

**THE
ANDHRA PETROCHEMICALS
LIMITED**



**29th Annual Report
2012 - 13**

THE ANDHRA PETROCHEMICALS LIMITED

Board of Directors

Sri M R B Punja (Chairman)
Dr. B B Ramaiah (Managing Director)
Sri Justice G Ramanujam (Retd.)
Sri A A Krishnan
Dr. Anumolu Ramakrishna
Sri Surinder Kumar Kapoor
Smt. Nilam Sawhney, I.A.S.,
(Nominee of APIDC upto 20.4.2012)
Sri B R Meena, I.A.S.,
(Nominee of APIDC from 19.5.2012 to 12.10.2012)
Sri P Narendranath Chowdary
Sri M Thimmaraja
Sri M Venkateswara Rao
(Nominee of APIDC upto 16.8.2012)
Smt. Shalini Misra, I.A.S.,
(Nominee of APIDC from 7.11.2012 to 11.4.2013)
Smt. Anita Rajendra, I.A.S.,
(Nominee of APIDC from 25.5.2013)
Sri S V Kanaka Seshu
(Nominee of APIDC from 7.11.2012)
Sri Anirudha Behera
(Nominee of IDBI Bank Ltd.)
Sri Ravi Pendyala

**Manager (Finance) &
Asst. Company Secretary**
Sri K Raghu Ram

Statutory Auditors
M/s. Brahmayya & Co.,
Chartered Accountants
D.No. 33-25-33-B
Govindarajulu Naidu Street
Suryarao Peta
Vijayawada - 520 002

Cost Auditors
M/s. Narasimha Murthy & Co.,
Cost Accountants
104, Pavani Estate
3-6-365, Himayatnagar
Hyderabad - 500 029

Bankers

State Bank of India
State Bank of Hyderabad
Andhra Bank
IDBI Bank Ltd.

Registered Office

Venkatarayapuram
Tanuku - 534 215
West Godavari District
Andhra Pradesh
Tel : 08819 - 224075 / 220975
E-mail: info.tnk@andhrapetrochemicals.com
investors@andhrapetrochemicals.com
Website: www.andhrapetrochemicals.com

Factory

Opp. Naval Dockyard
Post Box No. 1401
Visakhapatnam - 530 014
Andhra Pradesh

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NOTICE

NOTICE is hereby given that the Twenty Ninth Annual General Meeting of **THE ANDHRA PETROCHEMICALS LIMITED** will be held at the Registered Office of the Company, Venkatarayapuram, Tanuku - 534215, West Godavari District, Andhra Pradesh on Saturday, the 28th September, 2013 at 3:00 p.m. to transact the following business:

1. To receive, consider and adopt the Audited Statement of Profit and Loss for the year ended 31st March, 2013 and the Balance Sheet as at that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Sri P Narendranath Chowdary who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Sri M Thimmaraja who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Sri A A Krishnan who retires by rotation and being eligible offers himself for reappointment.
5. To appoint Auditors for the year 2013-14 and fix their remuneration. The present Auditors of the Company, M/s Brahmayya & Co., Chartered Accountants, Vijayawada retire at this Annual General Meeting and are eligible for reappointment.

SPECIAL BUSINESS :

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

“RESOLVED THAT Sri S V Kanaka Seshu who was appointed by the Board of Directors as an Additional Director of the Company with effect from 7th November, 2012 pursuant to Article 97 of the Articles of Association of the Company holds office upto the date of the 29th Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 (“Act”) or any statutory modification thereof or any re-enactment of the said Act, and in respect of whom the Company has received a notice in writing from a Member of the Company under Section 257 of the Act proposing his Candidature for the office of Director of the Company, be and is hereby appointed as Director of the Company liable to retire by rotation.”

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

“RESOLVED THAT Smt. Anita Rajendra, I.A.S., who was appointed by the Board of Directors as an Additional Director of the Company with effect from 25th May, 2013 pursuant to Article 97 of the Articles of Association of the Company who holds office upto the date of the 29th Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 (“Act”) or any statutory modification thereof or any re-enactment of the said Act, and in respect of whom the Company has received a notice in writing from a Member of the Company under Section 257 of the Act proposing her Candidature for the

office of Director of the Company, be and is hereby appointed as Director of the Company liable to retire by rotation.”

**Hyderabad
20-7-2013**
Registered Office:
Venkatarayapuram
TANUKU - 534 215
Andhra Pradesh

**By Order of the Board
Dr. B B Ramaiah
Managing Director**

NOTES:

1. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Item Nos. 6 and 7 is annexed hereto.
2. A Member entitled to attend and vote at the Meeting is entitled to appoint one or more Proxies to attend and vote instead of himself and such Proxy need not be a Member of the Company. Proxy Forms duly stamped and executed should reach the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, the 21st September, 2013 to Saturday, the 28th September, 2013 (both days inclusive).
4. Shareholders seeking any further information on the accounts and operations of the Company at the Annual General Meeting are requested to send their queries to the Company at the Registered Office at least seven days before the date of the Meeting.
5. Members who hold shares in dematerialised form are requested to write their Client ID and DP ID numbers on the Attendance Slip for easy identification of attendance at the Meeting.
6. Shareholders holding shares in Physical Mode are requested to intimate their change of address, if any, to the Company and the shareholders holding shares in Demat Mode are requested to notify their change of address, if any, to the DP (and not to the Company) with whom they have Demat Account.
7. Pursuant to provisions of Sections 205A(5) and 205C, any dividend which remains unpaid or unclaimed for a period of seven years is required to be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government and after such transfer no claims shall lie against the Fund or the Company. Details of unclaimed dividend and due dates for transfer to the Fund are as follows:

Sl. No.	Dividend for the Financial Year	Due date for transfer to IEPF
1	2006-07	5 October, 2014
2	2010-11	21 October, 2018
3	2011-12	27 October, 2019

Hence, shareholders who have not encashed their Dividend Warrants issued in respect of Dividend declared for the years 2006-07, 2010-11 and 2011-12 are

The Andhra Petrochemicals Limited

requested to write to the Regd. Office of the Company in order to enable the Company to proceed with their requests in case the Dividend Warrants remain uncashed.

