax on distributed profits (Incl. Rs. 28.45 lakhs of subsidiary)		115.30	---
Balance carried forward to next year		2401.30	2507.79
		<u>6794.43</u>	<u>5185.86</u>
Basic Earnings per Shares:			
(Profit after tax/No. of equity shares)			
Profit after tax		2874.14	943.08
No. of equity shares		27113088	27113088
Basic Earnings per share (Face value of Rs. 10/- each) Rs.		10.60	3.48
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 AND ON BEHALF OF THE BOARD	
For Brahmayya & Company	Dr. Mullapudi Harischandra Prasad	Chairman & Managing Director
Chartered Accountants	Dr. P. Kotaiah	Director
C. Muralikrishna	M. Bulli Abbayi	Secretary
Partner		

Camp : TANUKU	TANUKU
Date : 26-07-2003	26-07-2003

SCHEDULES TO BALANCE SHEET

SHARE CAPITAL

		SCHEDULE -1 (Rupees in lakhs)	
		As at 31-3-2003	As at 31-3-2002
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
		<u>3000.00</u>	<u>3000.00</u>
ISSUED CAPITAL			
27113091	Equity Shares of Rs.10/- each	<u>2711.31</u>	<u>2711.31</u>
SUBSCRIBED AND PAID UP CAPITAL			
27113088	Equity Shares of Rs.10/- each	2711.31	2711.31
	Less: Calls in arrears	0.70	0.70
		<u>2710.61</u>	<u>2710.61</u>

RESERVES AND SURPLUS

		SCHEDULE - 2	
1)	INVESTMENT ALLOWANCE RESERVE (utilised)	28.85	28.85
2)	DEBENTURE REDEMPTION RESERVE	480.00	1892.50
3)	GENERAL RESERVE	13573.06	10095.21
4)	SHARE PREMIUM	1912.35	1912.35
5)	CAPITAL RESERVE		
	Capital investment subsidy	89.66	89.66
	Add: Forfeited Debentures	0.30	
		<u>89.96</u>	
		<u>16084.22</u>	14018.57
	Less: Minority Interest in Reserves	2424.16	1970.13
		<u>13660.06</u>	12048.44
ADD: SURPLUS IN PROFIT & LOSS ACCOUNT (Net of Minority Interest)		<u>2401.30</u>	2507.79
TOTAL RESERVES AND SURPLUS		<u>16061.36</u>	<u>14556.23</u>

SHARE OF MINORITY INTEREST IN RESERVES & SURPLUS

		SCHEDULE -2A	
1)	Share in Reserves	2424.16	1970.13
2)	Share of Surplus in Profit & Loss Account		
	As per last Balance Sheet (Net of proposed dividend)	392.69	
	Add: Share in Profit of Current Year	376.14	492.54
		<u>768.83</u>	<u>492.54</u>
		<u>3192.99</u>	2462.67
	Less: Proposed Dividend	99.85	99.85
		<u>3093.14</u>	<u>2362.82</u>

SECURED LOANS

SCHEDULE - 3

(Rupees in lakhs)

As at	As at
31-3-2003	31-3-2002

DEBENTURES:

i) 5,50,000 17% Non-Convertible Debentures of Rs.100/-each	184.00	367.00
ii) 2,50,000 17% Non-Convertible Debentures of Rs.100/-each	83.33	166.67
iii) 45,20,000 16.5% Non-Convertible Debentures of Rs.250/-each	---	2828.57

FROM BANKS:

i) Term Loans	4604.75	784.66
ii) Cash Credit	8026.45	8064.62

FROM OTHERS

i) UTI Bank Limited (assigned from ICICI)	---	1000.00
ii) Indian renewable Energy Development Agency Ltd	---	31.06

	12898.53	13242.58
	12898.53	13242.58

NOTE : See relevant schedules of the respective companies in the group, presented herewith, for details of security.

