



Jocil

Annual Report 2009-2010

Outer Cover : Soap Noodles - A major product manufactured at Jocil Ltd.

Jocil Limited

Regd. Office & Factory : Dokiparru, Guntur-522 438, AP

BOARD OF DIRECTORS

Dr. Mullapudi Harischandra Prasad	Chairman
J. Murali Mohan	Managing Director
P. Narendranath Chowdary	Director
Mullapudi Thimmaraja	Director
Y. Narayanarao Chowdary	Director
V.S. Raju	Director
K. Srinivasa Rao	Director
M. Gopalakrishna	Director
Subbarao V. Tipirneni	Director

PRESIDENT & SECRETARY

P. Kesavulu Reddy,
M.Com., LL.B., F.I.C.W.A., F.C.S.

BANKERS

Andhra Bank, Guntur.
State Bank of India, Guntur.

AUDITORS

Brahmayya & Co.,
Chartered Accountants,
10-3-21, Sambasivapet,
Guntur - 522 001.

COST AUDITORS

Narasimha Murthy & Co.,
104, Pavani Estate,
3-6-365, Himayatnagar,
Hyderabad - 500 029.

STOCK EXCHANGES

National Stock Exchange of India Ltd.,
Exchange Plaza, Bandra Kurla Complex
Bandra (East), Mumbai - 400 051.

Madras Stock Exchange Ltd.,
Post Box No. 183,
11, Second Line Beach,
Chennai - 600 001.

COMMON SHARE REGISTRAR & TRANSFER AGENT (RTA)

XL Softech Systems Ltd.,
3, Sagar Society, Road No. 2, Banjara Hills,
Hyderabad - 500 034.

An ISO 9001-2000

Certified Company



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NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Thirty Second Annual General Meeting of the Shareholders of Jocil Limited will be held at the Registered Office of the Company, Dokiparru, Guntur - 522 438, AP on Saturday, the 7th August, 2010 at 3.30 p.m. to transact the following business :

Ordinary Business :

1. To receive, consider and adopt the audited Profit & Loss Account for the year ended 31st March, 2010 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 2009-10.
3. To elect a Director in place of Shri M. Gopalakrishna who retires by rotation and being eligible offers himself for re-election.
4. To elect a Director in place of Shri Subbarao V. Tipirneni who retires by rotation and being eligible offers himself for re-election.
5. To appoint Auditors for the year 2010-11 and to fix their remuneration. The present auditors of the Company Brahmayya & Co., Chartered Accountants, Guntur, retire at this Annual General Meeting and are eligible for reappointment.

Special Business :

6. To consider and if thought fit, to pass, with or without modifications, the following as a Special Resolution.
"RESOLVED that Article 117 (iii) of the Articles of Association of the Company be amended by substituting the figure Rs.10,000 in place of Rs.5,000 in the fourth line thereof".

Tanuku
18th May, 2010

By Order of the Board of Directors
Dr. MULLAPUDI HARISCHANDRA PRASAD
Chairman

Notes :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The proxy form (provided with this report) should reach the Registered Office of the Company duly completed not less than 48 hours before the schedule time of the meeting.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, the 3rd August, 2010 to Saturday, the 7th August, 2010, both days inclusive.
3. Members are requested to notify any change in address immediately to the Company's Registered Office or Registrar and Transfer Agents.
4. Pursuant to Section 205-A of the Companies Act, 1956, the unclaimed dividend for the year ended 31st March, 2002 has been transferred to the Investor Education and Protection Fund established by the Central Government and hence, it is informed that no claim either to the Company or Central Government will be entertained for payment of the same.
5. Explanatory Statement under Section 173(2) of the Companies Act 1956 is attached.
6. Information about the Directors seeking reappointment at the 32nd Annual General Meeting as required under Corporate Governance is attached.
7. Holders of Shares/Deposits may nominate a person(s) in Form 2B (provided at the end of this report), subject to the provisions of Companies Act, 1956 and Rules made thereunder in whose favour they wish to vest the Shares/Deposits on their death.
8. The dividend for the year ended 31st March, 2010 as recommended by the Board, if sanctioned at the Annual General Meeting, will be payable to those members whose names appear in the Company's Register of Members on 7th August, 2010 as per details provided by share Registrar and Transfer Agents (RTA). In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by the Depositories - National Securities Depository Limited (NSDL) & Central Depository Services (India) Limited (CDSL) for this purpose as on 2nd August, 2010.
9. Shareholders are requested to furnish their bank account number after implementation of Core Banking Solutions (CBS) in order to enable the Company to pay the dividend by National Electronic Clearing Service (NECS).
10. The Equity shares of the Company have been admitted into National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), both depositories, with ISIN - INE839G01010 to facilitate dematerialization. The Company has appointed XL Softech Systems Ltd., Hyderabad as Common Registrar & Transfer Agent (RTA). The shareholders may dematerialize their shares held in physical form if they desire so.

ANNEXURE TO NOTICE

Explanatory Statement in terms of 173(2) of the Companies Act, 1956.

Item No. 6 :

Article 117 of the Articles of Association of the Company authorized the Board of Directors to pay sitting fees for each meeting of the Board or Committee thereof upto a maximum of Rs.5,000 per meeting. It is proposed to amend Article 117 of the Articles of Association of the Company authorizing the Board of Directors for payment of sitting fee upto a maximum of Rs.10,000 to a Director for attending each meeting of the Board or any Committee thereof.

Non whole-time Directors are deemed to be interested in the Resolution.

Tanuku
18th May, 2010

By Order of the Board of Directors
Dr. MULLAPUDI HARISCHANDRA PRASAD
Chairman

ABBREVIATED RESUME OF THE DIRECTORS SEEKING REAPPOINTMENT

1. M. GOPALAKRISHNA

Shri M. Gopalakrishna, I.A.S. (Retd.) has been a Director of our Company since 22-01-2005. He is highly qualified and having vast experience in industry. He is Director of Institute of Public Enterprise, Hyderabad. During his career he has held high positions in the Government both in Public and Private Sector organisations. He has visited several countries representing the Government and other various organisations. He is also associated with several prestigious organisations and educational institutions. Details of other Directorships and Membership held in Committees are given below.

Name of the Company	Position	Name of the Committee	Position
A.P. Gas Power Corporation Ltd.	Director	Share Transfer & Power Allocation Committee Audit Committee Human Resources Committee Finance & Purchase Committee	Chairman " Member "
Petti Laminations Ltd.	Director	Remuneration Committee	Member
B2B Technologies Ltd.	Director	–	–
Golden Stone Infratech Ltd.	Director	–	–
Kernex Microsystems (I) Ltd.	Director	Share Transfer Committee Audit Committee ENR Project Committee Remuneration Committee	Member " " "
PEC Potentiometers Ltd.	Chairman	–	–
B.G.R. Energy Systems Pvt. Ltd.	Director	Share Transfer Committee Audit Committee Compensation Committee	Chairman Member Member
Avra Laboratories Pvt. Ltd.	Director	–	–
Arani Power Systems Pvt. Ltd.	Director	–	–
Sentini Biotech Pvt. Ltd.	Chairman	–	–

2. SUBBARAO V. TIPIRNENI

Shri Subbarao V. Tipirneni has been a Director of our Company since 22-01-2005. He is MD & CEO of IVUS Software Development Center Private Limited, and Chief Operating Officer of the Solaria Corporation, Berkley, CA, USA. He formerly worked with General Electric in their Medical Imaging Division in India early in his career. He is a graduate in Electronics & Communications Engineering and attended EDP courses in Strategic Management at IIM, Ahmedabad and Corporate Finance at Administrative Staff College of India. Details of other Directorships held are given below.

Name of the Company	Position	Name of the Committee	Position
IVUS Software Development Center Pvt. Ltd.	Managing Director	–	–
IP Touch Software India Pvt. Ltd.	Managing Director	–	–
Global Call Center Pvt. Ltd.	Managing Director	–	–
NEC Tech Electronics Pvt. Ltd.	Director	–	–

MANAGEMENT CERTIFICATE ON CLAUSE 49(1D) OF THE LISTING AGREEMENT

To
The Members of Jocil Limited

This is to affirm that the Board of Directors of Jocil Limited has adopted a Code of Conduct for its Directors and Senior Management Personnel in compliance with the provisions of Clause 49(1D) of the Listing Agreement with the Stock Exchanges and Board Members and Senior Management Personnel of the Company have confirmed the compliance of provisions of the said code for the financial year ended 31st March, 2010.

Tanuku
18th May, 2010

J. MURALI MOHAN
Managing Director

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of Jocil Limited

We have examined the compliance of conditions of corporate governance by Jocil Limited for the year ended 31st March, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges where its shares are listed.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring the compliance with the conditions of the Corporate Governance as stipulated in the said clause. 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, and based on the representations made by the directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above mentioned Listing Agreement.

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.

Guntur
18th May, 2010

For BRAHMAYYA & CO.,
Chartered Accountants
Firm Regn. No. 000513S
K. RAJAJ
Partner
ICAI Memb. No. 202309

TEN YEAR RECORD

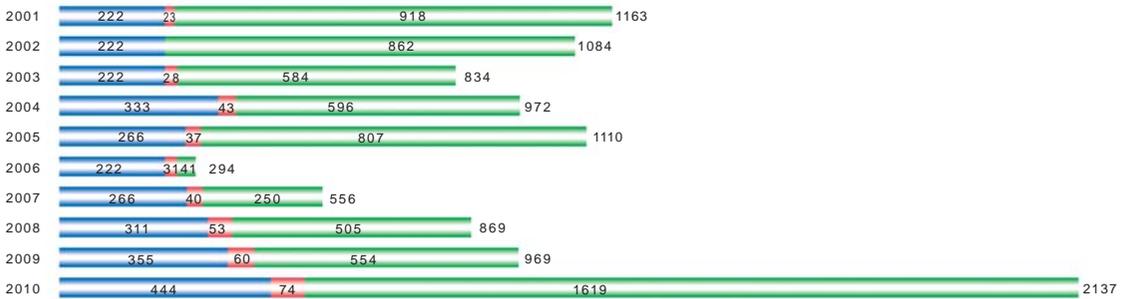
(Rs. in Lakhs)

	Year ending 31st March									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
OPERATING RESULTS										
Gross Sales & Other Income	6033	8344	8490	9497	8982	8451	9616	13009	21660	32694
Operating Profit	1566	2344	1938	1956	2065	1040	1461	1737	2078	3773
Depreciation	211	540	563	575	576	561	589	527	523	511
Interest	7	107	82	55	18	4	5	24	34	55
Profit before Tax	1348	1697	1292	1326	1471	475	867	1226	1521	3207
Profit after Tax	1163	1084	834	972	1110	294	556	869	969	2137
Dividend Paid	222	222	222	333	266	222	266	311	355	444
Dividend Rate (%)	50	50	50	75	60	50	60	70	80	100
Retained Earnings	918	862	584	596	807	41	250	505	554	1619
Earning per Share (Rs.)	26.19	24.41	18.77	20.99	25.00	6.62	12.53	18.70	21.82	48.12
Return on Net worth (%)	22.28	17.21	12.21	13.08	13.59	3.53	6.27	9.28	9.73	18.49
Debt Equity Ratio	0.20	0.15	0.14	0.11	0.02	0.04	0.04	0.03	0.06	0.10
Book Value (Rs.)	117.55	141.84	153.86	167.30	183.86	187.48	199.68	210.82	224.36	260.00
SOURCES OF FUNDS										
Equity Capital	444	444	444	444	444	444	444	444	444	444
Reserves	4776	5855	6389	6986	7720	7882	8425	8917	9519	11114
Borrowings	1068	943	939	791	169	356	333	271	608	1130
Net Capital Employed	6288	7242	7772	8221	8333	8682	9202	9632	10571	12688
APPLICATION OF FUNDS										
Gross Fixed Assets	5391	6170	6784	7611	7749	9803	9846	10821	11090	12846
Depreciation	2033	2564	3106	3654	3974	4507	5087	5595	6105	6594
Net Fixed Assets	3358	3606	3678	3957	3774	5296	4759	5226	4985	6252
Net Current Assets & Investments	2930	3636	4094	4264	4559	3386	4443	4406	5586	6436
Net Assets Employed	6288	7242	7772	8221	8333	8682	9202	9632	10571	12688
TO EXCHEQUER										
Excise Duty & Service Tax	2331	2465	2680	3193	3272	2366	2790	2528	3430	2876
Sales Tax and Other Taxes	103	209	174	226	195	263	185	329	620	824
Income Tax	208	365	513	400	430	48	100	263	504	1100
Total Taxes & Duties	2642	3039	3367	3819	3897	2677	3075	3120	4554	4800

TEN YEAR HIGHLIGHTS

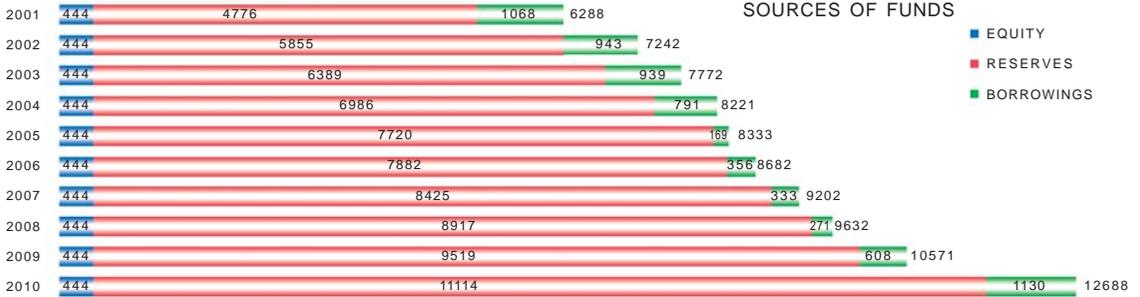
Year ending 31st March
(Rs. in Lakhs)

