

BY COURIER

Announcement

# THE ANDHRA SUGARS LIMITED

Venkatarayapuram, Tanuku - 534 215, Andhra Pradesh, India.



Sec/2015

October 05, 2015

National Stock Exchange of India Ltd.  
Exchange Plaza, 5<sup>th</sup> Floor, Plot No.C/1  
G. Block, Bandra Kurla Complex  
Bandra (E)  
MUMBAI - 400 051.

Dear Sirs,

We enclose herewith Minutes of the 68<sup>th</sup> Annual General Meeting held on 26<sup>th</sup> September, 2015 and the Chairman speech delivered at the said meeting.

This is for your kind information and records.

Thanking you,

Yours faithfully  
For THE ANDHRA SUGARS LTD.,

(M. PALACHANDRA)  
Company Secretary

Encl: as above



**Proceedings of the 68<sup>th</sup> Annual General Meeting of THE ANDHRA SUGARS LIMITED held on Saturday the 26<sup>th</sup> September, 2015 at 3.00 p.m. at the Registered Office of the Company, Venkatarayapuram, Tanuku.**

Members Present : 94

Pursuant to Article 110 of the Articles of Association of the Company, the Chairman of the Board of Directors of the Company, Dr. B.B. Ramaiah presided over the meeting and conducted the proceedings after ascertaining that quorum is present.

The Register of Directors' shareholding and the Register of Members are placed on the table.

The Notice to the Shareholders and Auditors' Report to the Members are read.

Chairman then welcomed the Members present at the 68<sup>th</sup> Annual General Meeting of the Company and informed the members that the purpose of this meeting is to approve the Accounts for the year ended 31st March, 2015, to declare dividend, to elect Directors in place of those who retire by rotation, to ratify the appointment of Auditors for the year 2015-16, Ratifying the remuneration payable to Cost Auditors for the year 2014-15, to appoint Managing Director, to pass Special Resolution regarding inviting Fixed Deposits from Member & Public.

Chairman informed that Sri A. Ranga Rao, Chairman of the Audit Committee and Sri P. A. Chowdary, Chairman of Stakeholders Relationship Committee and Member of Nomination & Remuneration Committee are also present.

Chairman reviewed the working of the different Divisions of the Company during the current year.

The Chairman of the Meeting informed the meeting that the Company provided Members the facility of e-voting and expressed the hope that they would have availed the facility. He also informed that those who have not availed the e-voting facility can now participate in the Poll to be taken up at the Meeting pursuant to the provisions of the Companies Act, 2013. In this regard he appointed Sri Nekkanti S R V V Satyanarayana, Company Secretary, in practice as Scrutiniser for the poll.

With the permission of the members present, the Annual Accounts together with the Directors' Report for the year ending 31<sup>st</sup> March, 2015 were taken as read.



**ITEM NO. 1:**

**To adopt the audited Accounts for the year ended 31<sup>st</sup> March, 2015**

The following Resolution with regard to the adoption of Audited Annual Accounts for the year 2014-15 and Reports thereon was passed as an Ordinary Resolution:

"RESOLVED that the Balance Sheet as at 31<sup>st</sup> March, 2015 and the Statement of Profit & Loss for the year ending 31<sup>st</sup> March, 2015 together with the Directors' Report and Auditors' Report thereon be approved and adopted".

The Resolution was passed with unanimous majority based on the results of e-voting and the poll conducted at the Meeting.

**ITEM NO. 2:**

**To declare Dividend on Equity Shares**

The Chairman informed the Members that the Board of Directors at its meeting held on 26th May, 2015 recommended a Dividend on Equity Shares at Rs.3.00 per Share for the year 2014 -15.

The following Resolution with regard to the declaration of dividend for the year 2014-15 was passed as an Ordinary Resolution:

"RESOLVED to approve a Dividend of Rs. 3.00 per Equity Share on 2,71,07,078 Equity Shares of Rs.10/- each for the financial year 2014-15."

The Resolution was passed with unanimous majority based on the results of e-voting and the poll conducted at the Meeting.