UNSECURED LOANS

SCHEDULE - 4

(Rupees in lakhs)

As at	As at
31-3-2003	31-3-2002

Fixed Deposits from Shareholders	1376.98	581.62
Fixed Deposits from Others	2685.97	1982.59
Short term loan from bank for working capital	1000.00	501.24
Due to Directors of Group Companies	---	450.07
Sugarcane Development Fund	45.26	60.34
(Covered by Bank guarantee in trun Counter Guaranteed by the Company)		
Sales Tax Deferment Loan	1320.89	1067.94
	6429.10	4643.80
	6429.10	4643.80

FIXED ASSETS

SCHEDULE - 5
(Rupees in lakhs)

	GROSS BLOCK				DEPRECIATION BLOCK		NET BLOCK
	Cost as at 31-3-02	Additions during the year	Deductions during the year	Cost as at 31-3-03	Dep. for 02-03	Dep. Upto 31-3-03	WDV AS AT 31-3-03
1) Land	398.38	10.31	0.30	408.39	---	---	408.39
2) Buildings	3559.99	178.77	---	3738.76	955.02	1077.23	2661.53
3) Plant and Machinery	28637.59	4424.92	147.60	32914.91	11791.96	13276.93	19637.98
4) Renewable Energy Plant : Wind Farm	706.08	---	---	706.08	279.66	316.94	389.14
5) Tramways and Railway Sidings	161.59	---	---	161.59	99.15	107.84	53.75
6) Furniture & Fittings	615.21	80.29	12.89	682.61	404.06	460.20	222.41
7) Vehicle and Materials Handling Equipment	879.92	313.04	71.87	1121.09	557.71	593.73	527.36
TOTAL	34958.76	5007.33	232.66	39733.43	14087.56	15832.87	23900.56
Previous Year	33233.51	1799.21	71.96	34958.76	12363.25	14087.56	20871.20

INVESTMENTS

SCHEDULE - 6
(Rupees in lakhs)

	As at 31-3-2003	As at 31-3-2002
A) TRADE INVESTMENTS:		
a) Ordinary Shares - (Quoted) fully paid up	426.54	426.54
b) Ordinary Shares - (unquoted) fully paid up	983.36	983.36
B) NON-TRADE INVESTMENTS:		
a) Ordinary Shares - (Quoted) fully paid up	12.83	12.83
b) Ordinary Shares - (Unquoted) fully paid up	60.00	60.00
c) In Govt. Securities	0.37	0.37
d) In Mutual Funds	45.10	45.10
e) Redeemable Non-Convertible Bonds (Unquoted) fully paid up	90.00	90.00
	<u>1618.20</u>	<u>1618.20</u>

INVENTORIES

(As certified by the Managing Director)

SCHEDULE - 7

Stores and Spares & Tools and Implements	1855.75	1818.26
Raw Materials	1357.48	1324.73
Work-in-process	632.31	305.56
Finished Goods	18432.57	15015.13
Goods in Transit	0.07	0.38
	<u>22278.18</u>	<u>18464.06</u>

SUNDRY DEBTORS

SCHEDULE - 8

a) Debts outstanding for a period exceeding six months		
Unsecured-considered good	495.50	749.89
Unsecured-considered doubtful	3.18	3.18
	<u>498.68</u>	<u>753.07</u>
Less: Provision for Doubtful Debts	3.18	3.18
	<u>495.50</u>	<u>749.89</u>
b) Other Debts: Unsecured-considered good	4375.32	3928.94
	<u>4870.82</u>	<u>4678.83</u>

CASH AND BANK BALANCES

SCHEDULE - 9

Cash and Cheques on hand	26.93	22.16
Balances with Scheduled Banks in		
Current Accounts	943.64	725.71
Fixed Deposit Accounts	238.70	360.64
Remittance in Transit	---	223.72
	<u>1209.27</u>	<u>1332.23</u>

OTHER CURRENT ASSETS

SCHEDULE - 10

Interest accrued on Investments and Deposits	22.97	30.14
	<u>22.97</u>	<u>30.14</u>

LOANS AND ADVANCES

SCHEDULE - 11

(Rupees in lakhs)

	As at 31-3-2003	As at 31-3-2002
Advances (recoverable in cash or in kind for value to be received)		
Unsecured considered good	477.02	784.51
Unsecured considered doubtful	0.03	0.03
	-----	-----
	477.05	784.51
Less: Provision for doubtful Advances	0.03	0.03
	-----	-----
	477.02	784.51
Prepaid Expenses	72.70	62.17
Excise Duty paid in advance (including Modvat Credit pending Utilisation)	416.13	208.87
Advance payment of Income Tax	2842.74	1809.78
Income Tax deducted at source	300.11	216.36
Income Tax refund receivable	26.14	41.13
Deposits recoverable	241.34	377.52
Land Lease receivable	---	0.25
Claims recoverable	143.68	59.78
	-----	-----
	4519.89	3560.37
	-----	-----