SPECIFIC ATTENTION OF SHAREHOLDERS

Sub: Furnishing of e-mail ID

Members are requested to provide their e-mail IDs so as to enable the Company to send documents like notice calling general meetings, audited financial statements, Directors' Report, Auditors' Report etc., by way of e-mail.

Shareholders in

Physical Mode: E-mail ID be furnished to the Company in the format enclosed (**Page No. 27**)

Electronic /

Demat Mode: E-mail ID be furnished to the DP with whom demat account has been opened and not to the Company. The Company cannot act on e-mail IDs received directly from the members holding shares in Demat Mode for registration of e-mail IDs.

Particulars of Directors proposed to be reappointed at this Meeting as required under Clause 49 of the Listing Agreement:

Sri P. Narendranath Chowdary has been the Director of the Company since 8.8.1996. He is a Graduate in Faculty of Science. He joined The Andhra Sugars Limited (Promoter of the Company) as a Director in the year 1968 and subsequently elevated as Whole-time Director in 1976, Joint Managing Director in 1983 and Managing Director in 2012. He looks after day-to-day affairs of chemical complexes at Kovvur and Saggonda. Under his dynamic leadership, The Andhra Sugars Limited received an award for Best Energy Conservation in the Chloro-Alkali Industry instituted by Department of Power, Government of India. He is the Managing Trustee of Sree Pendyala Venkata Krishna Rangaraya Memorial Trust, Dommeru, which has been engaging in laudable service of spreading education among the rural population in West Godavari District.

Other Directorships held:

Managing Director – The Andhra Sugars Ltd.; Chairman – Sree Akkamamba Textiles Ltd., JOCIL Ltd., The Andhra Farm Chemicals Corpn. Ltd., and Hindustan Allied Chemicals Ltd.; Director – Sree Satyanarayana Spinning Mills Ltd., and A.P. Gas Power Corpn. Ltd.

Other Committeeships held:

Member – Shareholders / Investors Grievances Committee and Share Transfer Committee, The Andhra Sugars Ltd. ; Share Transfer & Shareholders / Investors Grievance Committee, JOCIL Ltd.; Managerial Remuneration Committee, Sree Satyanarayana Spinning Mills Ltd.; Chairman – Share Transfer Committee, Sree Akkamamba Textiles Ltd.

He holds 4,216 Equity Shares in the Company.

Sri M. Thimmaraja has been the Director on the Board since 7.11.1992. He is a Graduate in Chemical Engineering. He did his Postgraduation in Business Administration from the

University of Florida, U.S.A. For more than two decades he has been the Whole-time Director of the Promoter Company The Andhra Sugars Ltd., a multi-product and multi-division company manufacturing Sugar and wide range of Organic and Inorganic Chemicals.

Other Directorships held:

Joint Managing Director – The Andhra Sugars Ltd.
Director – JOCIL Ltd.

Other Committeeships held:

Member – Audit Committee and Shareholders / Investors Grievances Committee, JOCIL Ltd.; Shareholders / Investors Grievances Committee, The Andhra Sugars Ltd.

He holds 1,630 Equity Shares in the Company.

Sri A A Krishnan is a Graduate in Science (Chemistry) from Madras University and also a graduate in Chemical Engineering from Indian Institute of Science, Bangalore. He holds Dip. Ing (Refinery & Petrochemistry) from Ecole Nationale Supérieure des Petroles at Les Carburants, Paris. He has vast experience of more than 38 years with proven industrial expertise in Petrochemicals. He worked with Indian Oil Corporation, Petrochemical Division of the Department of Petroleum and Chemicals of the Government of India and Indian Petrochemicals Corporation Ltd. He was associated with the development of refineries built at Gauhati, Barauni and Baroda; Development of pre-project activities concerning the aromatics and olefins projects; IPCL projects related to aromatics, olefins, polyethylene, polybutadiene rubber, LAB and ethylene glycol. He was head of the Task Force created by the Government of India to undertake pre-project activities for a new grassroot petrochemicals complex at Nagothane, Maharashtra. At present he acts as advisor for several chemical companies.

Other Directorships held:

Director – Vinati Organics Ltd.

Other Committeeships held: Nil

He does not hold any Equity Shares in the Company.

Annexure to Notice

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:

ITEM NO.6:

Sri S V Kanaka Seshu is a Graduate in Commerce and Post Graduate in Business Administration. He served Andhra Pradesh Industrial Development Corporation Ltd., (APIDC) in various capacities for over 30 years. Presently he is Chief General Manager (Equity Portfolio Management) of APIDC.

Other Directorships held:

Director – APITCO Ltd., Galada Power and Telecommunication Ltd., Vensa Biotech Ltd., Torus India Ltd., Kireeti Soft Technologies Ltd., Hindustan Fluorocarbons Ltd., GSAL (India) Ltd., Hyderabad Information Technology Venture Enterprises Ltd., and Cyberabad Trustee Company Pvt. Ltd.

Other Committeeships held:

Chairman – Remuneration Committee, Hindustan Fluorocarbons Ltd.

Member – Audit Committee, Share Transfer Committee and Receivable Committee, Hindustan Fluorocarbons Ltd.

Company has received a notice in writing along with a deposit of Rs.500/- from a Member under Section 257 of the Companies Act, 1956 signifying its intention to propose Sri S V Kanaka Seshu, a candidate for the office of Director. His appointment would be beneficial to the Company. Your Board therefore recommends necessary Resolution for your approval.

Except Sri S. V. Kanaka Seshu, no other Director is deemed to be interested or concerned in the Resolution.

ITEM NO.7:

Smt. Anita Rajendra, I.A.S., is a Post Graduate in Arts & Law. Earlier she worked as Joint Collector of Anantapur District, Collector of Prakasam District, Director – Dept. for Welfare of Disabled and Senior Citizens, Women & Child Welfare Dept., CEO – Zilla Parishad, Visakhapatnam, Vice Chairman & Managing Director – AP Foods. Presently she is the Vice Chairman & Managing Director of Andhra Pradesh Industrial Development Corporation Ltd., (APIDC).

Other Directorships held:
Vice Chairman & Managing Director – APIDC Ltd.
Director – APIDC Venture Capital (P) Ltd., Hyderabad Information Technology Venture Enterprises Ltd., Cyberabad Trustee Company (P) Ltd., Steel Exchange India Ltd., A.P. Heavy Machinery & Engg. Ltd., APITCO Ltd., Avanti Feeds Ltd., INCAP Ltd., and Lanco Industries Ltd.