EARNINGS
 ■ DIVIDEND
 ■ DIVIDEND TAX
 ■ RETAINED EARNINGS



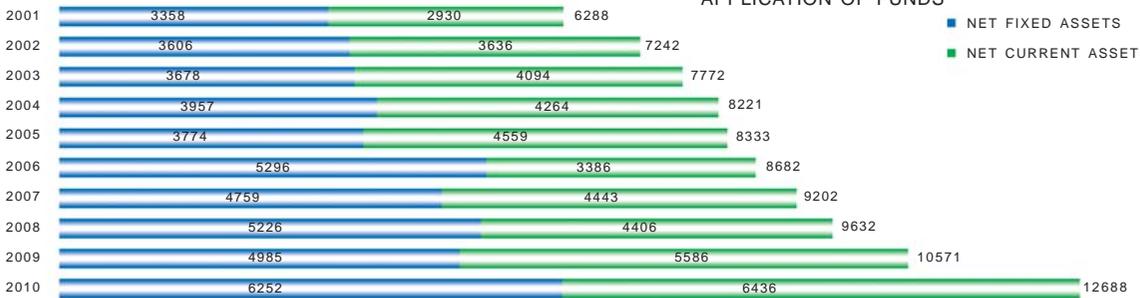
SOURCES OF FUNDS

■ EQUITY
 ■ RESERVES
 ■ BORROWINGS



APPLICATION OF FUNDS

■ NET FIXED ASSETS
 ■ NET CURRENT ASSETS



TO EXCHEQUER

■ EXCISE DUTY
 ■ SALES TAX
 ■ INCOME TAX



DIRECTORS' REPORT

Your Directors have pleasure in presenting the Thirty Second Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2010.

	(Rs. in Lakhs)	
	2009-10	2008-09
1. FINANCIAL RESULTS		
Gross Sales	31819.17	20674.30
Less : Excise Duty	<u>2184.10</u>	<u>2072.11</u>
Net Sales	29635.07	18602.19
Processing Charges	531.15	739.49
Other Income	<u>343.38</u>	<u>246.37</u>
Total Income	<u>30509.60</u>	<u>19588.05</u>
Profit for the year before Interest and Depreciation	3773.12	2078.17
Interest	(55.25)	(33.83)
Depreciation	<u>(510.86)</u>	<u>(523.28)</u>
Profit before Tax	3207.01	1521.06
Provision for Current Tax	(1100.00)	(500.00)
Deferred Tax (Provision) / Withdrawal	24.50	(48.00)
Excess/(Short) provision of Income Tax made in earlier years	5.19	—
Fringe Benefit Tax	—	(4.00)
Profit after Tax	<u>2136.70</u>	<u>969.06</u>

The year under review is a landmark year for the Company. The turnover of the Company increased to Rs.305.10 Crores from Rs.195.88 Crores recording an increase of over 55% for the second successive year. The Profit Before Tax (PBT) at Rs.32.07 Crores is more than double the previous year figure of Rs.15.21 Crores, indicating a healthy growth in operations. The operating performance was very good due to consistent demand for the products throughout the year inspite of price volatility. Exports were higher by 125% at Rs.45.37 Crores over the previous year.

The appropriations from the profit are as detailed below :

	(Rs. in Lakhs)	
	2009-10	2008-09
Profit after Tax	2136.70	969.06
Balance brought forward from previous year	<u>596.52</u>	<u>543.08</u>
Profit for appropriations	<u>2733.22</u>	<u>1512.14</u>
APPROPRIATIONS		
Dividend	444.06	355.25
Provision for Tax on distributed profits @ 16.60875% (16.995%) on dividend	73.75	60.37
Transfer to General Reserve	1000.00	500.00
Balance carried forward	<u>1215.41</u>	<u>596.52</u>
Total	<u>2733.22</u>	<u>1512.14</u>
Authorised Capital	500.00	500.00
Paid up Capital	444.11	444.11
Reserves & Surplus	10038.82	8419.93

2. DIVIDEND

Considering the profitability of the Company, the Board of Directors is pleased to recommend for the approval of the shareholders of the Company for payment of dividend for the year ended 31-3-2010, at Rs.10/- per equity share of Rs.10/- each, which aggregates to Rs.4,44,05,750/- on the 44,40,575 equity shares in the share capital of the Company. In the previous year the Company paid dividend at Rs.8/- per equity share of Rs.10/- each.

3. OPERATIONS

	2009-10	2008-09
	MT	MT
Production (including processed on jobwork)		
a) Fatty Acids	55505	38946
b) Glycerine	1352	880
c) Toilet Soap	9883	6758
d) Soap Products	43920	33212
e) Industrial Oxygen (cubic meters)	359572	311466
f) Biomass Power (kwh)	25364665	22450366
g) Wind Power (kwh)	13817819	12314523
Sales		
a) Fatty Acids	27089	17213
b) Glycerine	1399	660
c) Soap Products	38763	23117
d) Toilet Soap	1665	491
e) Industrial Oxygen (cubic meters)	356317	307206
f) Biomass Power (kwh)	9178600	8340300
g) Wind Power (kwh)	13817819	12314523

4. OUTLOOK

Fatty Acids and Soap

The Company achieved the highest production in all the plants during the year under review. The positive growth in the Toilet Soap Industry for the second successive year created a consistent demand for Fatty Acids and Soap products. It helped to maintain high levels of production throughout the year. The increase in excise duty from 8% to 10% being marginal may not affect the growth of Soap Industry significantly. It is also unfavourable to units located outside the exempted areas but its impact on product cost will be minimal.

In the last annual report the Board approved to further improve the quality of the products and expand the product range by installing new equipment and replacing some of the existing equipment. Accordingly expansion cum modernisation program costing about Rs.45 Crores in Fatty Acid and Soap Plant is under implementation and is expected to be completed by January 2011. The program when completed will increase the capacity of Fatty Acid Plant from 200 tpd to 350 tpd and other downstream plants suitably besides enabling for quality improvement and broadening product range.

Biomass Power Plant

The availability of fuels continues to be the constraint in capacity utilization of Biomass Power Plant. While the fuel costs have gone up steeply the power purchase price by AP Transco for surplus power continues to be the same at Rs.3.80 per kwh. However, this being a captive power generation plant, the Company is able to run the plants and meet the production targets effectively without getting affected by power cuts / interruptions being now faced due to power shortage.

The appeal filed by the Company before the Supreme Court on the Orders of Appellate Tribunal for Electricity (ATE) for purchase of entire surplus power and also for payment of fixed costs for supplies over 2.4 Mw is pending for decision.

The appeals filed by AP Transco and APERC before the Supreme Court on the Orders in Appeal of ATE on the petition filed by the Biomass Energy Developers Association (BEDA) on behalf of its members for increase in power purchase price by AP Transco are also pending for decision. During the year the Company received Rs.88.24 lakhs from AP Transco towards amounts retained for power supplies over and above 2.4 Mw on half hourly PLF basis.

Wind Energy Generators (WEG)

Year 2009-10, like the previous year, was reasonably good for wind power generation. The three WEGs totaling 4.80 Mw generated 138.83 lakh kwh as compared to 123.15 lakh kwh in the previous year. Encouraged by this and the accelerated depreciation available on the investment in WEG, the Company set up one more unit of 1.5 Mw at SF 35(P), Location No. KD 92, Velayudhampalayam Village, Dharapuram Taluk, Tirupur District, Tamil Nadu and it was commissioned on March 28, 2010. The Ministry of New and Renewable Energy (MNRE) has announced Generation Based Incentive (GBI) for Grid Interactive Wind Power Projects commissioned after 17-12-2009. The companies are allowed to avail either Accelerated Depreciation or GBI but not both. The Company preferred to avail Accelerated Depreciation rather than GBI as it is found more beneficial.

Export House

The Company was recognized as an 'Export House' by the Govt. of India for its export performance till 31st March, 2009 for a period of 5 years under Foreign Trade Policy 2004-2009.

Credit Rating

The Company obtained credit rating of CARE A+ (adequate safety for timely servicing of debt obligation) for long term facilities from Banks and PRI (strong capacity for timely repayment and carry lowest credit risk) for short term facilities from CARE. ICRA awarded LA (adequate credit quality) for long term and AI (highest credit quality) for short term facilities.

5. CONSERVATION OF ENERGY & ENVIRONMENTAL SAFETY

During the year, the following actions were taken for conservation of energy and environmental safety.

- a) Wind powered Exhaust Fans have been installed in Sweet Water Treatment Plant to remove hot vapours from inside the plant.
- b) Conventional CRT Monitors have been replaced with LCD Monitors for the desktop computers.
- c) Conventional 40w Tubelights are being replaced with energy efficient T 5 Tubelight fittings.

- d) Low Efficiency Rectifier type welding machines have been replaced with energy efficient inverter based welding machines.
- e) Flash steam from heat exchangers is being used for pan boiling.
- f) Fat Splitting Plant IV capacity has been increased with minor modifications resulting in reduction of power consumption per MT of input.
- g) ETP outlet water is being treated and used for gardening and wetting roads and ash heaps.
- h) Reject water from the Reverse Osmosis Plant is being used for toilets flushing.

6. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year under review, the Company exported Fatty Acids to Sri Lanka and earned foreign exchange equivalent to Rs.44,61,48,528/- (previous year Rs.19,49,06,344/-). The Company imported raw materials and equipment during the year resulting in foreign exchange outgo equivalent to Rs.75,91,05,662/- (previous year Rs.51,20,31,566/-).

7. FINANCE

The Company availed working capital facilities from Andhra Bank and State Bank of India under consortium arrangement and the accounts with them are in order. To meet part of the funds requirement under expansion cum modernization programme costing about Rs.45 Crores and for setting up 1×1.5 Mw WEG costing Rs.8.75 Crores, the Company availed / planned to avail assistance from Andhra Bank, AXIS Bank and HDFC Bank in the form of working capital facility / term loans.

8. FIXED DEPOSITS

The Company has accepted Fixed Deposits from the Public and Shareholders during the year under review. There is one matured but unclaimed deposit of Rs.39,954 as on 31st March, 2010.

9. DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Shri M. Gopalakrishna and Shri Subbarao V. Tipirneni, Directors retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

10. AUDITORS

Brahmayya & Co., Chartered Accountants, Guntur retire at the ensuing Annual General Meeting and are eligible for re-appointment.

11. COST AUDITORS

The Company was directed by the Central Government for Cost Audit of the Cost Accounting Records maintained by the Company in respect of the products Soap and Industrial Oxygen for the year 2009-10. Accordingly for conducting the cost audit, Narasimha Murthy & Co., Cost Accountants, Hyderabad were appointed as Cost Auditors for both the products.

12. PERSONNEL

The Directors wish to place on record their deep sense of appreciation to all the employees of the Company for their sustained efforts and valuable contribution to the performance of the Company during the year. The Statement of Particulars of Employees pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is annexed to and forms part of this report.

13. CORPORATE GOVERNANCE

The Company is committed to maintain the standards of Corporate Governance prescribed by the Securities and Exchange Board of India (SEBI) codified in Clause 49 of the Listing Agreement with Stock Exchanges. Report on Corporate Governance and Management Discussions and Analysis (MD & A) along with Corporate Governance Compliance Certificate from Auditors are set out as separate Annexures to this report.

14. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors Responsibility Statement, it is hereby confirmed that -

- a) in the preparation of the annual accounts for the year ended March 31, 2010, the applicable Accounting Standards read with requirements set out under Schedule VI to the Companies Act, 1956, have been followed and there are no material departures from the same;
- b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company is at March 31, 2010 and of the profit of the Company for the year ended on that date;
- c) 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; and
- d) the directors have prepared the annual accounts of the Company on a going concern basis.

15. ACKNOWLEDGEMENTS

The Directors wish to place on record their appreciation for the wholehearted and sincere cooperation the Company received from various departments of Central and State Governments, Bankers, Auditors, Dealers and Suppliers to the Company. The Directors also would like to express their grateful appreciation for the guidance and cooperation received from the Holding Company, The Andhra Sugars Limited, Tanuku.

Tanuku
18th May, 2010

For and on behalf of the Board of Directors
Dr. MULLAPUDI HARISCHANDRA PRASAD
Chairman

ANNEXURE TO THE DIRECTORS' REPORT

Particulars of Employees as required by Sub-Section 2-A of Section 217 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31-03-2010.

Name	Age Years	Designation	Gross Remuneration Rs.	Net Remuneration Rs.	Qualification	Experience Years	Commencement of employment with the Company	Last Employment held
J. Murali Mohan	60	Managing Director	73,58,608	39,72,902	B.Tech., (Chemical Engineering) M.B.A.	31	16-02-1990	Marketing Manager, I.T.C. Ltd., (ILTD Division)

Notes :

1. Gross remuneration comprises salary, allowances, monetary value of perquisites, commission, provision for leave encashment, gratuity and the Company's contribution to provident and superannuation funds.
2. Net remuneration is after tax and is exclusive of Company's contribution to provident and superannuation funds, leave encashment and gratuity provision and monetary value of non-cash perquisites.
3. The appointment is governed by the provisions of Sec. 269 read with schedule XIII of the Companies Act, 1956.