**ITEM NO. 3:**

**To appoint a Director in place of Sri M. Narendranath who retires by rotation and being eligible offers himself for re-appointment**

Chairman informed the meeting that no new proposals have been received by the Company.

The following Resolution with regard to appointment of Sri M. Narendranath, as Director was passed as an Ordinary Resolution:

"RESOLVED that Sri M. Narendranath be and is hereby appointed as Director of the Company liable to retirement by rotation".



The Resolution was passed with unanimous majority based on the results of e-voting and the poll conducted at the Meeting.

**ITEM NO. 4**      **To appoint a Director in place of Sri P.Achuta Ramayya who retires by rotation and being eligible offers himself for re-appointment**

Chairman informed the meeting that no new proposals have been received by the Company.

The following Resolution with regard to appointment of Sri P. Achuta Ramayya, as Director was passed as an Ordinary Resolution:

"RESOLVED that Sri P. Achuta Ramayya be and is hereby appointed as Director of the Company liable to retirement by rotation".

The Resolution was passed with unanimous majority based on the results of e-voting and the poll conducted at the Meeting.

**ITEM NO. 5**      **To appoint Auditors**

Chairman informed the meeting at the 67<sup>th</sup> Annual General Meeting held on 10<sup>th</sup> September, 2014 Shareholders appointed M/s. Brahmayya & Co., Vijayawada as Statutory Auditors for a period of 3 years 2014-15, 2015-16 & 2016-17 and a remuneration of Rs.13,50,000/- was approved for the Financial Year 2014-15.

As per the provisions of Companies Act, 2013 the appointment of Statutory Auditors for the Year 2015-16 is required to be ratified and remuneration is to be fixed.

The following Resolution with regard to ratification of appointment of M/s Brahmayya & Co., as Statutory Auditors and Fixing their remuneration was passed as an Ordinary Resolution:

"RESOLVED to ratify that the appointment of M/s Brahmayya & Co., Chartered Accountants, Vijayawada as Statutory Auditors of the Company for the financial year 2015-16 and accord consent for the payment of remuneration of Rs. 13,50,000/- (Rupees thirteen lakhs fifty thousand only) plus travelling and other out of pocket expenses in connection with the audit exclusive of any fees payable to them for services to be rendered otherwise than as Auditors."



The Resolution was passed with unanimous majority based on the results of e-voting and the poll conducted at the Meeting.

**ITEM NO. 6:**      **Ratification of remuneration of Cost Auditors**

Chairman informed the meeting that the Board, on the recommendation of the Audit Committee, approved the appointment and remuneration of M/s Narasimha Murthy & Co., the Cost Auditors to conduct the audit of the Cost records of the Company for the Financial Year ending March 31, 2016 and remuneration of Rs. 4,00,000/- plus applicable taxes, out-of-pocket and travelling expenses have been fixed for this purpose. In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, ratification for the remuneration payable to the Cost Auditors for the Financial Year 2015-16 by way of Ordinary Resolution is being sought from the members.

The following Resolution with regard to ratification of remuneration of Cost Auditors was passed as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 148 of the Companies Act, 2013 and other applicable provisions if any and rules made thereunder the Company hereby ratifies the payment of remuneration of Rs. 4,00,000/- (Rupees Four lakhs only) per annum to M/s. Narasimha Murthy & Co., (Firms Registration No. 000042) Cost Accountants, Hyderabad, who were appointed as Cost Auditors by the Board at its meeting held on 26.05.2015 for conducting the Cost Audit for the Financial Year 2015-16 in respect of the products viz., Sugar, Food Residues or prepared Animal Feed, Electricity, Chemical Elements, In-organic Chemicals & other their derivatives, Organic Chemicals & other their derivatives, Bulk Drugs, Chemical Fertilisers and Chemicals-Plastics Polymers."

The Resolution was passed with unanimous majority based on the results of e-voting and the poll conducted at the Meeting.