LIABILITIES

SCHEDULE - 12

Sundry Creditors		
Due to Small Scale Industrial undertakings	16.82	3.08
Due to Others	8753.26	5646.65
(incl. Rs. 355.60 lakhs due to directors of Group Companies)		
Advances received against sales	253.08	282.67
Trade Deposits	69.34	67.00
Staff security deposit	3.24	1.29
Interest accrued but not due on Loans	114.69	297.50
Dividends declared pending payment / encashment	42.16	33.58
Advance interest subsidy received	14.86	---
	-----	-----
	9267.45	6331.77
	-----	-----

PROVISIONS

SCHEDULE - 13

For Income Tax	3445.20	2075.80
For Wealth Tax	2.50	2.25
For Proposed Dividend by Subsidiary company (Minority Interest)	99.85	99.85
For Proposed Dividend by Parent company	677.83	677.83
For Tax on Distributable Profits	115.30	---
For Leave Encashment on Retirement	158.93	165.20
	-----	-----
	4499.61	3020.93
	-----	-----

MISCELLANEOUS EXPENDITURE

SCHEDULE - 14

(to the extent not written off or adjusted)

Issue expenses of Debentures / Shares on Rights basis	32.40	39.16
Less: Written off during the year	6.78	6.78
	-----	-----
	25.62	32.38
	-----	-----

SCHEDULES TO PROFIT & LOSS ACCOUNT

OTHER INCOME

SCHEDULE - 15

(Rupees in lakhs)

	This Year	Previous Year
Income from Job Works	0.47	1.00
Freight and other sales expenses recovered	675.07	746.10
Subsidy on Superphosphate sales	173.00	183.08
Rents received	10.94	6.31
Dividend income (Gross)	124.21	6.77
Interest income from Banks and Others (Gross)	152.27	76.65
Processing Charges received	57.84	94.55
Miscellaneous Receipts	136.96	23.86
Profit on Sale of Assets	72.21	2.40
Provisions no longer required and Credit balances written back	35.73	12.15
Sales Tax refund received	39.47	---
Claims received	46.61	53.55
Income from agriculture (Net)	2.30	3.11
Rebates in expenses of prior years	418.60	278.95
Excess provision of doubtful debts and advances credited back	12.77	0.15
	<u>1958.45</u>	<u>1488.63</u>

OPENING AND CLOSING STOCKS

SCHEDULE - 16

Opening Stock:		
Work-in-process	305.57	343.62
Finished goods	15015.14	13208.28
	<u>15320.71</u>	<u>13551.90</u>
Closing Stock:		
Work-in-process	632.31	305.57
Finished goods	18432.57	15015.14
	<u>19064.88</u>	<u>15320.71</u>

PAYMENTS AND BENEFITS TO EMPLOYEES

SCHEDULE - 17

Salaries, Wages and Bonus	2401.34	2427.32
Contribution to Provident, Gratuity and other funds	384.17	369.91
Workmen and Staff Welfare Expenses	164.40	148.28
	<u>2949.91</u>	<u>2945.51</u>

MANUFACTURING AND OTHER EXPENSES

SCHEDULE - 18

(Rupees in lakhs)

	This Year	Previous Year
Stores & Spares consumed (including packing materials)	1702.47	1731.43
Power and Fuel	4690.99	3910.76
Insurance	168.79	171.79
Sugarcane Development Expenses	504.10	501.77
Royalty	0.89	2.22
Repairs to Buildings	138.36	294.15
Repairs to Machinery	1531.95	1436.19
Repairs to Other Assets	201.94	163.48
Advertisement and Sales Promotion	13.72	42.27
Handling, Transport & Expenses at Sales Depots	852.66	925.76
Commission on Sales	183.39	153.41
Rent	10.39	7.93
Equipment lease rentals	3.65	0.03
Directors' Sitting Fee	1.82	1.98
Managerial Remuneration	443.90	434.03
Payments to Auditors	8.65	8.04
Miscellaneous Expenses	635.30	588.50
Donations	55.86	35.45
Loss on sale of Assets	0.69	2.15
Premium on Debentures	141.21	141.25
Issue expenses of Shares/Debentures written off	6.78	6.78
Infructuous expenses written off	---	0.90
Bad debts written off	264.11	194.80
Tools written off	0.23	0.22
Assets written off	22.40	14.97
Prior year adjustments	1.31	2.72
Processing charges paid	56.11	150.65
Stores & Spares written off	3.79	---
Freight on materials	343.02	327.97
	11988.48	11251.60