Other Committeeships held:

Member – Investment Committee, Advisory Committee, Venture East Life Fund – III of APIDC VCL; Investment Committee, Supervisory Committee and Conflict Resolution Committee, APIDC VCL's Biotechnology Venture Fund.

Company has received a notice in writing along with a deposit of Rs.500/- from a Member under Section 257 of the Companies Act, 1956 signifying its intention to propose Smt. Anita Rajendra, I.A.S., a candidate for the office of Director. Her appointment would be beneficial to the Company. Your Board therefore recommends necessary Resolution for your approval.

Except Smt. Anita Rajendra, I.A.S., no other Director is deemed to be interested or concerned in the Resolution.

**Hyderabad
20-7-2013**

Registered Office:
Venkatarayapuram
TANUKU - 534 215
Andhra Pradesh

**By Order of the Board
Dr. B B Ramaiah
Managing Director**

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Twenty Ninth Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2013.

FINANCIAL RESULTS:

Performance of the Company for the Financial Year ended 31st March, 2013 is summarised below:

(Rs. in Lakhs)

	2012-13	2011-12
Net Sales (excl. Excise Duty)	56276.00	59715.57
Profit before Interest & Depreciation	3148.89	7968.88
Less: Interest	860.16	1254.72
Depreciation	1371.63	2265.06
Profit / (Loss) after Interest and Depreciation before Extraordinary Items	917.10	4449.10
Less: Extraordinary Items (FSA charges relating to earlier years)	453.93	—
Profit / (Loss) after Extraordinary Items	463.17	4449.10
Provision for:		
Current Tax	93.40	1206.00
Deferred Tax	151.64	242.00
MAT credit entitlement	(93.40)	—
Excess provision for Direct Taxes of earlier years written back	(0.34)	(0.37)
Profit / (Loss) after Taxation	311.87	3001.47
Balance brought forward from previous year	9837.74	7830.05
Profit available for appropriation	10149.61	10831.52
APPROPRIATIONS:		
Transfer to General Reserve	—	500.00
Proposed Dividend on Equity Shares @ 5%	—	424.86
Tax on Distributable Profits	—	68.92
Balance carried forward to next year	10149.61	9837.74
	10149.61	10831.52

OPERATIONAL AND FINANCIAL PERFORMANCE:

During the Financial Year 2012-13, the Plant achieved 91% capacity utilisation with a production of 66,564 MTs (previous year 73,593 MTs). Sales during the year were 64,407 MTs (previous year 73,436 MTs). Lower production is due to non-remunerative prices for some time and shortage of Propylene. Profit after tax during the current Financial Year 2012-13 is lower at Rs.3.12 crores (previous year Rs.30.01 crores) due to increase in the prices of raw materials with no corresponding increase in sale prices of products, increased power cost due to 30% to 50% power cuts imposed by the APEPDCL (met from alternate sources at higher costs), charging of Fuel Surcharge Adjustment (FSA) of the Financial Years 2010-11 (from 2nd Quarter) and 2011-12 as Extraordinary Item.

DIVIDEND:

In view of the steep fall in profit during the year under report, your Directors are unable to recommend any dividend for the Financial Year 2012-13.

The Andhra Petrochemicals Limited

CAPITAL & RESERVES:

Authorised and Paid-up Capital:

The Authorised Capital of the Company is Rs.85 crores and the Paid-up Capital is Rs.84.97 crores.

Reserves:

The total Reserves position as on 31.3.2013 stood at Rs. 130.86 crores against Rs.127.74 crores in the previous year.

MANAGEMENT DISCUSSION AND ANALYSIS:

INDUSTRY STRUCTURE AND DEVELOPMENTS:

The Plant has operated over the first 3 Quarters of the year at sub-optimum levels based on availability of the major raw material Propylene. Operations during fourth Quarter were steady at over 110% of design capacity at good efficiencies.

Hindustan Petroleum Corporation Ltd., (HPCL) have successfully implemented their Propylene Capacity Expansion Project during May-June, 2013, which is expected to bridge the demand-supply gap of our Company's post Modernisation-cum-Expansion. This is expected to result in improved capacity utilisation of the Company. The capacity utilisation of over 110% of design, coupled with good efficiencies achieved during the 4th Quarter of 2012-13 is likely to be benchmark for future performance of the Plant.

New capacities of Oxo-Alcohols commissioned in China and other countries during the year, narrowed the gap between the prices of products and raw-materials. This together with higher power cost on account of severe power cut imposed by power distribution company and other depressed global conditions have affected the Company's performance for the year. Continued growth at around 8-10% per annum for Oxo-Alcohols in the country and improved availability of feedstock are expected to improve the performance of your Company in future.

OPPORTUNITIES AND THREATS:

Continued healthy growth in indigenous market demand for Oxo-Alcohols and resultant increase in market share due to increased availability of feedstock are expected to further enhance the market share of your Company in future. Depreciation of rupee and continuous increase in prices of raw material, fuel and power with no corresponding increase in product prices, continue to be major concerns for your Company.

INTERNAL CONTROL SYSTEMS:

Your Company has systems based internal control framework for all major areas of Plant operations and business. External internal audit by a reputed firm ensures adequacy and effectiveness of all the internal control systems in all the areas. The Audit Committee of the Board reviews such internal audit reports, monitors and ensures effectiveness of the internal control measures.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS:

Your Company has excellent track record on Industrial Relations front. The Management is committed to motivating employees at all levels by way of continuous performance improvement programmes. Training programmes are conducted for different levels of employees for upgrading their

skills in their respective areas. As on 31st March, 2013 the Company has 300 employees on its rolls.

FUTURE OUTLOOK:

The Company's performance is greatly influenced by global and domestic demand-supply of products and raw materials. The Company is able to optimise its operations to a level comparable to the best in this area to be able to compete with imports. Higher production and marketing levels are expected in future as compared to the present level.

CAUTIONARY STATEMENT:

The statements describing the Company's outlook, estimates or predictions may be forward-looking statements based on certain assumptions of future events. Actual results may differ materially from those expressed or implied, since the Company's operations are influenced by external or internal factors. Your Company closely monitors all major developments likely to affect the operations and will respond to meet the potential threats and to gain from any possible opportunities.