**ITEM NO. 7**      **To appoint Sri P. Narendranath Chowdary as Managing Director**

Chairman informed the meeting Sri P. Narendranath Chowdary has been the Joint Managing Director of the Company since 1976. As Joint Managing Director, he has been assisting the Managing Director in looking after day to day affairs of Chemicals & Fertilisers Division, Kovvur and Saggonda. During his tenure as Joint Managing Director,



he implemented and successfully completed various modernisation and expansion programmes. In view of his valuable contribution to the growth and development of the Company, your Board of Directors elevated him to the position of Managing Director with effect from 1-4-2012. As Managing Director, he has been assisting the Managing Director, who is overall incharge, in Planning, Co-ordination, Development of Company's activities, besides looking after day to day affairs of Chemicals & Fertilisers Division, Kovvur and Saggonda. Further he has been instrumental in implementing Solar Power Project at Kovvur. He is also involved in the implementation of 33 M.W. Coal Based Power Project at Saggonda and other projects taken up.

Your Directors recommend the Resolution for your approval.

The following Resolution with regard to appointment of Sri P. Narendranath Chowary as Managing Director was passed as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197 and other applicable provisions, if any, of the Companies Act, 2013 (Act) read with Schedule V to the said Act or any statutory modification or re-enactment of the said Act and such other approvals as may be required the consent of the Company be and is hereby accorded to the appointment of Sri P. Narendranath Chowdary (DIN 00015764) as Managing Director of the Company for a period of five years with effect from 12-01-2016 on the following terms and conditions:-

Sri P. Narendranath Chowdary is not subject to retirement by rotation during the tenure of his office as Managing Director from 12-01-2016 to 11-01-2021.

1. Salary : Rs. 1,00,000/- per month.
2. Commission: Upto 2% of the net profits of the Company subject to the overall ceiling stipulated in Sections 197 of the Companies Act, 2013.
3. Perquisites : (i) Housing - if required, free furnished residential accommodation with all facilities and amenities including Gas, Electricity, Water, Furniture/Fittings etc., the monetary value of which may be evaluated as per Rule 3 of the Income-Tax Rules, 1962. The expenditure incurred by the Company on Gas, Electricity, Water and Furnishings shall be subject to a ceiling of 10% of the Salary. In case where the Company does not provide accommodation, House Rent Allowance shall be paid at the rate of 50% of the Salary. (ii) Medical reimbursement of the expenses incurred for the treatment in India / abroad for self and family, (iii) Leave Travel Concession - for himself and his family as per the rules of the Company, (iv) Club



Fees, (v) Personal Accident Insurance, (vi) Provident Fund, Company's contribution towards Provident Fund at 12% of his salary or any rate applicable from time to time,

(vii) Superannuation Fund - Company's contribution towards Superannuation Fund as per the rules of the Company, such contribution together with Company's contribution shall not exceed 27% of the salary as laid down under the Income tax Rules, 1962 or such other ceiling as may be prescribed from time to time, (viii) Gratuity - not exceeding  $\frac{1}{2}$  a month's salary for each completed year of service,

(ix) Leave - entitled to one month's leave, as per the rules of the Company on full pay for every 11 months of service. Encashment of leave at the end of tenure will not be included in computation of ceiling on perquisites, (x) Telephone - one or more free telephone facility at the residence for the use of Company's business, (xi) Car - one or more use of Company's car on Company's business with driver and all expenses of maintenance, repairs and cost of petrol. (Provision of Car for use of Company's business and telephone at residence will not be considered as perquisites), (xii) any other perquisites that may be allowed as per the guidelines issued by the Central Government from time to time.

The above perquisites including salary and commission shall be subject to the overall ceiling of remuneration stipulated under Section 197 of the Companies Act, 2013 read with Schedule V thereto or any statutory modification thereof.

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

"RESOLVED FURTHER THAT the Board be and is hereby authorised to alter and vary the terms and conditions of the above salary and perquisites in such manner as may be agreed to between Sri P. Narendranath Chowdary, Managing Director and the Board."

"RESOLVED FURTHER THAT in the event of loss or inadequacy of profit in any financial year of the Company during the term of his Office as Managing Director, the remuneration and perquisites set out above be paid or granted to Sri P. Narendranath Chowdary as minimum remuneration stipulated in Section II of Part II of Schedule V of the said Act or such other amount and perquisites as may be provided in the said Schedule V as may be amended from time to time or any equivalent statutory re-enactment(s) thereof."