EXCISE DUTY AND TAXES

SCHEDULE - 19

Excise Duty	4349.15	3793.15
Purchase Tax on Sugarcane	660.35	545.78
Rates and Taxes	120.04	404.89
	5129.54	4743.82

INTEREST

SCHEDULE - 20

On Debentures and fixed period loans	1099.23	1626.55
On Directors loans	53.86	45.21
On Banks and other Accounts	903.01	652.09
	2056.10	2323.85

NOTES FORMING PART OF THE ACCOUNTS

SCHEDULE – 21

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” issued by the Institute of Chartered Accountants of India.

Financial Statements of the Subsidiaries used in the consolidation are drawn upto the same reporting date as that of the parent company i.e., year ended 31st March, 2003.

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 herealongwith. 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 31st March, 2003
a. JOCIL Limited	44.97
b. The Andhra Farm Chemical Corporation Limited	23.17
c. Hindustan Allied Chemicals Limited	22.64

4. Associates:

The Andhra Sugars Limited holds 24.34 % of the share capital of The Andhra Petro Chemicals limited (APL) as on 31.3.2003. Therefore APL is treated as an associate, and investment in it is recognised using the equity method in accordance with the Accounting Standard – 23 “Accounting for Investments in Associates in Consolidated Financial Statements” issued by the Institute of Chartered Accountants of India which comes into effect in respect of accounting periods commencing on or after 1.4.2002, in the Consolidated Financial Statements of the group.

The accounting policies of APL are broadly comparable to those of ASL.

The gross cost of the investments of the Group companies in the shares of the said Associate company, at the date of this Balance Sheet was Rs.2519.21 lacs. After making a provision of Rs.2087.02 lacs for diminution in value in accordance with AS-13 “Accounting for Investments”, their net carrying value stood at Rs.432.19 lacs. The carrying cost of the said investments after applying the equity method to their gross cost in accordance with AS-23 “Accounting for investments in Associates in consolidated financial statements” works out to Rs.1503.15 lacs. As a prudent practice the said investments are reflected in the consolidated financial statements at the lower of the two values. Consequently no adjustments towards goodwill or capital reserve arise at the date of this Balance Sheet.

There was no income from the associate during the year.

5. a) In compliance with The Accounting Standard AS-22 “Accounting for Taxes on Income” issued by the Institute of Chartered Accountant of India, effective from 01.04.2001, the net deferred tax liability of the group companies amounting to Rs.3602.19 lakhs arising on account of timing differences upto 31st March 2001 has been adjusted against the General Reserves of the Group. The Group profit and loss Account for the year ended 31st March 2003 has been charged with Rs.239.74 lakhs towards the net deferred tax for the year.

The Andhra Sugars Limited - Group Consolidated Financial Statements

b) Major components of deferred tax assets and liabilities arising on account of timing differences are:

Particulars	(Rs. in lakhs)	
	Assets	Liabilities
1. Depreciation		4749.55
2. Amounts disallowed u/s 43 B of Income Tax Act, 1961.	489.06	
3. Unabsorbed losses under the Income Tax Act	7.33	
4. Provision for doubtful debts	1.14	
	497.53	4749.55

	(Rupees in lakhs)	
	As at 31-3-2003	As at 31-3-2002
6 CONTINGENT LIABILITIES NOT PROVIDED FOR:		
a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for	520.64	1556.88
b) On letter of credit opened with Bankers for purchase of material	362.61	408.50
c) Uncalled liability on partly paid shares held as Investments	74.66	74.66
d) Liability on account of membership in Alkali Manufacturers' Association of India, a Company limited by Guarantee	0.01	0.01
e) Claims against the Company not admitted	1925.00	1109.71

7. In the case of The Andhra Sugars Limited, 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 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.48.82 lakhs has not been provided for in the accounts pending final legal decision in the matter.