DEPOSITS:

During the year under review, your Company has not invited or accepted any Fixed Deposits from the Public.

SAFETY, HEALTH AND ENVIRONMENT:

Your Company has been awarded the 2nd Level of Award **SHRESHTHA SURAKSHA PURASKAR** Silver Trophy for 2012 (Manufacturing sector) Group-A by the National Safety Council of India. There is no 1st Level Award in this category.

Safety of Human and Plant assets is the top priority of the Company. Continuous training of personnel at various levels on safety and strict compliance of regulations is ensured which resulted in one more accident-free year. Your Company has established several process measures and a number of environmental control systems to contain Environmental impact and ensures their close monitoring. It may be noted that your Company is always in the forefront and proactive in implementing environment protection measures.

INSURANCE:

All the insurable assets of the Company including Plant and Machinery, Buildings and Inventories are insured on reinstatement value basis.

LISTING:

The Equity Shares of your Company are listed on the Bombay Stock Exchange. Listing fees has been paid.

DIRECTORS:

During the year under report, Andhra Pradesh Industrial Development Corporation Ltd., (APIDC) withdrew Sri M Venkateswara Rao and Smt. Shalini Misra, I.A.S., as its Nominee Directors from the Board of the Company from 17.8.2012 and 12.4.2013 respectively and in their place Sri S V Kanaka Seshu and Smt. Anita Rajendra, I.A.S., have been co-opted as Additional Directors on the Board of the Company with effect from 7.11.2012 and 25.5.2013 respectively. Your Directors place on record their warm appreciation for the valuable guidance rendered by Smt. Shalini Misra, I.A.S., and Sri M Venkateswara Rao during their tenure as Directors of the Company.

Smt. Anita Rajendra, I.A.S., and Sri S V Kanaka Seshu hold office upto the date of the ensuing 29th Annual General Meeting (AGM). Resolutions seeking their appointment as Directors are being placed for the approval of the shareholders at the ensuing 29th AGM.

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Directors Sri P Narendranath Chowdary, Sri M Thimmaraja and Sri A A Krishnan retire by rotation at the ensuing 29th AGM and being eligible offer themselves for reappointment.

AUDIT COMMITTEE:

As on the date of this report, the Audit Committee consists of five Non-Executive Independent Directors Sri Justice G Ramanujam (Retd.), Sri A A Krishnan, Dr. Anumolu Ramakrishna, Sri Surinder Kumar Kapoor and Sri M R B Punja. Sri Justice G Ramanujam (Retd.) is the Chairman of the Committee. Sri M R B Punja has been inducted as member with effect from 20.7.2013.

AUDITORS:

M/s Brahmayya & Co., Chartered Accountants, Vijayawada, the present Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

COST AUDITORS:

M/s Narasimha Murthy & Co., Cost Accountants, Hyderabad, were appointed as Cost Auditors of the Company for the year ended 31st March, 2013. Cost Auditors' Report in respect of Financial Year 2011-12 has been filed with the Ministry of Corporate Affairs on 24.12.2012 i.e., within the stipulated date.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

Particulars prescribed under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in Annexure 'A' to this Report.

PARTICULARS OF EMPLOYEES:

There is no employee of your Company drawing a remuneration requiring disclosure under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended by Companies (Particulars of Employees) Amendment Rules, 2011.

DEMATERIALISATION OF SHARES:

As on 31st March, 2013 out of the total number of 8,49,71,600 Equity Shares, 7,66,85,741 Equity Shares constituting 90.25% stand dematerialised.

DIRECTORS' RESPONSIBILITY STATEMENT:

It is hereby confirmed:

- i) that in the preparation of Annual Accounts, the appli-

cable Accounting Standards have been followed along with proper explanation relating to material departures, if any.

- ii) that Accounting Policies have been selected and applied consistently and judgements and estimates made that are reasonable and prudent, so as to give a true and fair view of the State of Affairs of the Company at the end of the Financial Year and of the Profit of the Company for that year.
- iii) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the Assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) that the Directors had prepared the Annual Accounts on a going concern basis.

REPORT ON CORPORATE GOVERNANCE:

As required under Clause 49 of the Listing Agreement with the Stock Exchange, the report on Corporate Governance and the Auditors' Certificate on the compliance of Corporate Governance are annexed and form part of the Directors' Report (Annexure 'B').

ACKNOWLEDGEMENTS:

Your Directors acknowledge the co-operation and continued valuable support received from Central and State Government authorities, the Promoters - The Andhra Sugars Limited and APIDC, Financial Institutions, Banks, Shareholders, Customers, HPCL, GAIL, and other Suppliers. Your Directors also wish to place on record their deep sense of appreciation of the valuable contribution made by the employees at all levels, which enabled the Company to achieve a sustained growth in the operational performance during the year under review.

On behalf of the Board

**Hyderabad
20.7.2013**

**M R B Punja
Chairman**

Annexure 'A' to the Directors' Report:

Additional information as per Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 for the year ended 31st March, 2013.

A. Conservation of Energy:

Plant operations were further optimised realising better efficiencies mainly in terms of energy in the 4th Quarter realising considerable savings. Considerable energy conservation by reducing fuel consumption during every start-up of the Plant. Adoption of electrical energy management system also resulted in certain energy savings.