The Resolution was passed with unanimous majority based on the results of e-voting and the poll conducted at the Meeting.

**ITEM NO. 8: Acceptance of Fixed Deposits**

Chairman informed the meeting that the Company has been accepting Fixed Deposits from Public & Members for several years under the provisions of erstwhile Companies Act, 1956 and Fixed Deposit Rules made thereunder. As such the Board of Directors considers it advisable to continue the acceptance of Fixed Deposits from Members & Public which would enable the Company to augment its financial resources for various requirements.

The following Resolution with regard to Acceptance / Inviting Fixed Deposits was passed as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 73 and 76 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Companies (Acceptance of Deposits) Rules, 2014, the consent of the Members be and is hereby accorded to the Board of Directors of the Company to invite and accept Fixed Deposits from the Public and Members, within limits prescribed in the Act and the overall borrowing limits of the Company, as approved by the Members, for the time being in force or any amendments made from time to time."

"RESOLVED FURTHER that the Board of Directors or any person authorised thereof be and is hereby authorised to finalise the scheme for invitation and acceptance of fixed deposits from the Members and the Public and to sign and execute deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all such other acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this Resolution."

The Resolution was passed with unanimous majority based on the results of e-voting and the poll conducted at the Meeting.

The meeting concluded with vote of thanks to the Chairman of the meeting by Sri Udaya Bhaskara Rao.

**CERTIFIED TRUE COPY**  
**For THE ANDHRA SUGARS LIMITED**

**(M. PALACHANDRA)**  
**Company Secretary**

Sd/- XXXXX  
CHAIRMAN



**SPEECH OF Dr. B.B.RAMIAH, CHAIRMAN & MANAGING DIRECTOR AT THE 68<sup>TH</sup> ANNUAL GENERAL MEETING OF THE ANDHRA SUGARS LIMITED ON SATURDAY, 26<sup>TH</sup> SEPTEMBER, 2015 AT 3.00 P.M.**

Dear Members,

It gives me a great pleasure to extend you all a warm welcome to this 68<sup>th</sup> Annual General Meeting.

I declare the quorum is present.

I now take up the subject matter of today's Meeting.

**Audited Accounts for the year 2014-15:**

Audited Accounts for the Financial Year 2014-15 along with the Directors' Report and the Auditors' Report are with you. With your permission, I take them as read.

You must have noted from the Annual Report, the performance of your Company during the year 2014-15. I take this opportunity to present the performance:-

- Sales achieved was Rs.778.54 crores against Rs. 726.17 crores last year.
- Gross Profit was Rs.7.64 crores against Rs. 76.22 crores last year.
- Profit after Tax was Rs. 3.38 crores against Rs. 54.54 crores last year.
- During the year Rs.3.00 crores was transferred to the General Reserve.
- Total Reserves decreased to Rs.528.01 crores from Rs.536.52 crores.
- All three Sugar Units in aggregate crushed 5.66 lakhs MTs of Cane as against 5.71 lakhs MTs crushed during the previous season.
- Cane crush at all the three sugar units was lower compared to the last season due to lower availability of cane and lower number of days of cane crush.
- Recovery achieved at Sugar Unit II was higher compared to Units I and III.



- Unfavourable weather conditions affected the cane yield per acre thereby reducing the quantity of cane crush. This also affected recovery.
- Due to non-availability of harvesting labour and increase in the cost of hiring the labour, farmers opted for cultivation of other crops.
- To encourage farmers to plant cane, your Company opted to pay a cane price higher than the Fair Remunerative Price fixed by the Government.
- Decline in profits has been mainly due to depressed selling price of Sugar and increase in Power Tariff.

**Dividend:**

A Dividend of Rs.5/- per share was paid on Equity Shares last year. Your Directors recommend a Dividend of Rs.3/- per Equity Share for the year 2014-15. If approved by you, this Dividend will be paid to all the eligible Shareholders by way of Dividend Warrants that will be posted from 5<sup>th</sup> October, 2015 onwards.