The Andhra Sugars Limited - Group Consolidated Financial Statements

8. In the case of The Andhra Sugars Limited, no provision is made in the accounts towards additional cane price for the years 1974-75 to 1979-80, if any, payable to the cane growers, arising out of the orders of Supreme Court in C.A. No: 274/79 which is estimated by the company at Rs.46.07 lakhs the company has along with other sugar companies claimed on the Govt. that additional levy price of sugar for the said years should also be revised consequent on revision of cane price referred to above. The net impact of the above is not determinable.
9. In the case of The Andhra Sugars Limited, pursuant to an amendment to the Bonus Act 1965 in July 1995 the eligibility limit and the maximum amount of bonus payable was increased with retrospective effect from 1st April, 1993. This was challenged by the company by way of writ petition in the High Court of Andhra Pradesh which was pleased to grant stay of operation of the amendment with regard to its retrospectivity pending further orders. As the matter is subjudice no provision is made in the accounts for Rs.22.66 lakhs being the differential bonus for the accounting year ended 31st March, 1994.
10. In the case of The Andhra Sugars Limited, no provision has been made in the accounts towards the liability if any, that may arise towards sales tax portion of the cost of rock phosphate purchased on high seas from 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 said amount.
11. In the case of The Andhra Sugars Limited, "Sundry Creditors" includes Rs.7.53 lakhs received from S.T.C. 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.
12. In the case of The Andhra Sugars Limited, the Company has given undertakings / assurance to APIDC, IDBI, ICICI and other Institutions not to dispose of its share holdings in The Andhra Petrochemicals Limited, and Andhra Pradesh Gas Power Corporation Limited without the prior consent of the institutions until the loans payable by the said companies to the said institutions are fully repaid.
13. The JOCIL Limited received demand of Rs. 400.47 lakhs from the commissioner of Customs and Central Excise, Guntur for reversal of Cenvat Credit availed on capital goods of Power Plant together with interest and penalty. Against the said demand the company filed an appeal before CEGAT, Bangalore and the same is pending. As per the opinion obtained from the advocate, the company has strong grounds in its favour and hence no provision has been made in the accounts.
14. In the case of The Andhra Farm Chemicals Corporation Limited, no provision has been made for an amount of Rs. 1.32 lakhs towards sales tax demand raised by Sales Tax Department. The Company filed an appeal before the appellate authorities disputing the said demand.
15. 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.
16. Segment information:

Particulars disclosed pursuant to Accounting Standard -17 "Segment Reporting" are given in Annexure – II

17. General:

Figures have been rounded off to the nearest thousand.

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
Dr. P. Kotaiah Director
M. Bulli Abbayi Secretary

Camp : TANUKU
Date : 26-07-2003

TANUKU
26-07-2003

GROUP CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR 2002 - 2003

(Rupees in lakhs)

	2002-2003	2001-2002
A CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit before Tax	5112.61	5303.67
ADJUSTMENTS FOR:		
Depreciation	1957.39	1789.89
Assets written off	1.31	2.72
Infructuous expenses written off	---	0.90
Interest (Net)	1903.84	2247.20
Profit/Loss on sale of assets (Net)	-71.52	-0.25
Dividends received	-124.21	-6.77
Issue expenses of shares/debentures written off	6.78	6.78
Premium on Debentures	141.21	141.25
	<hr/>	<hr/>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	8927.41	9485.39
Trade and other receivables	5.43	394.38
Inventories	-3814.12	-2137.55
Trade payables	2886.83	-886.07
	<hr/>	<hr/>
CASH GENERATED FROM OPERATIONS	8005.55	6856.15
Direct taxes paid	-1405.64	-559.40
Refund of taxes	41.24	---
	<hr/>	<hr/>
NET CASH FROM OPERATING ACTIVITIES.....A	6641.15	6296.75
	<hr/>	<hr/>
B CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets (including Capital Work-in-Progress, unallocated capital expenditure)	-5480.00	-1897.86
Sale of Fixed Assets	96.11	4.02
Purchase of Investments	---	-89.85
Interest received	152.26	76.65
Dividends received	2.05	6.77
	<hr/>	<hr/>
NET CASH USED IN INVESTING ACTIVITIES.....B	-5229.58	-1900.27
	<hr/>	<hr/>
C CASH FLOW FROM FINANCING ACTIVITIES:		
Share capital received	---	0.02
Share premium arrears received	---	0.03
Capital Subsidy Received	---	20.00
Forfeited debentures	0.30	---
Redemption of Debentures (including premium)	-3236.12	-3230.96
Proceeds from borrowings/loans	4536.13	2229.64
Dividends paid	-778.74	-777.70
Interest paid	-2056.10	-2323.85
	<hr/>	<hr/>
NET CASH USED IN FINANCING ACTIVITIES.....C	-1534.53	-4082.82
	<hr/>	<hr/>
INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	-122.96	313.66
	<hr/>	<hr/>
Cash and Cash equivalents as on 01.4.2002	1332.23	1018.57
Cash and Cash equivalents as on 31.3.2003	1209.27	1332.23
	<hr/>	<hr/>
	-122.96	313.66