FORM-B

DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

Research and Development (R & D)

1. Specific areas in which R & D carried out by the Company :
Production of Stearine Wax.
2. Benefits derived as a result of the above R & D :
Customer satisfaction.
3. Future Plan of action :
Continuous stress on improvement in quality and yields of Fatty Acids, Soap Noodles & Soap.
4. Expenditure on R & D :

	(Rs. in Lakhs)	
	2009-10	2008-09
a) Capital	0.07	1.19
b) Recurring	36.36	25.58
Total	<u>36.43</u>	<u>26.77</u>
Total R & D expenditure as a percentage of turnover	<u>0.11</u>	<u>0.13</u>

Technology Absorption, Adaptation and Innovation

1. Efforts in brief, made towards technology absorption, adaptation and innovation :
The Company maintains contacts with technical experts in the field of Soap, Fatty Acids and Energy.
2. Benefits derived as a result of the above efforts :
Improved capability and productivity to meet customer requirements.
Reduced energy consumption.
3. Imported Technology : – Nil –

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

a) Industry Structure and Developments :

The Company is engaged in the manufacture of Stearic Acid Flakes, Fatty Acids, Glycerine, Soap Noodles, Toilet Soap, Industrial Oxygen and in the generation of Power from biomass and wind. Non-edible oils and fatty acid distillates, both indigenous and imported are used as raw materials for manufacturing the finished products. The products manufactured are marketed directly from the factory as well as through Depots and C&F Agents located in major cities and towns in the country. The Company also manufactures Fatty Acids, Soap Noodles and Toilet Soap on jobwork for reputed customers. Biomass Power Plant is a captive power plant and surplus power is sold to AP Transco. Power generated from Wind Energy Generators (WEG) set up in Tamil Nadu is sold to Tamil Nadu Electricity Board.

Majority of the Fatty Acids produced are consumed as raw material in Soap Industry for Toilet Soap making. Hence performance of Toilet Soap Industry will have its impact on the demand for Fatty Acids. Stearic Acid is a chemical used in rubber, plastic, metal polish and number of other industries and wide fluctuations in demand are not expected. Glycerine and Industrial Oxygen are by-products.

The country is short of both edible and non-edible oils. Therefore the Fatty Acid Industry is heavily dependent on imports of palm based products from Malaysia and Indonesia. As a result the supply and demand position in the international market for vegetable oils influences the indigenous markets. Further, fluctuation in crude oil prices also will have impact on edible and non-edible oils due to their usage in production of biofuels.

Steam and Power requirements of Process Plant are met from the 6 Mw Biomass Cogeneration Power Plant within the premises. The fuels intended for running the plant are field residues like Cotton Stalks, Chili Stalks etc., available in the surrounding areas. However, their availability at present is insufficient due to several other Power Plants requiring the same fuels coming up in the surrounding areas and also due to shortage of labour and increase in labour cost. During the year the company received a good quantity of Subabul to meet part of the fuel requirements, albeit at a higher price. Problems apart, the major advantage with the captive power plant is that the processing plants of the company are insulated from power cuts and problems associated with irregular supply of power by power distribution companies during the periods of power shortage.

Continuous development efforts are being made to absorb the latest technologies and practices. Quality Management Systems (QMS) Standard ISO 9001:2000 obtained from Det Norske Veritas (DNV), a renowned certification agency in the year 2005 is in the process of upgradation to ISO 9001:2008.

b) Opportunities and Threats :

Toilet Soap Industry recorded a healthy growth for the second year in succession. It is one of few segments of consumer goods that have shown an upward trend while most others experienced downtrend during the ongoing economic crisis. Over 50% of the Toilet Soap market is in the rural sector. The Toilet Soap Industry has benefited due to increase in the purchasing power of the people living in the rural areas in the recent years as a result of the several measures taken by the Governments to improve their living standards. It is expected that these measures will remain and the Toilet Soap Industry will continue to derive benefit.

The standard rate of Excise Duty which was reduced from 10% to 8% in February 2009 as a part of stimulus package is now reverted to 10%. All the goods manufactured by the company now attract increased rate of 10%. The increase in Excise Duty is slightly inflationary and to that extent unfavourable to the units located in the areas other than the exempted areas. However, considering that this standard rate about two years back was 16%, the increase is marginal and hence may not affect the Toilet Soap Industry too hard and secondly the disparity in cost of production between goods produced in exempted and non-exempted areas will also not be much.

Toilet Soap market is dominated by a few well established brands and manufacturers. Toilet Soap being a consumer product requires extensive market network, brand image, advertisement etc., for successful marketing. Corporations having good market network are entering into the Toilet Soap market with new brands by outsourcing. There are opportunities to meet such requirements but the volumes are limited in scope at present as these manufacturers themselves have created additional production facilities in the exempted areas.

Biomass Power Plants and Wind Energy Generators generate power from renewable sources of energy. The cost of generation of power from these sources will be higher than the power generated from conventional sources of energy due to high capital investment, low PLF, smaller size of the plants etc. Therefore promotion of power generation from these sources needs support from Government by way of higher purchase price, subsidies, concessions etc.

The Ministry of New and Renewable Energy (MNRE) has announced the Generation Based Incentives (GBI) for grid interactive wind power projects commissioned after 17-2-2009. Companies are allowed to avail either Accelerated Depreciation (AD) or GBI but not both. The company preferred to avail AD over GBI as it is found to be more advantageous.

The open market price for energy during summer is much higher than the rate paid by power distribution companies of the State Governments to power producers from biomass and wind. Substantial quantity of power from wind mills and Biomass Power Plants is generated during summer. However, due to fluctuations in power generation by WEGs and variations in surplus power available for sale from captive Biomass Power Plant, the net realization in the open market for unscheduled supplies of power may not be attractive. Hence Government should consider either giving more incentives or offering higher rate.

c) Segment-wise or Product-wise performance :

Segment-wise performance of the Company is given separately at page no. 41

d) Outlook :

The present market conditions are likely to continue for some more time barring any Government changes which adversely affects the company business.

e) Risks and Concerns :

Any further increase in Excise Duty on the goods manufactured by the company may be unfavourable to the company as it will result in increase in cost of production of goods manufactured by the company as compared to similar goods manufactured in the exempted areas.

The wide fluctuations in raw material prices in the international market affect the prices of final products which may result in conditions sometimes favourable or at other times unfavourable to the company inspite of taking precautions to avoid risks in price fluctuations.

The profitability of Biomass Power Plant and Wind Energy Generators largely depends upon the purchase price fixed by the Governments for purchase of energy from renewable sources as a promotional measure and biomass availability and its cost.

f) Internal Control System and their adequacy :

The Company has proper and adequate internal control systems commensurate with its size and nature of business. These internal control systems ensure protection to the resources of the Company and compliance with the policies and statutes.

The internal controls are supplemented by internal audits by Mastanaiah & Co., Chartered Accountants, Guntur. The internal controls and internal audit ensure that appropriate records are available for preparing financial statements and other data for maintaining accountability of assets.

g) Financial performance with respect to Operational performance :

During the year the Profit Before Tax has increased at higher rate than the rate at which the production increased over the previous year indicating a healthy growth.

h) Human Resources :

As on 31st March, 2010 the total number of persons employed by the Company, both in factory and office was 591. The Management of the Company maintains good relations with the employees. Since the inception of the Company in 1980 there have been no labour problems.

i) The Management of the Company discloses all material, financial and commercial transactions in which they have personal interest that may have potential conflict with the interest of the Company at large to the Board of Directors.

AUDITORS' REPORT

TO THE SHAREHOLDERS OF JOCIL LIMITED,

We have audited the attached Balance Sheet of Jocil Limited as at 31 March 2010, 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 Companies (Auditors' Report) Order, 2003 issued by the Government of India in terms of Sub-Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

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

- a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of such books;
- c. The Balance Sheet and Profit and Loss Account and Cash-flow Statement dealt with by this report are in agreement with the books of account;
- d. In our opinion, the Balance Sheet, Profit and Loss account and Cash-flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- e. On the basis of written representations received from the directors, as on March 31, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 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 together with the notes thereto, 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, 2010;
 - 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.

Guntur
18th May, 2010

For BRAHMAYYA & CO.,
Chartered Accountants
Firm Regn. No. 000513S
K. RAJAJ
Partner
ICAI Memb. No. 202309

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF AUDITORS' REPORT OF EVEN DATE

- 1.1 According to the information and explanations furnished to us, the company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- 1.2 According to the information and explanations furnished to us, the company has physically verified its fixed assets during the year and no material discrepancies were noticed on such verification.
- 1.3 According to the information and explanations furnished to us, the company has not disposed of a substantial part of its fixed assets during the year as to affect the going concern assumption in preparing the financial statements under report.
- 2.1 According to the information and explanations furnished to us, during the year under report the company has physically verified its inventories during the year. In our opinion, the frequency of such verification to the extent carried out is reasonable.
- 2.2 In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- 2.3 According to the information furnished to us, the company is maintaining proper records of its inventory. The discrepancies if any noticed on verification of inventories between the physical stocks and the book records were not material, and have been properly dealt with in the books of account.
- 3.1 During the year the company has not granted any loans to parties covered in the register maintained under Section 301 of the Companies Act, 1956. However, the unsecured loans granted to two companies covered in the register maintained under Section 301 of the Companies Act, 1956 and outstanding as on 31-3-2009 aggregating to Rs. 4 crores were closed during the year and no such balance was outstanding as on date of balance sheet.
- 3.2 In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interests of the company.
- 3.3 According to the terms and conditions of such loans, the principal amounts are repayable on demand and there is no repayment schedule. The said loans were closed during the year.
- 3.4 In respect of the aforesaid loans, the same are repayable on demand and therefore the question of overdue amounts does not arise.
- 3.5 According to the information and explanations furnished to us, the company has taken Fixed deposits aggregating at the date of the Balance Sheet to Rs. 100.83 lakhs from a Director and 4 parties covered in the register maintained under Section 301 of the Companies Act 1956.
- 3.6 In our opinion, the rate of interest and other terms and conditions on which Fixed deposits have been taken by the company from parties covered in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.
- 3.7 According to the information and explanations furnished to us, the company has been regular in repaying the principal and interest amounts as stipulated on the deposits taken by it from the parties covered in the register maintained under Section 301 of the Companies Act 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. Further, during the course of our audit, we have not come across any instances of major weaknesses in internal control system that in our opinion, require correction but have so continued without correction.

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

Sl. No.	Name of the statute	Nature of the dues	Amount (Rs.)	Forum where dispute is pending	Period
1.	Central Excise Act, 1944	Excise duty	88,97,229	CESTAT, Bangalore	2008
2.	AP VAT Act	Sales Tax	15,25,175	ADC, Guntur	2005-06 to 2007-08

10. The company had no accumulated losses at the end of the year under report and it did not incur cash losses during the said year or in the immediately preceding financial year.
11. In our opinion and according to the information and explanations furnished to us by the company, there were no defaults in repayment of its dues to financial institutions, banks or debenture holders at the date of the Balance Sheet.
12. According to the information furnished to us, the company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures, and other securities.

13. In our opinion and according to the information and explanations furnished to us, the company is not a chit fund or a nidhi / mutual benefit fund / society and hence, the requirements of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company during the year under report.
14. According to the information furnished to us, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the requirements of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
15. According to the information furnished to us, the company has not given any guarantees for loans taken by others from any banks or financial institutions during the year and also there are no such outstanding guarantees as on date of balance sheet.
16. The company has not taken any term loans during the year. Hence the reporting requirements in terms of clause 4(xvi) of the (Auditor's Report) Order, 2003 are not applicable to the company during the year under report.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we are of the opinion that considering the internal accruals of the company during the year under report, funds raised by the company on short-term basis have prima facie not been used for long term applications, except for permanent working capital.
18. According to the information and explanations furnished to us, the company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Act.
19. According to the information and explanations given to us, the company has not issued any debentures during the year under report.
20. The company has not raised any moneys through public issue of its securities during the year, and the question of end use of such moneys did not arise during the year.
21. During the course of our examination of the accounts of the company in accordance with generally accepted auditing practices, we have not come across any instances of fraud on or by the company, nor have we been informed by the management, of any such instance being noticed or reported during the year.

Guntur
18th May, 2010

For BRAHMAYYA & CO.,
Chartered Accountants
Firm Regn. No. 000513S
K. RAJAJ
Partner
ICAI Memb. No. 202309

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration details

- a) Registration No. (CIN) : L28990AP1978PLC002260
 b) State Code : 01
 c) Balance Sheet Date : 31-3-2010

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

(Rs. in Thousands)

a) Total Assets	<u>166,04,41</u>	b) Total Liabilities	<u>166,04,41</u>
Sources of Funds		Application of Funds	
a) Paid-up Capital	4,44,11	a) Net Fixed Assets	62,51,60
b) Reserves & Surplus	100,38,82	b) Investments	1,00,10
c) Secured Loans	3,47,93	c) Net Current Assets	63,36,39
d) Unsecured Loans	7,82,66	d) Misc. Expenditure	—
e) Deferred Tax	10,74,57	e) Accumulated loss	—
Total	<u>126,88,09</u>	Total	<u>126,88,09</u>

IV. Performance of Company

a) Turnover	301,66,21
b) Other Income	<u>3,43,58</u>
Total	305,09,79
c) Total Expenditure	273,02,78
d) Profit Before Tax	32,07,01
e) Profit After Tax	21,36,70
f) Earnings per Share (in Rs.)	48.12
g) Dividend Rate (%)	100.00

V. Generic Names of Three Principal Products / Services of Company (as per monetary terms)

1. Item Code No. (ITC Code)	:	15191100
Product Description	:	Stearic Acid
2. Item Code No. (ITC Code)	:	34012000
Product Description	:	Soap Products
3. Item Code No. (ITC Code)	:	15191900
Product Description	:	Fatty Acids

As per our report of even date :
 For BRAHMAYYA & Co.,
 Chartered Accountants
 Firm Regn. No. 0005135
 K. RAJAJ, Partner
 ICAI Memb. No. 202309
 Guntur
 18th May, 2010

For and on behalf of the Board

Dr. MULLAPUDI HARISCHANDRA PRASAD

Chairman

J. MURALI MOHAN

Managing Director

P. KESAVULU REDDY

President & Secretary

STATEMENT ON 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 stated at cost, net of Cenvat / VAT, 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 and interest on borrowings till the date of commissioning of the assets.