The Andhra Petrochemicals Limited

FORM A

		Current Year	Previous Year
A) Power & Fuel Consumption:			
1) Electricity:			
a) Purchased			
Units	4,04,63,500	4,42,92,101	
Total Amount (Rs.)	23,98,67,392	15,84,71,856	
Rate/Unit (Rs.)	5.93	3.58	
b) Own Generation			
i) Through diesel generator			
Units	10,49,085	13,32,389	
Units per litre of Diesel Oil	3.55	4.02	
Rate/Unit (Rs.)	12.38	10.72	
ii) Through Steam			
Turbines/Generator	N.A.	N.A.	
2) Coal:			
Quantity(Tonnes)	N.A.	N.A.	
Total Amount (Rs.)	N.A.	N.A.	
Average Rate	N.A.	N.A.	
3) a) Furnace Oil:			
Quantity (MTs./KLS)	791.110	908.650	
Total Amount (Rs.)	3,85,31,732	4,09,49,267	
Average Rate	48,705.91	45,066.05	
b) L.S.H.S:			
Quantity (MTs.)	4,731.890	5,481.350	
Total Amount (Rs.)	23,71,84,027	24,69,00,570	
Average Rate	50,124.59	45,043.75	
4) Others/Internal Generation:			
Oxo-Alcohol Residue			
Quantity (MT)	3,838.000	3,660.000	
Total Amount (Rs.)	Nil	Nil	
Average Rate/MT	Nil	Nil	
B) Consumption per Tonne of Production:			

Product	Current Year		Previous Year	
	Power KWH	Steam MT	Power KWH	Steam MT
2-Ethyl Hexanol	639	1.88	642	1.95
Butanols	567	2.10	539	1.88

B. Technology Absorption

FORM – B

I. Research & Development (R & D)

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

- Interconnection of start-up heaters of both Synthesis Gas sections for reducing start-up and shutdown time by 1 day every time which will improve uptime and also results in saving of Fuel Naphtha, power and steam .
- Redundant stabiliser was converted to Water Stripper to treat separately Extractor effluent and recover organics and to reduce load on ETP.
- Thermal Imaging camera: Thermal images lead to early recognition of defective components in HT, LT switch gear, HT transformers and 132KV Transmission lines, so that requisite preventive steps can be taken. This minimises the risk of fire that avoids costly production downtimes.
- Energy management system helps to know Instant Power

data, exact power requirement and minimise the losses by knowing power factor of all the feeders at all voltage levels.

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

- Reduction in start-up/shutdown times of Synthesis Gas section resulting in reduction in Naphtha consumption. Expected savings, Rs.6.5 lakhs per start-up/shutdown.
- Considerable reduction in COD load on the Effluent Treatment Plant with resultant positive environmental impact.
- Timely detection and prevention of breakdown by predictive means.
- Energy Management System gives an instantaneous picture of the power consumption pattern to minimise power purchase costs. Detects areas for improvement.

3. Plan of Action:

Planned more R & D activities in Energy conservation and Environmental improvement areas.

A Project for installing blowers to recycle more Carbon Dioxide into the reforming section to reduce Naphtha consumption is under implementation.

4. Expenditure on R & D:

The Company has incurred an expenditure of Rs. 21 lakhs on R & D during the year.

II. Technology Absorption, Adaptation and Innovation:

1. Efforts made:

The New Technology in Oxo & Synthesis and in the Butanols Plants has been fully absorbed and the Company is now able to operate the Plant at high loads on a continuous basis.

2. Benefits:

The Company has realised the benefits after Modernisation-cum-Optimisation by way of improved process efficiencies and also reduction in specific power consumption.

3. Imported Technology: Nil

C. Foreign Exchange Earning and Outgo (on cash basis):

	(Rs. in lakhs)	
	For the year ended 31.3.2013	For the year ended 31.3.2012
i. Earnings	220.22	Nil
ii. Outgo	327.00	622.82

Hyderabad
20.7.2013

On behalf of the Board
M R B Punja
Chairman

Annexure 'B' to the Directors' Report:

REPORT ON CORPORATE GOVERNANCE

A) MANDATORY REQUIREMENTS:

1. Company's philosophy on Corporate Governance:

Your Company affirms that adoption of the good Corporate Governance practices in all its dealings, operations and actions is *sine qua non* for enhancement of overall shareholder value and protection of interests of all its stakeholders including customers, employees, lenders, suppliers, government and the community in which it operates.

2. Board of Directors:

- a) As on 31.3.2013 the Board consisted of 12 Directors.
Composition and category of Directors is as follows:

Non-Executive and Independent Directors	Promoter and Executive Directors	Promoters, Non-Executive & Non-Independent Directors
Sri M R B Punja Chairman Sri Justice G Ramanujam (Retd) Sri A A Krishnan Dr. Anumolu Ramakrishna Sri Anirudha Behera (Nominee of IDBI Bank Ltd) Sri Surinder Kumar Kapoor	Dr. B B Ramaiah Managing Director (<i>Sri Pendyala Narendranath Chowdary sister's husband</i>) *	Sri B R Meena, I.A.S. (upto 12.10.2012) Smt Shalini Misra, I.A.S., (from 7.11.2012) Sri Pendyala Narendranath Chowdary (<i>Dr. B B Ramaiah daughter's husband</i>) * Sri M Thimmaraja Sri M Venkateswara Rao (upto 16.8.2012) Sri S V Kanaka Seshu (from 7.11.2012) Sri Ravi Pendyala

*Indicates *inter se* relationship between the Directors as per Section 6 of the Companies Act, 1956.

- b) Non-Executive Directors' Remuneration: Please refer to Point No.6.
 c) During the Financial Year 2012-13, four Board Meetings were held.
 Dates on which they were held:
 (i) 19.5.2012, (ii) 21.7.2012, (iii) 7.11.2012 and (iv) 9.2.2013

The Andhra Petrochemicals Limited

d) Attendance of each Director at the Board Meetings, last Annual General Meeting and number of other Directorships and Chairmanships / Membership of Committees of each Director in various companies:

Name of the Director	Attendance Particulars		Directorship, Committee Membership and Chairmanship in other companies			
	Board Meetings	Last AGM	Directorship	Chairmanship	Committee Membership*	Committee Chairmanship*
Sri M R B Punja	4	No	4	None	2	2
Dr. B B Ramaiah	4	Yes	3	1	None	None
Sri Justice G Ramanujam (Retd)	No	No	1	None	1	1
Sri A A Krishnan	4	No	1	None	None	None
Dr. Anumolu Ramakrishna	4	Yes	11	None	9	1
Sri P Narendranath Chowdary	4	Yes	7	4	2	None
Sri M Thimmaraja	3	Yes	2	None	3	None
Sri B R Meena, I.A.S. (upto 12.10.2012)	2	No	1	None	None	None
Smt. Shalini Misra, I.A.S. (from 7.11.2012)	No	N.A.	3	None	None	None
Sri M Venkateswara Rao (upto 16.8.2012)	2	N.A.	3	None	1	None
Sri S V Kanaka Seshu (from 7.11.2012)	No	N.A.	8	None	1	None
Sri Surinder Kumar Kapoor	3	No	None	None	None	None
Sri Anirudha Behera	4	No	None	None	None	None
Sri Ravi Pendyala	4	No	None	None	None	None

* Represents Membership / Chairmanship of Audit Committees and Investors Grievance Committees of other public limited companies.