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
Dr. P. Kotaiah Director
M. Bulli Abbayi Secretary

Camp : TANUKU
Date : 26-07-2003

TANUKU
26-07-2003

AUDITORS' CERTIFICATE

We have examined the Group Consolidated Cash Flow Statement of The Andhra Sugars Limited, Tanuku and its subsidiaries for the year ended 31st March, 2003. The Statement has been prepared by the Company in accordance with the requirements of the relevant clause of the listing agreement with the Stock Exchanges where the company's shares are listed and is based on and is in agreement with the corresponding consolidated Profit and Loss Account and Balance Sheet of the group covered by our report dated July 26, 2003 to the members of the Company.

CAMP : TANUKU
Date : 26-07-2003

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

ANNEXURE – I

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

(A) LIST OF RELATED PARTIES:

1) Key Management Personnel: (Viz: Whole time directors)

The Andhra Sugars Limited

Dr. Mullapudi Harishchandra Prasad
Sri 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 Sri 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. R. Akkamamba	Daughter of Dr. Mullapudi Harischandra Prasad
Smt. Y. Narayanammama	Daughter of Dr. Mullapudi Harischandra Prasad
Smt. R. Akkamamba	Daughter of Dr. Mullapudi Harischandra Prasad
Kum. M. Jayashree	Daughter of Sri M. Narendranath
Kum. M. Anuradha	Daughter of Sri M.Narendranath
Sri M. Vikram Prasad	Son of Sri M. Narendranath
Smt. M. Narayanamma	Wife of Sri M. Narendranath
Kum. M. Devi	Daughter of Sri M.Thimmaraja
Smt. M. Renuka	Wife of Sri M. Thimmaraja
Sri M. Mrutyumjaya Prasad	Son of Sri M. Thimmaraja
Kum. P. Divya Atchmamba	Daughter of Sri P. Achuta Ramayya
Kum. P. Sruthi Rajeswari	Daughter of Sri P. Achuta Ramayya
Smt. P. Sesha Shailaja	Wife of Sri P. Achuta Ramayya

The Andhra Sugars Limited - Group Consolidated Financial Statements

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. K. Rama Lakshmi	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. M. Satyanarayanamma	Sister of Sri P. Narendranath Chowdary
Smt. S.B. Ranganayaki	Sister of Sri P. Narendranath Chowdary
Kum. P.A.L. Satyavathi Devi	Daughter of Sri P. Narendranath Chowdary
Smt. P. Jhansi Jayalakshmi	Wife of Sri P. Narendranath Chowdary
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.V. Rayudu	Son of Sri P.V. Krishna Rao
Chy. P. Ravi	Son of Sri P.V. Krishna Rao
J. Namrata	Daughter of Sri J.Murali Mohan
J. Ganga Bhavani	Mother of Sri J.Murali Mohan
V.Indira	Sister of Sri J.Murali Mohan
J.Sunitha Mohan	Wife of Sri J.Murali Mohan

3. Enterprises in which Key Management Personnel and/or their relatives have significant influence :

Jaya Industries
Jayalakshmi Fertilisers
Jayalakshmi Chemical Enterprises Private Limited
S P V K R M Trust, Dommeru
Sree Akkamamba Textiles Limited
Sree Mullapudi Venkataramanamma Memorial Hospital
Venkatarayudu Eye Centre
Kamala Devi Cardio Vascular Centre
Sri J.Murali Mohan (HUF)

4) Associates:

The Andhra Petrochemicals Limited

(B) TRANSACTIONS WITH THE RELATED PARTIES:

(Rupees in Lakhs)