3. DEPRECIATION

Depreciation is written off in accordance with the provisions of Schedule XIV of the Companies Act, 1956 as follows :

1. Under straight line method in respect of Plant and Machinery of Wind Mill division.
2. Under written down value method on the remaining assets of the company.

4. INTANGIBLE ASSETS

Intangible assets are stated at cost of acquisition less accumulated amortization. The intangible assets, being Computer Software is amortized over a period of 5 years on Straight Line Method.

5. 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.

6. INVENTORIES

- a) Finished goods are valued at lower of cost or net realizable value.
- b) Cost of work-in-progress and finished goods includes appropriate portion of overheads etc., and excise duty wherever applicable.
- c) Raw materials, stores and spares are valued at cost using weighted average method.
- d) Work-in-progress, raw materials, stores, spares, material in transit, are valued at cost except where the net realizable value of the finished goods they are used in is less than the cost of finished goods and in such an event, if the replacement cost of such materials etc., is less than their book values, they are valued at replacement cost.
- e) By-products and scrap are valued at net realizable value.
- f) Dedicated machinery spares which can be used only in connection with an item of fixed assets and whose use is expected to be irregular are amortized over the estimated useful life of the principal assets.

7. SALES

Sales are inclusive of Excise Duty and Packing Charges and net of rebates and Sales Tax. Sales Tax collected from customers and remitted to the authorities is not reflected in the Profit and Loss account and on completion of the sales tax assessments, the net liability, if any, payable by the company, is charged to the Profit and Loss account.

Power consumed in other units is accounted at the rate fixed for payment for sale to AP Transco.

8. TAXES ON INCOME

Current tax is determined as per the provisions of Income Tax Act, 1961 in respect of taxable income for the year.

Deferred tax liability is recognised, subject to the consideration of prudence on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets arising on account of brought forward losses and unabsorbed depreciation as per Income Tax laws are recognized only when there is virtual certainty supported by convincing evidence that such assets will be realized. Deferred tax assets arising on other temporary differences are recognized only if there is a reasonable certainty of realization.

9. SEGMENT REPORTING

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company with the following additional policies for segment reporting.

Inter segment revenue has been accounted for based on the market related prices.

Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocated expenses".

10. RETIREMENT BENEFITS

The Company provides retirement benefits in the form of Provident Fund, Superannuation and Gratuity etc.

Contribution to Provident Fund, a defined contribution scheme, is made at the prescribed rates to the Provident Fund Commissioner and is charged to the Profit and Loss account. There is no other obligation other than the contribution payable.

Gratuity, a defined Benefit scheme is covered by a Group Gratuity cum Life Assurance policy with LIC. Annual contribution to the fund as determined by LIC is expensed in the year of contribution. The short fall between the accumulated funds available with LIC and liability as determined on the basis of actuarial valuation is provided for as at the year end. The actuarial valuation is done as per the Projected Unit Credit method. Actuarial gains/losses are immediately taken to Profit and Loss account.

The liability in respect of compensated absence due or expected to be availed within one year from the balance sheet date is recognized on the basis of undiscounted value of estimated amount required to be paid. Liability in respect of compensated absences becoming due or expected to be availed more than one year after the balance sheet date is estimated on the basis of actuarial valuation using projected unit credit method at the end of each year.

Contribution to Superannuation Fund, a defined contribution scheme, is made to the LIC as per arrangement with them.

11. RESEARCH & 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.

12. FOREIGN EXCHANGE TRANSACTIONS

Transactions in foreign currency are initially accounted at the exchange rate prevailing on the date of the transaction, and adjusted appropriately, with the difference in the rate of exchange arising on actual receipt/payment during the year.

At each Balance Sheet date

- i) Foreign currency monetary items are reported using the rate of exchange on that date.
- ii) Foreign currency non-monetary items are reported using the exchange rate at which they were initially recognized.

13. IMPAIRMENT OF ASSETS

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

14. CONTINGENT LIABILITIES

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

15. 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.

BALANCE SHEET AS AT 31st March, 2010

	Schedule	As at 31-3-2010 Rs.	As at 31-3-2009 Rs.
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	1	4,44,10,500	4,44,10,500
Reserves & Surplus	2	100,38,82,029	84,19,92,869
Loan Funds			
Secured Loans	3	3,47,93,615	2,82,41,585
Unsecured Loans	4	7,82,66,493	3,25,98,876
Net Deferred Tax Liability (See Note No. 13)		<u>10,74,56,953</u>	<u>10,99,07,275</u>
	Total	<u>126,88,09,590</u>	<u>105,71,51,105</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block		121,00,02,136	109,38,52,232
Less: Depreciation		<u>65,94,27,245</u>	<u>61,05,11,307</u>
Net Block	5	55,05,74,891	48,33,40,925
Capital Work-in-Progress		<u>7,45,85,323</u>	<u>1,41,32,392</u>
		<u>62,51,60,214</u>	<u>49,74,73,317</u>
Investments	6	<u>1,00,10,125</u>	<u>62,56,180</u>
Current Assets, Loans and Advances			
Inventories	7	28,59,42,551	16,89,68,061
Sundry Debtors	8	35,53,16,081	22,87,71,563
Cash and Bank Balances	9	10,37,57,796	23,91,49,881
Other Current Assets	10	5,35,381	18,78,444
Loans and Advances	11	<u>27,97,19,429</u>	<u>21,64,09,662</u>
		<u>102,52,71,238</u>	<u>85,51,77,611</u>
Less : Current Liabilities and Provisions			
Current Liabilities	12	15,23,11,743	11,79,36,595
Provisions	13	<u>23,93,20,244</u>	<u>18,38,19,408</u>
		<u>39,16,31,987</u>	<u>30,17,56,003</u>
Net Current Assets		<u>63,36,39,251</u>	<u>55,34,21,608</u>
	Total	<u>126,88,09,590</u>	<u>105,71,51,105</u>
Note : The Schedules, Notes and Statement on Accounting Policies form an integral part of the Balance Sheet.			

As per our report of even date :
For BRAHMAYYA & Co.,
Chartered Accountants
Firm Regn. No. 0005135
K. RAJAJ, Partner
ICAI Memb. No. 202309
Guntur
18th May, 2010

For and on behalf of the Board

Dr. MULLAPUDI HARISCHANDRA PRASAD

J. MURALI MOHAN

P. KESAVULU REDDY

Chairman

Managing Director

President & Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st March, 2010

	Schedule	Year ended 31-3-2010 Rs.	Year ended 31-3-2009 Rs.
INCOME			
Gross Sales		323,50,31,620	214,13,79,194
Less : Excise duty		<u>21,84,10,491</u>	<u>20,72,11,577</u>
		301,66,21,129	193,41,67,617
Other Income	14	3,43,57,603	2,46,37,052
Increase in Stocks	15	<u>7,23,96,784</u>	<u>2,47,62,620</u>
		<u>312,33,75,516</u>	<u>198,35,67,289</u>
EXPENDITURE			
Raw Materials consumed		201,47,23,347	126,59,82,728
Payments and benefits to Employees Manufacturing, Selling, Administrative and other expenses	16	11,93,91,601	9,36,01,653
	17	61,05,81,013	41,49,45,600
Rates and Taxes	18	13,67,436	12,21,494
Interest	19	55,25,056	33,82,506
Depreciation		<u>5,10,86,052</u>	<u>5,23,27,795</u>
		<u>280,26,74,505</u>	<u>183,14,61,776</u>
Profit before Tax		32,07,01,011	15,21,05,513
Less : Provision for - Income Tax		11,00,00,000	5,00,00,000
Deferred Tax		—	48,00,000
Fringe benefit Tax		—	4,00,000
		<u>21,07,01,011</u>	<u>9,69,05,513</u>
Add : Excess provision for Income Tax Deferred Tax (Credit)		5,18,817 <u>24,50,322</u>	— <u>—</u>
Profit after Tax		21,36,70,150	9,69,05,513
Add : Surplus brought forward from previous year		<u>5,96,51,719</u>	<u>5,43,08,212</u>
Profit available for appropriations		<u>27,33,21,869</u>	<u>15,12,13,725</u>
Transfer to General Reserve		10,00,00,000	5,00,00,000
Provision for proposed Dividend		4,44,05,750	3,55,24,600
Provision for Tax on distributed profits		73,75,240	60,37,406
Balance of Profit carried forward to next year		<u>12,15,40,879</u>	<u>5,96,51,719</u>
		<u>27,33,21,869</u>	<u>15,12,13,725</u>
No. of Equity shares of Rs.10 each		44,40,575	44,40,575
Basic and diluted earning per share (Net Profit after tax / No. of Equity shares) (21,36,70,150/44,40,575)		Rs.48.12	Rs.21.82
Note : The Schedules, Notes and Statement on Accounting Policies form an integral part of the Profit & Loss Account.			

As per our report of even date :
For BRAHMAYYA & Co.,
Chartered Accountants
Firm Regn. No. 000513S
K. RAJAJ, Partner
ICAI Memb. No. 202309
Guntur
18th May, 2010

For and on behalf of the Board

Dr. MULLAPUDI HARISCHANDRA PRASAD

Chairman

J. MURALI MOHAN

Managing Director

P. KESAVULU REDDY

President & Secretary

Schedules to Balance Sheet

	As at 31-3-2010 Rs.	As at 31-3-2009 Rs.
1. SHARE CAPITAL		
Authorised		
50,00,000 Equity Shares of Rs.10 each	<u>5,00,00,000</u>	<u>5,00,00,000</u>
Issued and Subscribed		
44,41,525 Equity Shares of Rs.10 each	<u>4,44,15,250</u>	<u>4,44,15,250</u>
Paid-up Capital		
44,40,575 Equity Shares of Rs.10 each fully paid-up	4,44,05,750	4,44,05,750
Add : Forfeited Shares (amount originally paid-up)	4,750	4,750
Total	<u>4,44,10,500</u>	<u>4,44,10,500</u>
<p>Note : Out of the above (i) 24,43,250 Shares are held by the Holding Company, The Andhra Sugars Limited, Tanuku and (ii) 8,24,525 shares were allotted as Bonus shares fully paid-up by capitalisation of General Reserve.</p>		
2. RESERVES AND SURPLUS		
Capital Reserve		
State Govt. Subsidy	39,66,150	39,66,150
General Reserve		
As per last Balance Sheet	70,00,00,000	65,00,00,000
Add : Transfer from Profit & Loss Account	<u>10,00,00,000</u>	<u>5,00,00,000</u>
	80,00,00,000	70,00,00,000
Share Premium	7,83,75,000	7,83,75,000
Surplus in Profit & Loss Account	<u>12,15,40,879</u>	<u>5,96,51,719</u>
Total	<u>100,38,82,029</u>	<u>84,19,92,869</u>

Schedules to Balance Sheet

	As at 31-3-2010 Rs.	As at 31-3-2009 Rs.
3. SECURED LOANS		
Short Term Loans		
Working Capital Loans from Banks (Secured by way of hypothecation of stocks and book debts. Also secured by second charge on fixed assets of the Company)	3,47,93,615	2,82,41,585
Total	<u>3,47,93,615</u>	<u>2,82,41,585</u>
4. UNSECURED LOANS		
Long Term Loans		
From Andhra Pradesh State Government –		
Interest Free Sales Tax Loan (Repayable from the end of 14th year from the year of receipt commencing from the accounting year 2010-11)	1,10,16,620	1,10,16,620
Short Term Loans		
Short Term Loan from Bank	4,00,00,000	
Fixed Deposits from – Shareholders	2,04,12,939	1,43,28,051
Directors	22,03,553	11,36,602
Public	46,73,335	
Less : Unclaimed deposits shown under current liabilities	<u>39,954</u>	<u>61,17,603</u>
Total	<u>7,82,66,493</u>	<u>3,25,98,876</u>