Sri Justice G Ramanujam (Retd), Chairman of the Audit Committee, could not attend the Annual General Meeting due to unavoidable circumstances. Dr. Anumolu Ramakrishna, Member of the Committee, as authorised by the Audit Committee attended the Annual General Meeting to answer the queries of the shareholders.

3. Code of Conduct:

The Board of Directors has adopted the Code of Conduct for Board Members and Senior Management Personnel of the Company. The said Code has been communicated to the Directors and the Senior Managers from whom the necessary affirmation has been received with regard to the compliance of the Code. A declaration in this regard by the Managing Director is furnished at the end of the report. The Code has been posted on the Company's website - www.andhrapetrochemicals.com.

4. Audit Committee:

A qualified Audit Committee, meeting the requirements of Clause 49 of the Listing Agreement, has been constituted.

As on 31.3.2013, the Audit Committee consists of four Non-Executive Independent Directors - (i) Sri Justice G Ramanujam (Retd) - Chairman, (ii) Sri A A Krishnan,

(iii) Dr. Anumolu Ramakrishna and (iv) Sri Surinder Kumar Kapoor. Members of the Audit Committee have considerable experience and expertise in the field of Industrial, Financial and Corporate Business Management. Subsequently Sri M R B Punja has been inducted as member with effect from 20.7.2013.

Sri K. Raghu Ram, Manager (Finance) & Asst. Company Secretary, acts as the Secretary to the Audit Committee.

Statutory, Internal and Cost Auditors and Senior Executives are invited to attend the meetings to answer the queries raised by the Committee.

During the Financial Year 2012-13, four Audit Committee Meetings were held on:

(i) 19.5.2012, (ii) 21.7.2012, (iii) 7.11.2012 and (iv) 9.2.2013

Attendance of Directors at the Audit Committee Meetings:

Name of the Director	No. of Meetings attended
Sri Justice G Ramanujam (Retd)	—
Sri A A Krishnan	4
Dr. Anumolu Ramakrishna	4
Sri Surinder Kumar Kapoor	3

Broad terms of reference of the Audit Committee are as under:

- Approving and implementing the audit procedures and techniques.
- Reviewing audit reports of Statutory, Internal and Cost Auditors with Auditors, Management and Senior Executives.
- Reviewing financial reporting systems, internal control systems and procedures.
- Recommending to the Board the appointment, re-appointment and if required the replacement or removal of the Statutory Auditor and fixation of Audit Fees.
- Approval of payment to the Statutory Auditors for any service rendered by them.
- Review with the Management, the quarterly and yearly financial statements before submission to the Board for approval.
- The Audit Committee also reviews the following information as and when required:
 - Management Discussion & Analysis of financial condition and results of operations
 - Statement of significant Related Party Transactions (as defined by the Audit Committee)
 - Management letters / letters of internal control weaknesses issued by the Statutory Auditors
 - Internal Audit Reports relating to internal control weaknesses
 - The appointment, removal and terms of remuneration of the Chief Internal Auditor
- Ensuring compliance with regulatory guidelines.

5. Subsidiaries:

The Company does not have any subsidiary.

6. Remuneration:

Managing Director does not draw any remuneration from the Company.

Details of sitting fees paid to the Directors during the year 2012-13:

Sri M R B Punja - Rs.40,000/-; Sri A A Krishnan - Rs.80,000/-; Dr. A. Ramakrishna – Rs.80,000/-; Sri Anirudha Behera – Rs.40,000/- (as he is the nominee of IDBI Bank Ltd., sitting fees payable to him was paid to IDBI Bank Ltd.); Sri B R Meena, I.A.S. – Rs.20,000/- & Sri M. Venkateswara Rao – Rs.20,000/- (as they are nominees of APIDC Ltd., sitting fees payable to them was paid to APIDC Ltd.); Sri Surinder Kumar Kapoor – Rs.60,000/-; Sri Ravi Pendyala – Rs.80,000/-.

7. Details of Equity Shares of the Company held by Non-Executive Directors as on 31st March, 2013:

Name of the Non-Executive Director	No. of shares of Rs.10/- each
Sri M R B Punja	1400
Sri P Narendranath Chowdary	4216
Sri M Thimmaraja	1630
Sri Ravi Pendyala	1020

8. Management:

Management Discussion & Analysis forms part of the Annual Report.

9. CEO/CFO Certification:

In accordance with the requirements of Clause 49(V) of the Listing Agreement, the Board of Directors of the Company, the Audit Committee and the Auditors have been furnished with the requisite certificate from the Managing Director.

10. Shareholders / Investors Grievance Committee:

a) At present the Shareholders / Investors Grievance Committee comprises Sri P Narendranath Chowdary (Chairman of the Committee - Non-Executive Director), Sri M Thimmaraja and Sri Ravi Pendyala as Members of the Committee. The Committee looks into the redressal of the shareholders' complaints like transfer of shares, non-receipt of Annual Report and Dividend and other matters.

b) The Board has designated Sri K. Raghu Ram, Manager (Finance) & Asst. Company Secretary, as the Compliance Officer.

c) Investor complaints received during the year ended 31.3.2013:

No. of shareholders' complaints received	: 68
No. of complaints not resolved to the satisfaction of the shareholders	: NIL
No. of pending complaints (as at 31.3.2013)	: NIL
No. of pending share transfers (as at 31.3.2013)	: NIL

11. Details of General Body Meetings:

i) Particulars of the last three Annual General Meetings held at the Regd. Office, Venkatrayapuram, Tanuku.

Year	Date & Time
2010	30 th September, 2010, 3:00 p.m.
2011	22 nd September, 2011, 3:00 p.m.
2012	28 th September, 2012, 3:00 p.m.

ii) Special Resolutions passed at the last three Annual General Meetings:

Year	Subject Matter
2010	Nil
2011	Alteration of the Articles of Association of the Company authorising the Company to buy back its own securities
2012	Appointment of Dr. B B Ramaiah as Managing Director of the Company

iii) No Special Resolution requiring Postal Ballot was passed in the last Annual General Meeting and no Special Resolution requiring Postal Ballot is being proposed at the ensuing Annual General Meeting.