**Election of Retiring Directors:**

Directors Sri Mullapudi Narendranath and Sri P. Achuta Ramayya retire by rotation at this Annual General Meeting. Their re-appointment is placed for your approval.

**Appointment of Statutory Auditors:**

As per the recommendation of the Audit Committee, your Board of Directors in view of the Statutory changes recommend the appointment of M/s Brahmayya & Co., Vijayawada as Statutory Auditors for 3 years i.e., 2014-15, 2015-16, 2016-17. Remuneration of Rs.13,50,000/- (Rs.13,50,000/- last year) plus out-of-pocket expenses recommended for the Financial Year 2015-16. They have been the Auditors of your Company since inception. A Resolution to this effect is placed for your approval.

**E-Voting Facility :** As required by provisions of Companies Act, 2013 and SEBI guidelines your Company provided e-voting facility to the shareholders. I am sure you



must have availed the same. Results of voting will be placed on Company's Website within 2 days of this AGM.

**Other Developments:**

Keeping in view the market requirement for your Company's products, several Projects are under implementation. I briefly touch upon the status of the Projects under implementation.

An Energy Efficient Caustic Soda Plant was commissioned at Saggonda.

At the Jawaharlal Nehru Pharmacy, at Parawada, Visakhapatnam, a Sodium Hypochlorite Plant is being set up. Fabrication of the structures for the main process Plant is in progress. This project is expected to be commissioned around the end of 2014.

A Hydrogen Peroxide Plant is being set up at Saggonda. This project would have the locational advantage as Hydrogen which is the main raw material, will be sourced in-house from our Caustic Soda Plant at Saggonda.

For the effective utilisation of Chlorine, which is a bye product at the Caustic Soda Plant, a Chlorinated Paraffins Plant is being set up at Saggonda. Required steps for implementation have been initiated.

As Power is an essential input for your Company's Chlor Alkali operations, a Coal Based Power Project is being set up at the Chemical Complex at Saggonda. 40 acres of land have been procured. Details for the Power Project have been prepared. The total capital cost of the project has been estimated at Rs. 193.50 Crores. Technical evaluation of Turbine package has been completed and final offers are awaited from vendors. Technical evaluation of Equipment offers are under progress and expected to be completed shortly. A public hearing by the Andhra Pradesh Pollution Control Board would have taken place this morning. Outcome is awaited. After which purchase orders will be released and other required steps will be taken for implementation.

The Power generated from this Power Plant will be utilised for the Chemical Plants located at Saggonda.



A Solar Power Plant, based on Photovoltaic Technology, has been commissioned at Kovvur, which has been successfully synchronized with State Electricity Board on 21.06.2014.

I am sure that these projects would strengthen your Company's product range and improve revenue generation.

**Current year outlook:**

For the first quarter of the Financial Year 2015-16, Net Loss after Tax was Rs.5.29 crores compared to a Profit of Rs.11.88 crores achieved during the corresponding Quarter of last year. Sugar price and Power cost will be a concern for the current year 2015-16.

**Subsidiary Company:**

**JOCIL Limited:**

For the Financial Year ending 31.3.2015, your subsidiary company, JOCIL Ltd., recorded a profit of Rs.19.68 crores (before Taxation) against Rs.16.30 crores (before Taxation) during the previous year. This company has paid a Dividend of Rs.6/- per share against a Dividend of Rs.5/- per share paid last year.

**Acknowledgments:**

Before I conclude I would like to convey thanks on behalf of all the Directors and myself, to the Government at Centre and in the State, Banks, Cane Growers and Business Associates who have been a source of strength to us at all times. My grateful thanks go to the Employees of your Company for their constant endeavour to contribute towards the improvement of the Company's performance. I also take this opportunity to thank the Shareholders for their continued support.

Finally I would like to thank my colleagues on the Board for their valuable advice and guidance from time to time.



Place: Venkatarayapuram

Date: 26.9.2015

Sd/- X X X X X  
Dr. B.B.Ramaiah

**Chairman**

*NOTE: This does not purport to be a record of the proceedings of the Annual General Meeting.*