Schedules to Balance Sheet

Name of the Asset	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Total Cost upto 31-03-2009	Additions during the year	Deductions during the year	Total Cost upto 31-03-2010	Provided during the year	Deductions during the year	Total upto 31-03-2010	As at 31-03-2010	As at 31-03-2009	
Land	67,94,117	19,11,000	—	87,05,117	—	—	—	87,05,117	67,94,117	
Factory Buildings	5,84,01,477	9,86,915	—	5,93,88,392	25,90,494	—	3,52,65,412	2,41,22,980	2,57,26,559	
Non-Factory Buildings	2,03,52,870	42,80,405	—	2,46,33,275	8,41,048	—	78,32,453	1,68,00,822	1,33,61,465	
Plant & Machinery	90,45,06,444	10,52,16,727	8,20,588	100,89,02,583	4,21,21,650	6,53,154	53,29,47,722	47,59,54,861	41,30,27,218	
Electrical Installations	6,61,75,125	—	—	6,61,75,125	18,04,044	—	5,59,87,502	1,01,87,623	1,19,91,667	
Wells and Water Works	9,39,231	—	—	9,39,231	8,518	—	8,88,795	50,436	58,954	
Laboratory Equipment	29,13,363	5,04,493	51,737	33,66,119	1,93,420	44,866	20,56,758	13,09,361	10,05,159	
Furniture & Fixtures	1,39,36,225	40,22,886	4,66,648	1,74,92,463	9,96,921	4,13,560	1,13,84,707	61,07,756	31,34,879	
Library	1,44,022	—	—	1,44,022	—	—	1,44,022	—	—	
Vehicles	1,93,41,601	19,65,330	13,98,879	1,99,08,052	24,60,406	10,58,534	1,26,52,562	72,55,490	80,90,911	
Intangible Assets (Comp. Software)	3,47,757	—	—	3,47,757	69,551	—	2,67,312	80,455	1,49,996	
Grand Total	109,38,52,232	11,88,87,756	27,37,852	121,00,02,136	5,10,86,052	21,70,114	65,94,27,245	55,05,74,891	48,33,40,925	
Previous year	108,16,78,271	1,37,33,575	15,59,614	109,38,52,232	5,23,27,795	12,79,576	61,05,11,307	48,33,40,925	52,22,15,183	

Schedules to Balance Sheet

	As at 31-3-2010 Rs.	As at 31-3-2009 Rs.
6. INVESTMENTS (At Cost)		
Government Securities :		
National Savings Certificates	3,500	2,000
Trade Investments (quoted) :		
13,652 Equity Shares of Rs.10 each fully paid-up in Andhra Bank Limited, Hyderabad	3,16,680	3,16,680
Non-Trade Investments (quoted) :		
7,26,106 (4,00,000) Equity Shares of Rs.10 each fully paid-up in The Andhra Petrochemicals Limited, Tanuku (a Company under the same management) (3,26,106 Shares acquired during the year)	77,52,445	40,00,000
200 Equity Shares of Rs.10 each fully paid-up in The Industrial Finance Corporation of India Limited, Delhi	4,500	4,500
11,360 Equity Shares of Rs.10 each fully paid-up in Industrial Development Bank of India, Mumbai	9,23,000	9,23,000
999.940 units of Rs.10 each fully paid-up in IDBI Principal Cash Management Fund	10,000	10,000
Non-Trade Investments (Unquoted) :		
1,00,000 Equity Shares of Rs.10 each fully paid-up in Agri Business Finance (AP) Ltd., Hyderabad	10,00,000	10,00,000
Total	<u>1,00,10,125</u>	<u>62,56,180</u>
a) The aggregate cost of quoted investments	90,06,625	52,54,180
b) The aggregate market value of quoted investments	1,31,85,467	47,59,261
c) The aggregate cost of unquoted investments	10,00,000	10,00,000
Note : All the above are long term investments		
7. INVENTORIES		
(as certified by the Managing Director)		
Tools and Implements	17,29,001	9,27,352
Stores and Spares	9,06,88,415	6,04,64,676
Raw Materials	85,49,403	—
Work-in-Process	9,29,27,661	3,77,89,899
Finished Goods - At Cost	9,20,48,071	6,97,86,134
Total	<u>28,59,42,551</u>	<u>16,89,68,061</u>
8. SUNDRY DEBTORS		
Unsecured considered good		
Outstanding for more than six months	40,47,383	1,08,52,026
Other debts	35,12,68,698	21,79,19,537
Total	<u>35,53,16,081</u>	<u>22,87,71,563</u>

Schedules to Balance Sheet

	As at 31-3-2010 Rs.	As at 31-3-2009 Rs.
9. CASH AND BANK BALANCES		
1. Cash on hand	14,78,398	7,47,599
2. At Scheduled Banks		
i) In Current Accounts	9,41,13,021	6,59,95,569
ii) In Fixed Deposits	<u>81,66,377</u>	<u>17,24,06,713</u>
Total	<u>10,37,57,796</u>	<u>23,91,49,881</u>
10. OTHER CURRENT ASSETS		
Accrued Interest	<u>5,35,381</u>	<u>18,78,444</u>
Total	<u>5,35,381</u>	<u>18,78,444</u>
11. LOANS AND ADVANCES		
Advances unsecured, considered good (Recoverable in cash or in kind or for value to be received)	6,86,13,738	2,13,71,062
Inter Corporate Loans	—	4,00,00,000
Deposits with Govt. Departments etc.	20,51,333	17,83,627
Prepaid Expenses	33,32,204	32,33,031
Excise Duty paid in advance	1,40,79,304	1,56,45,824
Advance Income Tax paid	18,20,28,239	11,40,37,123
Advance payment of Fringe Benefit Tax	6,23,102	15,61,343
Sales Tax paid under protest	15,23,345	13,05,462
Income Tax deducted at source	<u>74,68,164</u>	<u>1,74,72,190</u>
Total	<u>27,97,19,429</u>	<u>21,64,09,662</u>
12. CURRENT LIABILITIES		
Sundry Creditors (Refer Note No. 18)		
i) Dues to micro and small enterprises	—	
ii) Other than micro and small enterprises	<u>14,07,00,731</u>	8,82,03,419
Advances received against sales	79,30,659	2,63,81,559
Security Deposits from C & F agents	10,63,558	7,93,558
Interest accrued but not due on loans	15,07,298	12,55,785
Unclaimed Dividends*	10,69,543	12,53,875
Unclaimed Fixed Deposits*	<u>39,954</u>	<u>48,399</u>
Total	<u>15,23,11,743</u>	<u>11,79,36,595</u>
*These amounts have not fallen due for remittance to Investor Education Protection fund in terms of Section 205C of the Companies Act, 1956 as on date of Balance Sheet.		
13. PROVISIONS		
Particulars		
Provision for Income Tax	17,79,44,233	12,47,44,233
Provision for Fringe Benefit Tax	6,50,000	16,75,000
Proposed Dividend	4,44,05,750	3,55,24,600
Provision for Tax on distributed Profits	73,75,240	60,37,406
Provision for Leave Encashment	82,11,282	56,66,913
Provision for Group gratuity	<u>7,33,739</u>	<u>1,01,71,256</u>
Total	<u>23,93,20,244</u>	<u>18,38,19,408</u>

Schedules to Profit and Loss Account

	Year ended 31-3-2010 Rs.	Year ended 31-3-2009 Rs.
14. OTHER INCOME		
Interest received from Banks & others (TDS Rs.26,09,472 previous year Rs.39,20,524)	2,14,93,650	1,84,09,826
Dividend received (includes Rs.61,434 (Rs.27,304) from Trade Investments)	89,994	50,024
Rental charges received	1,38,929	1,79,823
Difference in Foreign Exchange	—	32,74,461
Sale of Scrap	27,77,453	20,71,593
Profit on sale of Assets	7,25,402	3,14,574
Claims/Refunds received	40,855	2,95,731
Miscellaneous receipts	2,67,402	41,020
Bad debts written off in earlier years, now recovered	88,23,918	—
Total	<u>3,43,57,603</u>	<u>2,46,37,052</u>
15. INCREASE IN STOCKS		
A. Opening Stock		
Work-in-Process	3,77,89,899	1,68,30,713
Finished Goods	6,97,86,134	7,09,68,035
A	<u>10,75,76,033</u>	<u>8,77,98,748</u>
B. Closing Stock		
Work-in-Process	9,29,27,661	3,77,89,899
Finished Goods	9,20,48,071	6,97,86,134
B	<u>18,49,75,732</u>	<u>10,75,76,033</u>
(B - A)	<u>7,73,99,699</u>	<u>1,97,77,285</u>
Add/(Less) : Variation in Excise Duty on stocks	<u>(50,02,915)</u>	<u>49,85,335</u>
Total	<u>7,23,96,784</u>	<u>2,47,62,620</u>
16. PAYMENTS AND BENEFITS TO EMPLOYEES		
Salaries, Wages and Bonus	9,81,49,498	6,94,78,825
Contribution to PF, Gratuity, E.S.I. and other Funds	1,80,80,584	2,16,78,750
Workmen and Staff Welfare Expenses	31,61,519	24,44,078
Total	<u>11,93,91,601</u>	<u>9,36,01,653</u>

Schedules to Profit and Loss Account

	Year ended 31-3-2010 Rs.	Year ended 31-3-2009 Rs.
17. MANUFACTURING, SELLING, ADMINISTRATIVE AND OTHER EXPENSES		
A. Manufacturing Expenses		
Stores and Spares consumed (Including Packing Materials)	24,58,17,443	14,87,71,866
Power and Fuel	18,24,58,293	11,90,16,935
Insurance	50,51,372	45,56,640
Repairs to Machinery	4,82,55,958	4,01,42,943
Repairs to Buildings	86,40,253	30,56,819
Repairs to other Assets	7,02,510	7,43,234
Tools written off	7,72,699	3,44,692
Production Expenses	32,68,326	20,18,443
Total	<u>49,49,66,854</u>	<u>31,86,51,572</u>
B. Selling Expenses		
Advertisement and Sales Promotion Expenses	9,64,403	12,41,754
Freight Outward, Export Sales & Consignment Expenses	7,04,24,670	4,53,44,590
Commission on Sales	1,57,03,183	1,28,62,735
Total	<u>8,70,92,256</u>	<u>5,94,49,079</u>
C. Administrative Expenses		
Rents	7,87,888	7,57,660
Directors Sitting fees and Travelling Expenses	3,96,007	1,79,226
Remuneration to Managing Director (Note No.10B)	73,58,608	65,24,735
Donations	60,05,000	25,05,000
Payment to Auditors (Note No.6)	3,35,000	3,05,000
Miscellaneous Expenses	1,04,02,154	98,40,026
Total	<u>2,52,84,657</u>	<u>2,01,11,647</u>
D. Other Items		
Bad Debts written off	—	1,66,98,192
Debit balance written off	524	3,697
Assets written off	55,804	12,504
Loss on Sale of Assets	3,627	18,909
Difference in Foreign Exchange	31,77,291	—
Total	<u>32,37,246</u>	<u>1,67,33,302</u>
Grand Total (A+B+C+D)	<u>61,05,81,013</u>	<u>41,49,45,600</u>
18. RATES & TAXES		
Rates & Taxes	13,67,436	12,21,494
Total	<u>13,67,436</u>	<u>12,21,494</u>
19. INTEREST PAID ON		
Fixed Loans (including Rs.1,81,927 to Managing Director, previous year Rs.93,797)	26,87,999	17,43,393
To Banks & others	28,37,057	16,39,113
Total	<u>55,25,056</u>	<u>33,82,506</u>

Notes forming part of the Accounts

PROFIT AND LOSS ACCOUNT

	Year ended 31-3-2010		Year ended 31-3-2009	
	Quantity	Value	Quantity	Value
	MT	Rs.	MT	Rs.
1. SALES				
Fatty Acids	27088.921	121,31,35,438	17213.395	84,21,47,749
Glycerine	1398.920	4,07,85,430	659.950	2,70,03,810
Soap Products	38762.760	162,09,08,764	23116.809	105,39,10,356
Toilet Soap	1665.750	16,14,54,257	491.277	3,54,48,031
Pitch	4587.601	6,59,68,516	1911.760	4,04,64,829
Industrial Oxygen (cu. mtrs.)	356317	23,97,560	307206	22,12,797
Wind Power (kwh)	13817819	3,80,24,165	12314523	3,38,97,095
Biomass Power (kwh)	9178600	3,48,79,534	8340300	2,87,66,013
Processing Charges		5,31,14,702		7,39,49,289
Others		43,63,254		35,79,225
Total		<u>323,50,31,620</u>		<u>214,13,79,194</u>

The above includes Excise Duty collected of Rs.21,84,10,491 (Previous year Rs.20,72,11,577)

2. RAW MATERIALS CONSUMED

Non-edible Oils	23484.831	70,02,08,929	12004.526	33,70,30,198
Fatty Acid Distillates	43510.876	130,87,33,337	28587.341	92,88,48,283
Others		57,81,081		1,04,247
Total		<u>201,47,23,347</u>		<u>126,59,82,728</u>

Note : The above consumption does not include of 25359.125 MT (Previous year 15730.470 MT) of Hydrogenated Fatty Acids and 689.055 MT (Previous year 202.268 MT) of Soft Fatty Acids internally produced and consumed in the manufacturing of Toilet Soap and soap products, the value of which cannot be ascertained.