12. Disclosures:

i) No transaction of material nature has been entered into by the Company with Directors or Management and their relatives etc., that may have potential conflict with the interest of the Company at large. Wherever required, necessary approvals have been obtained from the Central Government under Section 297 of the Companies Act, 1956 with regard to specific contracts requiring

The Andhra Petrochemicals Limited

the approval of the Central Government. The Register of Contracts containing transactions in which Directors are interested, is placed before every meeting of the Board and signed by the Directors present.

- ii) No penalties or strictures were imposed on the Company for non-compliance by Stock Exchange / SEBI or any authority on any matter related to capital markets during the last 3 years.
- iii) The Company does not have any Whistle Blower Policy system.
- iv) The Company has complied with the mandatory requirements of Clause 49 of the Listing Agreement.

13. Means of Communication:

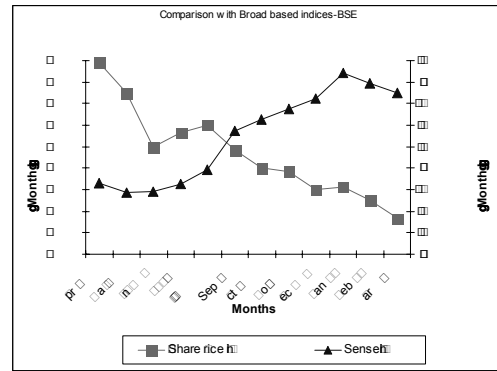
- i) Quarterly financial results are published in "The Hindu Business Line" (English) and "Andhra Bhoomi" (Telugu). Copies of the Results published are forwarded to Stock Exchange and the results are displayed on the Website of the Company, i.e., www.andhrapetrochemicals.com.
- ii) The Company has not issued any press release or made any presentations to the institutional investors or analysts about its financial results during the year.

14. General Shareholder Information:

- i) Annual General Meeting
 - Date and Time : Saturday, 28th September, 2013, at 3.00 p.m.
 - Venue : Regd. Office:
Venkatarayapuram,
TANUKU - 534215,
West Godavari Dist.,
Andhra Pradesh
- ii) Financial Year : 1st April to 31st March
- iii) Dates of Book Closure : Saturday, 21st September, 2013 to Saturday, 28th September, 2013 (both days inclusive)
- iv) Listing on Stock Exchange and Stock Code:
The Bombay Stock Exchange Ltd.
Physical Stock Code: 12
Demat Stock Code: 500012
ISIN: INE714B01016
- v) Market Price Data: High / low price of Company's Equity Shares quoted on The Bombay Stock Exchange Ltd., Mumbai during each month of the Financial Year 2012-13.

Month	High Rs. Ps.	Low Rs. Ps.
April, 2012	27.80	23.00
May, 2012	25.00	19.10
June, 2012	20.00	15.65
July, 2012	21.30	17.05
August, 2012	22.00	17.70
September, 2012	19.75	17.50
October, 2012	18.00	14.90
November, 2012	17.70	14.80
December, 2012	16.00	14.40
January, 2013	16.25	12.65
February, 2013	15.07	12.00
March, 2013	13.34	11.25

vi) Performance in comparison to BSE sensex:



vii) Share Transfer System:

Transfers of Equity Shares in physical mode are effected within the statutory time limit from the date of receipt. Share transfers are approved weekly.

viii) a) Shareholding pattern as on 31st March, 2013:

Sl No.	Category	No. of shares	% of holding
1	Promoters, Directors, Relatives and Associate Companies	40380380	47.52
2	Financial Institutions	20600	0.02
3	Mutual Funds	13100	0.02
4	Banks	837	0.00
5	Foreign Institutional Investors	11600	0.01
6	Non-Resident Indians	576338	0.68
7	Bodies Corporate	6785606	7.99
8	Indian Public	37183139	43.76
	Total	84971600	100.00

b) Distribution of shareholding as on 31st March, 2013:

Shareholding of Nominal value of Rs.	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Upto 5000	74188	89.98	10740505	12.64
5001 to 10000	4484	5.44	3818523	4.49
10001 to 20000	1850	2.24	2909757	3.43
20001 to 30000	626	0.76	1640138	1.93
30001 to 40000	248	0.30	908495	1.07
40001 to 50000	275	0.33	1326728	1.56
50001 to 100000	414	0.50	3176040	3.74
100001 onwards	369	0.45	60451414	71.14
Total	82454	100.00	84971600	100.00

ix) As of 31st March, 2013, 7,66,85,741 shares constituting 90.25% of paid-up capital have been dematerialised.

	No. of shares	% of paid-up capital
National Securities Depository Ltd.	4,33,49,123	51.02
Central Depository Services (India) Ltd.	3,33,36,618	39.23
Total	7,66,85,741	90.25

Dematerialisation of shares is attended by M/s XL Softech System Ltd., Hyderabad.

x) Plant location:
Opp: Naval Dockyard
VISAKHAPATNAM - 530014
Andhra Pradesh

xi) Address for correspondence:

Manager (Finance) & Asst. Company Secretary
The Andhra Petrochemicals Limited
Venkatarayapuram, TANUKU - 534215
West Godavari District, Andhra Pradesh

Phone Nos. 08819-224075
08819-220975 (Shares Dept.)

E-mail : info.tnk@andhrapetrochemicals.com
investors@andhrapetrochemicals.com

B) NON-MANDATORY REQUIREMENTS:

The Company has not adopted any of the non-mandatory requirements mentioned in Clause 49 of the Listing Agreement. The same will be adopted as and when considered necessary.

CEO'S DECLARATION ON COMPLIANCE WITH THE COMPANY'S CODE OF CONDUCT

As provided under Clause 49 of the Listing Agreement with the Stock Exchange, all Board Members and Senior Management Personnel have affirmed the compliance of the Company's Code of Conduct for the Board Members and Senior Management Personnel, as applicable, for the year ended 31st March, 2013.