PARTICULARS	Enterprises in which KMP or their relatives have significant influence	Associate Company	Key Management Personnel	Relatives of Key Management Personnel
Purchase of Goods from	123.90	0.55	11.01	19.36
Sale of Goods to	520.07	18.13		
Purchase of Fixed Assets from	2.80			
Services Rendered to	0.06	0.41		
Services Rendered by	4.74			
Interest Paid to	0.30		53.88	42.63
Interest Received From		10.19		
Remunerations (including Commission) paid to			444.21	
Donation paid to	20.00			
Dividend Paid to	29.83		94.10	176.61
Dividend Received from	1.40			
Balances as at 31-03-2003:				
a) Share Capital held by the company, in	1.75	463.98		
b) Receivables-Trade dues from	3.31			
c) Share Capital of the the company held by	119.33		375.93	707.52
d) Fixed Deposits Received from	2.13		522.80	423.49
f) Payable - Trade dues to	1.81			
- On Current Account to			363.37	

STATEMENT SHOWING SEGMENT WISE ANALYSIS AS ON 31-03-2003

(Rs. in Lakhs)

ANNEXURE – II

The Andhra Sugars Limited - Group Consolidated Financial Statements

Description	SUGARS		CAUSTIC SODA		EDIBLE OILS		POWER GENERATION		INDUSTRIAL CHEMICALS		SOAP		OTHERS		ELIMINATIONS		CONSOLIDATED	
	2002-03	2001-02	2002-03	2001-02	2002-03	2001-02	2002-03	2001-02	2002-03	2001-02	2002-03	2001-02	2002-03	2001-02	2002-03	2001-02	2002-03	2001-02
REVENUE :																		
External Sales	13107.97	12552.40	13607.15	13127.21	3190.79	4383.47	775.24	882.59	4540.62	5288.66	2908.74	2265.64	5242.65	3690.31	—	—	43373.16	42190.28
Inter-segment sales	1203.23	877.40	624.81	200.78	62.70	—	1568.79	1618.32	1910.72	1066.71	—	—	1243.63	923.97	6613.88	4687.18	—	—
Total Revenue	14311.20	13429.80	14231.96	13327.99	3253.49	4383.47	2344.03	2500.91	6451.34	6355.37	2908.74	2265.64	6486.28	4614.28	6613.88	4687.18	43373.16	42190.28
RESULT :																		
Segment result	1807.02	1814.15	2627.73	2049.03	-71.13	17.31	443.24	935.58	683.29	914.68	467.11	359.68	858.88	904.58	—	—	6816.14	6995.01
Unallocated corporate expenses less Income	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1591.21	577.49
Operating Profit	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	5224.93	6417.52
Interest expenses	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	2056.10	2323.85
Interest and other income	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1943.78	1210.00
Income Taxes	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1867.68	1752.20
Profit from Ordinary activities	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	324.99	3551.47
Extraordinary Items :																		
Diminution in value of Investments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	2115.85
Excess Depreciation in earlier years	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	5.35	—
Net Profit :	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	3250.28	1435.62
OTHER INFORMATION :																		
Segment Assets	22984.63	20489.84	17120.71	14547.64	1559.02	1516.19	3914.38	4173.41	3016.27	2529.98	1172.54	419.26	2398.39	2487.02	—	3359.92	52165.94	42803.42
Unallocated Corporate Assets	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	7258.50	8290.23
Total Assets	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	59424.44	51093.65
Segment Liabilities	5529.69	9673.45	2987.24	4001.46	244.93	359.05	50.33	133.57	142.00	203.34	96.90	6.62	552.26	709.17	—	1997.66	9603.35	13089.00
Unallocated Corporate Liabilities	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	23491.34	14150.08
Total Liabilities	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	33094.69	27239.08
Capital Expenditure	389.64	369.44	4132.57	364.54	11.67	-6.50	41.53	61.89	97.50	456.60	389.70	109.85	417.39	541.14	—	—	5480.00	1896.96
Depreciation	357.06	345.06	669.42	590.40	56.83	58.49	420.96	462.77	189.81	135.25	47.38	34.87	215.04	162.38	—	—	1956.30	1789.22
Non-cash Expenditure other than Depreciation	—	—	—	—	—	—	—	—	—	—	—	—	6.78	6.78	—	—	6.78	6.78

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, Edible Oils, Industrial Chemicals comprising mainly fatty acids and related products, Soaps and Generation of Power.
- The "Others" business segment comprises of Organic and In-Organic Chemicals, Fertilizers, Bulk Drugs and Liquid Propellants.
- 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.