3. OPENING STOCK OF FINISHED GOODS

Fatty Acids	1142.400	3,90,43,753	1035.100	4,65,48,514
Glycerine	146.090	39,38,860	65.300	35,27,527
Soap Products	701.156	2,29,60,808	488.590	2,08,20,383
Industrial Oxygen (cubic mtrs.)	1641.000	11,302	720.000	5,395
Others		38,31,411		66,216
Total		<u>6,97,86,134</u>		<u>7,09,68,035</u>

Notes forming part of the Accounts

	Year ended 31-3-2010		Year ended 31-3-2009	
	Quantity	Value	Quantity	Value
	MT	Rs.	MT	Rs.
4. CLOSING STOCK OF FINISHED GOODS				
Fatty Acids	1274.725	5,33,32,934	1142.400	3,90,43,753
Glycerine	77.395	20,71,032	146.090	39,38,860
Soap Products	671.163	2,64,57,246	701.156	2,29,60,808
Industrial Oxygen (cubic mtrs.)	479	3,278	1641.000	11,302
Toilet Soap	66.494	57,33,897		—
Others		44,49,684		38,31,411
Total		9,20,48,071		6,97,86,134

5. PARTICULARS REGARDING LICENCED, INSTALLED CAPACITY AND PRODUCTION

Particulars	Licenced Capacity		Installed Capacity		Production	
	As at 31-3-10 tpa	As at 31-3-09 tpa	As at 31-3-10 tpd	As at 31-3-09 tpd	As at 31-3-10 tpa	As at 31-3-09 tpa
Fatty Acids	67500	67500	200.000	200.000	55505.009	38946.131
Glycerine	1800	1800	4.500	4.500	1352.430	880.240
Toilet Soap	25000	25000	60.000	60.000	9882.821	6758.271
Soap Products	55000	55000	150.000	150.000	43920.225	33212.450
Industrial Oxygen (cubic meters)	1270000	1270000	2100	2100	359572	311466
Biomass Power Plant (MW)	6.0	6.0	6.0	6.0	25364665	22450366 (kwh)
Wind Power (MW)	6.3	4.8	6.3	4.8	13817819	12314523 (kwh)

tpa = tonnes per annum

tpd = tonnes per day

- Notes :
1. Production of Fatty Acids includes 26048.180 MT (Previous year - 15932.738 MT).utilised for captive consumption at Soap Plant and 2227.358 MT (Previous year - 5691.348 MT) processed on behalf of others.
 2. Production of Glycerine includes 22.000 MT (Previous year - 8.000 MT) utilised for captive consumption at Soap Plant and Nil MT (Previous year - 131.500 MT) processed on behalf of others.
 3. Production of Toilet Soap includes 8150.578 MT processed on behalf of others (Previous year - 6266.9938 MT).
 4. Production of Soap Products includes 1549.148 MT (Previous year -456.888 MT) utilised for production of Toilet Soap at Soap Plant and 3638.310 MT (Previous year - 9426.187 MT) processed on behalf of others.
 5. Production of Industrial Oxygen includes captive consumption of 4417 cubic metres (Previous year - 3339 cubic metres).
 6. Power Generation includes 16186065 Units (Previous year - 14110066 Units) utilised for captive consumption.
 7. The Installed Capacities are as per Certification given by the Managing Director on which the Auditors have relied.

Notes forming part of the Accounts

6. PAYMENTS MADE TO AUDITORS COMPRISES

	Year ended 31-3-2010 Rs.	Year ended 31-3-2009 Rs.
As Auditors	1,40,000	1,20,000
As Tax Auditors	80,000	70,000
Fee for Tax Representation & Certification	60,000	65,000
	<u>2,80,000</u>	<u>2,55,000</u>
Fee to Cost Auditors	55,000	50,000
	<u>3,35,000</u>	<u>3,05,000</u>

7. a) Value of imports made by the Company during the Financial Year calculated on CIF basis.

	2009-10 Rs.	2008-09 Rs.
Raw Materials	74,23,94,020	51,20,31,566
Stores and Spares	10,37,078	—
Total	<u>74,34,31,098</u>	<u>51,20,31,566</u>

b) An amount of Rs.27,820 was incurred during the year towards foreign tour on company business (previous year - Nil)

8. Comparison between consumption of imported and indigenous spares and components during the year charged to appropriate heads of account.

	2009-10		2008-09	
	Value Rs.	Per- centage	Value Rs.	Per- centage
Imported	97,665	0.02	4,18,037	0.14
Indigenous	42,93,23,901	99.98	29,53,46,558	99.86
	<u>42,94,21,566</u>	<u>100.00</u>	<u>29,57,64,595</u>	<u>100.00</u>

9. Comparison between consumption of imported and indigenous raw materials during the year.

	2009-10		2008-09	
	Value Rs.	Per- centage	Value Rs.	Per- centage
Imported	82,00,18,160	40.70	59,18,88,904	46.75
Indigenous	119,47,05,187	59.30	67,40,93,824	53.25
	<u>201,47,23,347</u>	<u>100.00</u>	<u>126,59,82,728</u>	<u>100.00</u>

Notes forming part of the Accounts

10. A) Computation of Net Profits under Section 349 of the Companies Act, 1956 and the Commission payable to the Managing Director.

		2009-10 Rs.
Net Profits as per Profit and Loss Account		32,07,01,011
Add : Remuneration to Managing Director	73,58,608	
Sitting Fee paid to Directors	<u>2,50,000</u>	<u>76,08,608</u>
Net Profits in accordance with Section 349		<u>32,83,09,619</u>

Commission upto 2% on the net profits, but not exceeding annual salary Rs.21,36,607

	Year ended 31-3-2010 Rs.	Year ended 31-3-2009 Rs.
B) Details of Remuneration paid to the Managing Director		
Salary	21,36,607	18,00,000
House Rent Allowance	10,68,304	9,00,000
Commission on Net Profits	21,36,607	18,00,000
Contribution to Provident and other Funds	5,76,884	4,86,000
Other Perquisites	1,39,363	98,125
Value of unencashed leave	8,90,388	5,77,060
Contribution to Group Gratuity	<u>4,10,455</u>	<u>8,63,550</u>
Total	<u>73,58,608</u>	<u>65,24,735</u>

11. "Inter Corporate Loans" under "Loans and Advances" comprise -

- A) Loan to holding company, The Andhra Sugars Limited, Tanuku of Rs. Nil (Previous year Rs.1.50 crores).
Maximum balance outstanding during the year Rs.1.50 crores (Previous year Rs.4.00 crores).
- B) Loan to a company under the same management Sree Akkamamba Textiles Limited, Tanuku Rs. Nil (Previous year Rs.2.50 crores).
Maximum balance outstanding during the year Rs.2.50 crores (Previous year Rs.4.00 crores).

12. "Sundry Creditors" under "Current Liabilities" and Provisions includes Rs.64,39,535 (Previous year Rs.50,64,560) due to Managing Director.

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

	As at 31-3-2010	
	Assets Rs.	Liabilities Rs.
a) Depreciation	—	12,09,73,856
b) Disallowance U/s.43B of the I.T. Act, 1961	<u>1,35,16,903</u>	—
Total	<u>1,35,16,903</u>	<u>12,09,73,856</u>
Net Liability		<u>10,74,56,953</u>

Notes forming part of the Accounts

14. SEGMENT INFORMATION						
	Chemicals Rs.	Soap Rs.	Power Rs.	Unallocated Rs.	Eliminations Rs.	Consolidated Rs.
Revenue						
External Revenue	125,94,37,813	168,20,64,766	7,51,18,550			301,66,21,129
	83,38,51,907	103,56,86,403	6,46,29,307			193,41,67,617
Inter-segment Revenue	100,30,51,882		10,90,95,065		(111,21,46,947)	
	56,44,80,589		9,81,48,083		(66,26,28,672)	
Total Revenue	226,24,89,695	168,20,64,766	18,42,13,615		(111,21,46,947)	301,66,21,129
(See Note below)	139,83,32,496	103,56,86,403	16,27,77,390		(66,26,28,672)	193,41,67,617
Result						
Segment result	21,09,37,598	13,91,62,913	66,87,115			35,67,87,626
	11,25,07,541	7,98,00,484	(48,93,419)			18,74,14,606
Unallocated expenditure net of unallocated income				5,20,55,209		5,20,55,209
Operating Profit				5,03,36,414		5,03,36,414
						30,47,32,417
Interest expenses				55,25,056		55,25,056
				33,82,506		33,82,506
Interest income				2,14,93,650		2,14,93,650
				1,84,09,826		1,84,09,826
Provision for diminution in value of investments withdrawn						
Profit before tax						32,07,01,011
						15,21,05,513
Excess prov. for def. tax made in earlier years withdrawn						24,50,322
Short provision for Income Tax made in earlier years						—
Excess provision of I.T. for earlier years						5,18,817
Provision for tax, deferred tax & Fringe benefit tax						11,00,00,000
						5,52,00,000
Profit after Taxation						21,36,70,150
						9,69,05,513
Other Information						
Segment assets	52,29,77,688	33,46,69,853	43,60,54,685			129,37,02,226
	32,74,59,664	18,82,46,061	36,41,05,363			87,98,11,088
Unallocated corporate assets						36,67,39,350
Total assets						47,90,96,019
						166,04,41,576
Segment liabilities	1,86,01,642	6,27,33,328	1,16,91,883			135,89,07,107
	6,66,35,558	65,23,877	53,27,940			9,30,26,853
Unallocated corporate liabilities						7,84,87,375
Total liabilities						51,91,22,194
						39,40,16,365
Capital employed	50,43,76,046	27,19,36,525	42,43,62,802	(15,23,82,844)		47,25,03,740
	26,08,24,106	18,17,22,184	35,87,77,423	8,50,79,654		104,82,92,529
Capital expenditure during the year	70,54,684	29,06,130	8,75,10,221	2,14,16,721		88,64,03,367
	9,34,020	52,23,859	23,39,242	52,36,454		11,88,87,756
Depreciation for the year	12,25,020	86,13,813	2,54,43,967	50,03,252		1,37,33,575
	1,22,43,635	92,24,479	2,65,53,001	43,06,680		5,10,86,052
						5,23,27,795

Notes forming part of the Accounts

Note :

1. The Company has considered business segment as the primary segment for disclosure. The products included in each of the reported domestic business segments are :
 - Chemicals - Fatty acids
 - Soap - Toilet Soap and Soap products
 - Power - Power generated by Biomass Power Plant and Wind Energy Generators (WEGs)
2. Segment revenue relating to each of the above domestic business segments includes income from processing on behalf of others wherever applicable.
3. The above business segments have been identified considering :
 - the nature of products and services
 - the differing risks and returns
 - the organization structure and
 - the internal financing reporting systems
4. The Company predominantly operates in Indian market and has no production facilities or any significant sales outside India. Hence there are no separate reportable geographical segments.
5. Inter segment transfers are priced at market related rates.

	As at 31-3-2010 Rs.	As at 31-3-2009 Rs.
15. Contingent Liabilities not provided for –		
a) Estimated amount of contracts remaining to be executed on capital account and not provided for	4,66,54,264	21,38,832
b) Outstanding guarantees to Banks including letter of credit opened with Bankers for purchase of material	5,73,31,250	2,82,73,700
c) Claims against the Company not admitted as debts relating to		
i) Excise and Service Tax	88,97,229	—
iii) State Levies	30,48,520	1,86,47,414
iv) Other Contracts	3,24,434	3,12,504

16. The Company billed the entire power supplied by it to AP Transco during the year at Rs.4.66 per kwh. Since the appeals of APERC and AP Transco arising out of petition filed by Biomass Energy Developers Association (BEDA), Hyderabad in which the Company is a member for revision of rate is pending before Supreme Court, the company has recognized the revenue during the year based on Rs.3.80 per kwh the rate at which the AP Transco / SPDCL is currently paying for supplies. Accordingly an amount of Rs.348.79 lakhs only has been recognized as income and balance of Rs.79.54 lakhs has not been recognized as income during the year.
17. The Company made provision of Rs.2,70,81,996 towards the electricity duty on the captive consumption of power on account of demand raised by Chief Electrical Inspector to the Govt. of Andhra Pradesh. The demand was contested by the company.

18. Disclosures required under the Micro, Small & Medium Enterprises Development Act, 2006

Details	Amount
i) Principal and Interest over due as on 31-3-2010	Nil
ii) Interest paid on delayed payments during 2009-10	Nil
iii) Interest due on principal amounts paid beyond due date during 2009-10	Nil
iv) Interest accrued but not due	Nil
v) Total interest due but not paid	Nil

The above details were prepared based on information furnished by the respective suppliers and available with the company regarding their status under Micro, Small & Medium Enterprises Development Act, 2006. The said information to the extent furnished by the suppliers has been relied upon by the company and its auditors for the said purpose.

Notes forming part of the Accounts

19. Cash at Scheduled Banks in Fixed Deposits includes :

1. Rs.35,00,000 (Previous year Rs.12,37,331) deposited towards maintenance of Liquid Assets under provisions of the Companies (Acceptance of Deposits) Rules, 1975.
2. Rs.46,66,377 (Previous year Rs.67,69,382) towards margin money for Bank Guarantees and Foreign Letters of Credit.
3. Rs.10,69,623 (Previous year Rs.12,53,375) on account of Unclaimed Dividends.

20. Foreign exchange earnings on exports during the year calculated on FOB basis Rs.44,61,48,528 (Previous year - Rs.19,49,06,344)

21. RELATED PARTY DISCLOSURES

a) List of related parties and description of relationship :

1. Holding Company : The Andhra Sugars Ltd.
2. Fellow Subsidiaries : The Andhra Farm Chemicals Corp. Ltd.
3. Key Management Personnel : Shri J. Murali Mohan
4. Relatives of Key Management Personnel - Shri J. Murali Mohan
 - Smt. J. Ganga Bhavani : Mother
 - Smt. J. Sunita Mohan : Wife
 - Miss J. Namrata : Daughter
 - Smt. V. Indira : Sister

b) Related party transactions :

Particulars	Holding Company Rs.	Fellow Subsidiaries Rs.	Key Management Personnel Rs.	Relatives of Key Management Personnel Rs.
Purchase of goods	8,15,46,165 (7,09,21,252)			
Sale of goods	5,163 (89,336)			
Rendering of services	94,133 (1,21,548)			
Receiving of services	45,852 (40,353)	1,47,759 (2,13,030)		57,000 (57,000)
Interest received	15,04,067 (33,31,419)			
Interest paid			1,81,927 (93,797)	6,91,335 (4,69,749)

Notes forming part of the Accounts

Particulars	Holding Company Rs.	Fellow Subsidiaries Rs.	Key Management Personnel Rs.	Relatives of Key Management Personnel Rs.
Remuneration paid			73,58,608 (65,24,735)	
Dividend paid	1,95,46,000 (1,71,02,750)		70,160 (61,390)	74,744 (65,401)
Balances as at 31-3-2010				
a) Investment in Shares of				
b) Share Capital of the Company held by	2,44,32,500 (2,44,32,500)		87,700 (87,700)	93,430 (93,430)
c) Inter Corporate loans given to	— (1,50,00,000)			
d) Fixed Deposits received from			22,03,553 (11,36,602)	78,80,036 (55,33,275)
e) Remuneration payable			64,39,535 (50,64,560)	

22. GROUP GRATUITY

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service subject to the limits as per the rules of the company. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The following tables summarise the components of net benefit expense recognised in the profit and loss account and the fund status and amounts recognised in the balance sheet for the Group gratuity.

Profit and Loss account

Net employee benefit expense (contribution to Group gratuity)

	Gratuity	
	2009-10 Rs.	2008-09 Rs.
Current service cost	19,61,221	73,09,017
Interest cost on benefit obligation	23,36,504	17,95,299
Expected return on plan assets	(22,96,039)	(14,77,601)
Net actuarial (gain) / loss recognised in the year	(3,34,107)	24,63,634
Past service cost	—	—
Net benefit expense / (Income)	<u>16,67,579</u>	<u>1,00,90,349</u>

Notes forming part of the Accounts

Balance Sheet

Details of provision for gratuity

	Gratuity	
	31-3-2010	31-3-2009
	Rs.	Rs.
Present value of defined benefit obligation	3,57,17,273	3,31,92,369
Fair value of plan assets	3,49,83,534	2,30,21,113
Unrecognised past service cost	—	—
Plan liability	<u>7,33,739</u>	<u>1,01,71,256</u>

Changes in the present value of the defined benefit obligation are as follows :

	Gratuity	
	31-3-2010	31-3-2009
Opening defined benefit obligation	3,31,92,369	2,20,65,882
Interest cost	23,36,504	17,95,299
Current service cost	19,61,221	73,09,017
Benefit paid	(14,38,714)	(4,41,463)
Actuarial (gain) / losses on obligation	(3,34,107)	24,63,634
Closing defined benefit obligation	<u>3,57,17,273</u>	<u>3,31,92,369</u>

Changes in the fair value of plan assets are as follows :

	Gratuity	
	31-3-2010	31-3-2009
Opening fair value of plan assets	2,30,21,113	1,46,45,929
Expected return	22,96,039	14,77,601
Contribution by employer	1,11,05,096	73,39,046
Benefit paid	(14,38,714)	(4,41,463)
Actuarial (gains) / (losses)	—	—
Closing fair value of plan assets	<u>3,49,83,534</u>	<u>2,30,21,113</u>
Investments are with LIC	3,49,83,534	2,30,21,113

The principal assumptions used in determining gratuity liability for the Company's plans are shown below :

	2009-10	2008-09
	%	%
Discount rate	8.00	8.00
Salary Escalation	7-8	8.00

b) The liability towards Leave encashment is provided based on actuarial valuation which works out to Rs.82,11,282.

Notes forming part of the Accounts

23. a) Balances in personal accounts of various parties are subject to confirmation by and reconciliation with the said parties.
b) In the opinion of the management, Current Assets, Loans and Advances have a value on realization in the ordinary course of business equal to the values at which they are stated.
24. Paise have been rounded off.
25. Previous year's figures have been regrouped wherever necessary, and have been shown in brackets in some of the places.

Signatures to schedules 1 to 19 and the Notes forming part of the Accounts

As per our report of even date :
For BRAHMAYYA & Co.,
Chartered Accountants
Firm Regn. No. 000513S
K. RAJAJ
Partner
ICAI Memb. No. 202309
Guntur
18th May, 2010

For and on behalf of the Board

Dr. MULLAPUDI HARISCHANDRA PRASAD

Chairman

J. MURALI MOHAN

Managing Director

P. KESAVULU REDDY

President & Secretary

Cash Flow Statement

	<u>2009-2010</u>	<u>2008-2009</u>
	Rs.	Rs.
A) Cash flow from operating activities :		
Net profit before tax and extra-ordinary items	32,07,01,011	15,21,05,513
Add / Less : Adjustments for :		
Depreciation	5,10,86,052	5,23,27,795
Interest expense	55,25,056	33,82,506
Interest income	(2,14,93,650)	(1,84,09,826)
Assets Written off / Loss on sale of assets	59,431	31,413
Profit on sale of assets	(7,25,402)	(3,14,574)
Dividends received	(89,994)	(50,024)
Operating profit before working capital changes	<u>35,50,62,504</u>	<u>18,90,72,803</u>
Add/Less : Adjustments for working capital :		
Inventories	(11,69,74,490)	(3,00,50,028)
Trade and other receivables	(16,74,26,229)	(2,16,07,581)
Trade Payables	2,74,82,000	5,56,81,181
Cash generated from operations	<u>9,81,43,785</u>	<u>19,30,96,375</u>
Less : Direct taxes paid	12,44,28,583	4,86,05,480
Net cash (used in) / from Operating activities (A)	<u>(2,62,84,798)</u>	<u>14,44,90,895</u>
B) Cash flow from investing activities :		
Purchase of fixed assets / Capital works-under progress	(17,93,40,687)	(2,84,68,727)
Proceeds from Sale of fixed assets	12,33,710	5,63,200
Investments in shares of companies	(37,53,945)	—
Withdrawal of Inter-corporate deposits	4,00,00,000	4,00,00,000
Interest received	2,14,93,650	1,84,09,826
Dividend received	89,994	50,024
Net cash (used in) / from Investing activities (B)	<u>(12,02,77,278)</u>	<u>3,05,54,323</u>

Cash Flow Statement

	<u>2009-2010</u>	<u>2008-2009</u>
	Rs.	Rs.
C) Cash flow from financing activities :		
Proceeds from borrowings	5,22,19,647	3,37,74,445
Interest paid	(55,25,056)	(33,82,506)
Dividend paid	(3,55,24,600)	(3,10,84,025)
Net cash from / (used in) financing activities (C)	<u>1,11,69,991</u>	<u>(6,92,086)</u>
Net (decrease) / increase in cash and cash equivalents	<u>(13,53,92,085)</u>	<u>17,43,53,132</u>
Cash and cash equivalents at the beginning of the period	23,91,49,881	6,47,96,749
Cash and cash equivalents at the end of the period	<u>10,37,57,796</u>	<u>23,91,49,881</u>
Net (decrease) / increase in cash and cash equivalents	<u>(13,53,92,085)</u>	<u>17,43,53,132</u>
As per our report of even date : For BRAHMAYYA & Co., Chartered Accountants Firm Regn. No. 000513S K. RAJAJ Partner ICAI Memb. No. 202309 Guntur 18th May, 2010	For and on behalf of the Board Dr. MULLAPUDI HARISCHANDRA PRASAD J. MURALI MOHAN P. KESAVULU REDDY	Chairman Managing Director President & Secretary
AUDITORS' REPORT		
We have examined the above Cash Flow Statement of M/s. Jocil Limited for the year ended 31st March, 2010. The statement has been prepared by the Company in accordance with the requirements of clause-32 of the listing agreement with the Hyderabad Stock Exchange and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report of 18th May, 2010 to the members of the Company.		
Guntur 18th May, 2010		For BRAHMAYYA & CO., Chartered Accountants Firm Regn. No. 000513S K. RAJAJ Partner ICAI Memb. No. 202309

REPORT ON CORPORATE GOVERNANCE FOR THE PERIOD APRIL 1, 2009 TO MARCH 31, 2010
ANNEXURE TO THE DIRECTORS' REPORT

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

The Company's philosophy on code of Corporate Governance aims at upholding transparency, professionalism, accountability, honesty and integrity in its function and conduct of business with due respect to laws and regulations. It always believes that healthy Corporate Governance leads to operations and actions that 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 the company.

2. BOARD OF DIRECTORS :

i) Composition

The present strength of the Board of Directors is nine of which eight are non-executive directors including three independent directors.

ii) The details of the composition of the existing Board of Directors, their shareholding, attendance of each Director at the Board Meetings and at the last Annual General Meeting, number of other Directorships and Membership in Committees of other Companies held are given below.

Name of the Director & Designation	Shares held in the company by Non-Executive Director as on 31-3-2010	Executive/ Non-executive/ Independent	No. of other Directorships & Chairmanships held			Membership & Chairmanship in committees of other companies held		No. of Board Meetings attended	Attendance at last AGM held Y / N	Relation with other Directors
			Public	Private	Chairman	Member	Chairman			
Dr. Mullapudi Harischandra Prasad, Chairman	Nil	Non-executive	8	-	6	-	5	4	Y	1. Mullapudi Thimmaraja is son 2. Y. Narayanarao Chowdary is sister's husband
J. Murali Mohan, Managing Director		Executive	1	-	-	-	-	4	Y	
P. Narendranath Chowdary, Director	12,500	Non-executive	6	-	-	4	-	4	N	
Mullapudi Thimmaraja, Director	2,250	Non-executive	2	-	-	4	-	3	N	Dr. Mullapudi Harischandra Prasad is father
Y. Narayanarao Chowdary, Director	1,050	Non-executive	2	-	-	-	-	2	N	
V.S. Raju, Director	Nil	Independent & Non-executive	4	-	-	1	2	4	Y	
K. Srinivasa Rao, Director	1,62,546	Non-executive	-	3	-	-	-	4	N	
M. Gopalakrishna, Director	Nil	Independent & Non-executive	6	4	2	9	3	3	N	
Subbarao V. Tipirneni, Director	Nil	Independent & Non-executive	-	4	-	-	-	4	N	

iii) Number of Board Meetings held and the dates on which held

S.No.	Date of Board Meeting
1	30-05-2009
2	24-07-2009
3	31-10-2009
4	27 -01-2010

- iv) In terms of the company’s corporate governance policy, all statutory and other significant and material information are placed before the Board to enable it to discharge its responsibility of supervision of the company as trustees of the shareholders.
- v) Pecuniary Relationship - Non Executive Directors do not have any pecuniary relationship with the Company except for the payment of sitting fee payable to them. Chairman’s office expenses incurred in performance of his duties are not reimbursed by the Company.
- vi) Committees of the Board - The Board of Directors has constituted Audit Committee and Share transfer and Shareholders/Investors grievance committees with adequate delegation of powers to take suitable decisions on the issues arising and to meet the exigencies of the business of the Company.

3. AUDIT COMMITTEE :

The Audit Committee comprises three members, Chairman is an independent director and all the members including the Chairman of the Committee are non-executive directors.

The composition of the Audit Committee and the details of meetings held are as follows :

Director	Position	Meetings held	Meetings attended
V.S. Raju	Chairman, INED	4	4
Mullapudi Thimmaraja	Member, NED	4	3
Subbarao V. Tipirneni	Member, INED	4	4

INED- Independent Non-Executive Director

NED - Non-Executive Director

During the period under review, four meetings of the Committee were held on 30-5-2009, 24-7-2009, 31-10-2009 and 27-1-2010.

Managing Director, Internal Auditors, Statutory Auditors and Cost Auditors attended the Audit Committee Meetings to answer the queries raised by the Committee members.

President & Secretary acts as a Secretary to the Committee.

Terms of Reference :

- Oversight of the Company’s financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Reviewing with management the annual financial statements before submissions to the Board, focusing primarily on :
 - Any changes in accounting policies and practices.
 - Major accounting entries based on exercise of judgment by management.
 - Qualifications in draft audit report.
 - Significant adjustments arising out of audit.
 - The going concern assumption.
 - Compliance with accounting standards.
 - Compliance with stock exchange and legal requirements concerning financial statements.
 - 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.

- Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- Reviewing 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.
- Discussions with internal auditors of any significant findings and follow-up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussions with external auditors before the audit commences of nature and scope of audit as well as to have post-audit discussion to ascertain any area of concern.
- Reviewing the Company's financial and risk management policies.
- To look into the reasons for substantial defaults in the payment to the depositors, debentureholders, shareholders (in case of non-payment of declared dividends) and creditors.
- It shall have discussions with the auditors periodically about internal control systems, the scope of audit including the observations of the auditors and review the quarterly, half-yearly, and annual financial statements before submission to the Board.
- It shall ensure compliance of internal control systems.
- The Chairman of the Audit Committee shall attend the Annual General Meetings of the Company to provide any clarification on matters relating to audit sought by the members of the Company.
- Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.
- To obtain outside legal or other professional advice.
- To seek information from any employee.
- To investigate any activity within its terms of reference.

4. REMUNERATION COMMITTEE :

The Board of Directors has not constituted Remuneration Committee, it being an optional Committee the same will be constituted as and when required.

5. Details of remuneration of Directors during the period under review is as given below.

- i) Shri J. Murali Mohan, Managing Director has been paid the following remuneration during the year in accordance with the provisions of the Companies Act, 1956 read with Schedule XIII therein :

Salary	: Rs. 21,36,607
House Rent Allowance	: Rs. 10,68,304
Commission	: Rs. 21,36,607
Contribution to Provident Fund and other Funds	: Rs. 5,76,884
Contribution to Group gratuity	: Rs. 4,10,455
Other perquisites	: Rs. 1,39,363
Value of Earned Leave (Provided)	: Rs. 8,90,388
Total	<u>Rs. 73,58,608</u>

- ii) Sitting fees paid to non-executive directors in accordance with the provisions of the Companies Act, 1956.

Name of the Director	Sitting fees paid for attending meetings of the Board of Directors/Committee of Directors
Dr. Mullapudi Harischandra Prasad	Rs. 40,000
P. Narendranath Chowdary	Rs. 40,000
Mullapudi Thimmaraja	Rs. 45,000
Y. Narayanarao Chowdary	Rs. 10,000
V.S. Raju	Rs. 40,000
K. Srinivasa Rao	Rs. 20,000
Subbarao V. Tipirneni	Rs. 40,000
M. Gopalakrishna	Rs. 15,000

6. SHARE TRANSFER AND SHAREHOLDERS/INVESTORS GRIEVANCES COMMITTEE :

The Company has Share Transfer and Shareholders/Investors Grievances Committee comprising of four directors under the Chairmanship of a Non-executive Director to specially look into shareholders issues including share transfer, transmission, issue of duplicate certificates and redressing of shareholder complaints.

The composition and the details of meetings held of Share Transfer and Shareholders/Investors Grievances Committee are given below.

Director	Position	Meetings held	Meetings attended
Dr. Mullapudi Harischandra Prasad	Chairman	4	4
J. Murali Mohan	Member	4	4
P. Narendranath Chowdary	Member	4	4
Mullapudi Thimmaraja	Member	4	3

XL Softech Systems Ltd., 3, Sagar Society, Road No.2, Banjara Hills, Hyderabad - 500 034 acts as the Company's Registrar and Share Transfer Agent.

Shri P. Kesavulu Reddy, President & Secretary of the Company acts as the Compliance Officer to the Committee.

The Company received a total number of 66 letters in respect of various matters such as non receipt / revalidation of dividend warrants, change of address, change of bank account etc., and all of them were attended to and replied to the satisfaction of the shareholders. As on 31-3-2010 there were no pending complaints / requests from the shareholders.

During the period under review four meetings of the Committee were held on 30-5-2009, 24-7-2009, 31-10-2009 and 27-1-2010.

7. CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT OF THE COMPANY

In accordance with the requirement of Corporate Governance the Board of Directors of the Company has formulated a code of conduct for Directors and Senior Management of the Company the compliance of which has been affirmed by all Board Members and Senior Management Personnel. The required declaration to this effect signed by the CEO i.e. Managing Director is appended as a separate Annexure to this report. The code has also been posted on the Company's website - www.jocil.in.

8. POLICY ON RISK MANAGEMENT

In accordance with the requirement of Corporate Governance the Board of Directors of the Company has adopted a policy on risk management for assessment and minimization procedure of risk for periodical review by the Board.

9. CEO AND CFO CERTIFICATION

In accordance with the requirement of Corporate Governance Clause 49(V) of the listing agreement, the Audit Committee, the Board of Directors of the Company and the Auditors have been furnished with the requisite certificate from the CEO i.e. Managing Director and Chief Financial Officer (CFO) of the Company.

10. GENERAL BODY MEETINGS :

The last three Annual General Meetings were held as under :

Financial Year	Date	Time	Place
2006-07	08-9-2007	3.30 p.m.	Regd. Office, Dokiparru, Guntur Dist.
2007-08	06-9-2008	3.30 p.m.	Regd. Office, Dokiparru, Guntur Dist.
2008-09	08-8-2009	3.30 p.m.	Regd. Office, Dokiparru, Guntur Dist.

The special resolutions passed by the members at the previous three annual general meetings are as follows :

- a) 2006-07 – Revision of remuneration of Managing Director.
- b) 2007-08 – Nil
- c) 2008-09 – Revision of remuneration of Managing Director.

There was no occasion to pass Special Resolutions through postal ballot on any of the matters required to be so passed under the provisions of the Companies Act, 1956.

Further no such proposal is under consideration for the shareholders approval in the forthcoming Annual General Meeting.

11. WHISTLE BLOWER POLICY :

The company encourages an open door policy where employees have access to the Head of the Department / Section. Any instance of non-adherence to the Company rules and regulations and observance of unethical behaviour is to be brought to the attention of immediate reporting authority who is required to report to the Managing Director of the Company.

12. There are no audit qualifications in the Company's financial statements for the year under reference. It is always the Company's endeavour to present unqualified financial statements.

13. The non-mandatory requirements not complied with will be adopted at the appropriate time.

14. DISCLOSURES :

- a) There is no materially significant pecuniary or business transaction of the Company with its promoters, directors or the management, 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 holding company, 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.
- b) There were no instances of non-compliance by the Company and no penalties, strictures on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to Capital Markets during the last three years.

15. MEANS OF COMMUNICATION :

Quarterly results approved by the Board are usually published in Business Line (English), Deccan Chronicle and Andhra Bhoomi (Telugu) newspapers. In addition to this, the Company is communicating its results to National Stock Exchange and Madras Stock Exchanges where the shares are listed. Further, the quarterly results are also placed on the Company's website, www.jocil.in. No presentations have been made to institutional investors or to the analysts.

16. EXCLUSIVE E-MAIL ID FOR REDRESSAL OF INVESTOR COMPLAINTS :

In terms of Clause 47(f) of the Listing Agreement, please use the following contacts for redressal of Investor Complaints.

E-mail : shares@jocil.net
 Compliance Officer : P. Kesavulu Reddy, President & Secretary
 Tel. Nos. : 0863-2290190/191/192.

17. GENERAL SHAREHOLDER INFORMATION :

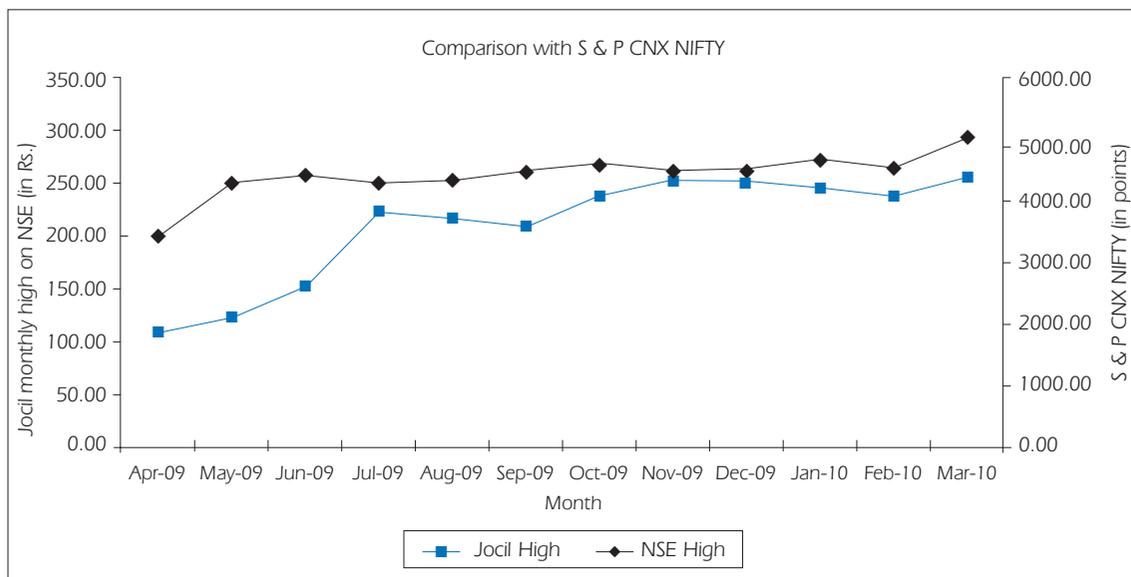
- Annual General Meeting
Date and Time : 7th August, 2010 at 3.30 p.m.
Venue : Registered Office : Jocil Limited,
Dokiparru, Medikondur Mandal,
Guntur Dist., AP
- Financial Year : 2009-10
- Date of Book Closure : 03-08-2010 to 07-08-2010.
- Dividend Payment Date : 20-08-2010
- Listing on Stock Exchanges : National Stock Exchange of India Ltd., (NSE)
Exchange Plaza, Bandra Kurla Complex,
Bandra (E), Mumbai - 400 051.

Madras Stock Exchange Ltd., (MSE)
'Exchange Building', 11, Second Line Beach,
Chennai - 600 001.

The Company has paid the Listing Fees for the year 2010-11 to NSE & MSE.

- Stock Code : ISIN - INE839G01010
- Stock Market data :
National Stock Exchange (NSE)

Month	In Rs. per Share				Total Traded Shares Qty. in Nos.
	High Price	Low Price	Close Price	Average Price	
April, 09	109.00	72.50	102.80	97.53	1071
May, 09	119.70	102.00	119.70	107.04	1606
June, 09	165.40	120.00	160.95	137.23	8191
July, 09	244.60	155.50	213.00	211.65	8921
Aug, 09	231.00	175.00	213.85	208.88	7362
Sept, 09	223.50	191.00	208.85	208.41	15521
Oct, 09	269.90	202.00	215.55	228.68	24329
Nov, 09	295.00	197.35	287.00	252.59	15122
Dec, 09	295.00	244.00	267.30	272.92	20495
Jan, 10	287.00	243.00	258.85	271.99	42923
Feb, 10	269.90	233.55	250.05	252.50	40575
March, 10	273.85	250.00	264.25	256.50	27755



- Registrar and Transfer Agents (RTA) : XL Softech Systems Ltd.,
3, Sagar Society, Road No. 2, Banjara Hills,
Hyderabad - 500 034.
Tel : 040-23545913/914/915
Fax : 040-23553214
- Shareholding pattern as on 31st March, 2010.

Category	No. of Shares held	% of Shareholders
Promoters		
The Andhra Sugars Ltd. (Holding Company)	24,43,250	55.02
Institutions & Banks	5,52,407	12.44
Bodies Corporate	53,256	1.20
Public	13,91,662	31.34
Total	44,40,575	100.00

- Distribution of Shareholding as on 31-3-2010 :

Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
upto 5000	1005	71.53	14,27,460	3.21
5091-10000	134	9.54	9,70,930	2.19
10001-20000	112	7.97	15,83,450	3.57
20001-30000	51	3.63	12,52,510	2.82
30001-40000	25	1.78	9,03,130	2.03
40001-50000	15	1.07	6,74,010	1.52
50001-100000	42	2.99	27,97,430	6.30
100001 & Above	21	1.49	3,47,96,830	78.36
Total	1405	100.00	4,44,05,750	100.00

- Dematerialisation of shares :

Electronic / Physical	%
NSDL – 11,37,641	25.62
CDSL – 71,038	1.60
Physical – 32,31,896	72.78

27.22% of Company's Paid-up Equity Share Capital has been dematerialised upto March 31, 2010 (25.44% upto March 31, 2009). Trading in Equity Shares of the Company's permitted only in dematerialised form.

Dividend declared for the last 7 years

Financial Year	Dividend declaration date	Dividend per Share Rs.*
2009-10	20-08-2010	10.00
2008-09	18-08-2009	8.00
2007-08	23-03-2008	7.00
2006-07 (Interim)	30-03-2007	4.00
2006-07 (Final)	25-09-2007	2.00
2005-06	28-09-2006	5.00
2004-05	31-08-2005	6.00
2003-04 (Interim)	22-01-2004	2.50
2003-04 (Final)	30-08-2004	5.00

* paid up value of Rs.10/- per share

- Transfer of unpaid/unclaimed amounts to Investor Education and Protection Fund**

During the year under review, the Company has credited Rs.25,076/- being the unpaid/unclaimed dividend for the year 2001-02 to the Investor Education and Protection Fund (IEPF) pursuant to Section 205 C of the Companies Act, 1956 read with the Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001.

- Payment of dividend through National Electronic Clearing Services (NECS)**

Remittance of dividend through Electronic Clearing Service (ECS) was replaced by National Electronic Clearing Service (NECS). The shareholders holding shares in demat form are requested to furnish the new bank account number allotted to you by your bank after implementation of Core Banking Solutions (CBS) along with photocopy of cheque pertaining to the concerned account to your Depository Participant (DP). Shareholders holding shares in physical form are requested to furnish the same to the RTA. Please note that if the new bank account number after implementation of CBS by your bank is not provided NECS to your old account may either be rejected or returned.

- Outstanding GDRs/ADRs/Warrants or any convertible instruments : Nil

- Plant locations : Dokiparru Village, Medikondur Mandal, Guntur District, A.P., Pin Code : 522 438

Wind Power Units

Kurichampatti Village, V.K. Pudur Taluk, Tirunelveli Dist., Pin Code : 627 860

Surandai Village, V.K. Pudur Taluk, Tirunelveli Dist., Pin Code : 627 860

Kasturirangapuram Village, Radhapuram Taluk, Tirunelveli Dist., Pin Code : 627 112

Velayuthampalayam Village, Dharapuram Taluk, Tirupur Dist., Pin Code : 638 702

- Address for correspondence : Dokiparru Village, Medikondur Mandal, Guntur District, A.P., Pin Code : 522 438

Telephone No. : 0863-2290190
 Fax No. : 0863-2290090
 E-mail : jocil@jocil.net
 Website : www.jocil.in





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