Place: Hyderabad
Date: 20.7.2013

Dr. B B Ramaiah
Managing Director

AUDITORS' CERTIFICATE

To
The Members of
The Andhra Petrochemicals Limited,
Tanuku.

We have examined the compliance of conditions of Corporate Governance by The Andhra Petrochemicals Limited, Tanuku for the year ended March 31, 2013, as stipulated in Clause 49 of the Listing Agreement of the Company with stock exchange.

The compliance of conditions of Corporate Governance is

the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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.

for BRAHMAYYA & CO.,
Chartered Accountants
Firm Regn. No. 000513S
C V Ramana Rao

Camp : Hyderabad
Date : 20-7-2013

Partner
Membership No.018545

INDEPENDENT AUDITORS' REPORT

To
The Members of
The Andhra Petrochemicals Limited,
Tanuku.

Report on the Financial Statements :

1. We have audited the accompanying Financial Statements of the Andhra Petrochemicals Limited, Tanuku ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements :

2. Management is responsible for the preparation of these Financial Statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility :

3. Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error.

4. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the Financial Statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the Financial Statements.

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5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion :

6. In our opinion and to the best of our information and according to the explanations given to us, the Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
- b) in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
- c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements:

7. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

8. As required by section 227 (3) of the Act, 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 purpose 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 those books;
- c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement, dealt with by this Report are in agreement with the books of account;
- d) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement, comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- e) on the basis of the written representations received from the Directors as on 31st March, 2013, taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2013, from being appointed as a Director in terms of section 274(1) (g) of the Act.

**for BRAHMAYYA & CO.,
Chartered Accountants
Firm Regn. No. 000513S
C V Ramana Rao
Partner
Membership No.018545**

**Camp : Hyderabad
Date : 25-5-2013**

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT REFERRED TO IN PARAGRAPH 7 UNDER THE HEADING OF "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE:

- i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) The fixed assets have been physically verified by the management during the year. According to the information furnished to us, no material discrepancies have been noticed on such verification.
- c) The Fixed Assets disposed off by the Company during the year do not form a substantial part thereof. Accordingly the "going concern" status of the Company is not affected.
- ii) a) Physical verification of inventory has been conducted during the year by the management at reasonable intervals.
- b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) On the basis of our examination of the records of inventory, we are of the opinion that the Company is

maintaining proper records of inventory. The discrepancies noticed on such verification between the physical stocks and the book records were not material.

- iii) a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Consequently, clauses 4(iii) (b) to (d) of the order are not applicable.
- b) The Company has not taken any loans, secured or unsecured from companies, firms, or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Consequently, clauses 4(iii)(f) & (g) of the Order are not applicable.
- iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.
- v) a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts and arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- b) In our opinion and according to the information and explanations given to us, the contracts and arrangements made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi) The Company has not accepted any deposits from public. Consequently the clause 4(vi) of the order is not applicable.
- vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- viii) We have broadly reviewed the books of account relating to materials, labour and other items of cost 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 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- ix) a) According to the information and explanations given to us and on the basis of examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, sales-tax, wealth-tax, custom duty, excise duty, service-tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues which were in arrears as at 31st March, 2013 for a period of more than six months from the date they became payable.
- c) As at 31st March, 2013, there have been no disputed dues, which have not been deposited with the respective authorities in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess, except the following :

Sr. No.	Name of the Statute	Name of the Dues	Amount (Rs. in lakhs)	Period to which the amount relates	Forum where dispute is pending
1.	The Income Tax Act, 1961	Income Tax	24.71	Assessment Year 2010-11	Commissioner of Income Tax (Appeals), Visakhapatnam.

The Andhra Petrochemicals Limited

- x) The Company has no accumulated losses and has not incurred cash losses in the financial year covered by our audit and the immediately preceding financial year.
- xi) The Company has not defaulted in payment of any loan installment or interest in respect of term loans from financial institutions and banks.
- xii) The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities. Consequently, the clause 4(xii) of the order is not applicable.
- xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Consequently the clause 4(xiii) of the order is not applicable.
- xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other instruments. Consequently the clause 4(xiv) of the order is not applicable.
- xv) The Company has not given any guarantee for loans taken by others from banks or financial institutions. Consequently the clause 4(xv) of the order is not applicable.
- xvi) In our opinion, the Term Loans have been applied for the purposes for which they were raised.
- xvii) According to the information and explanations given to us and on overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.
- xviii) During the year, the Company has not made any preferential allotment of shares. Consequently the clause 4(xviii) of the order is not applicable.
- xix) The Company has not issued any debentures so far. Consequently clause 4(xix) of the order is not applicable.
- xx) During the year, the Company has not raised money by Public issue. Consequently the clause 4(xx) of the order is not applicable.
- xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

**for BRAHMAYYA & CO.,
Chartered Accountants
Firm Regn. No. 000513S
C V Ramana Rao
Partner
Membership No.018545**

**Camp : Hyderabad
Date : 25-5-2013**

Note 1: Accounting Policies

1.1 Accounting Concepts :

Financial Statements are prepared and presented in accordance with the Generally Accepted Accounting Principles (GAAP) in India under historical cost convention on accrual basis and comply all material aspects with the Accounting Standards and the relevant provisions prescribed in the Companies Act, 1956, besides the pronouncements / guidelines of the Institute of Chartered Accountants of India and the Securities and Exchange Board of India.

1.2 Use of Estimates:

The preparation of Financial Statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the Financial Statements and reported amount of revenues and expenses during the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, the actual outcome may be different from the estimates. Difference between actual results and estimates are recognised in the period in which the results are known or materialise.

1.3 Fixed Assets :

- a. Fixed assets are stated at cost less accumulated depreciation. Cost of acquisition of fixed assets is net of CENVAT / Input VAT Credit and inclusive of

freight, duties, taxes, incidental expenses including interest on specific borrowings as apportioned.

- b. Expenditure during construction/erection period is included under Capital Work-in-Progress and allocated to the respective fixed assets on completion of construction/erection.

1.4 Classification of Assets and Liabilities as Current and Non-Current :

All assets and liabilities are classified as current and non-current as per the Company's normal operating cycle and other criteria set out in Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, 12 months has been considered by the Company for the purpose of current - non-current classification of assets and liabilities.

1.5 Investments:

Investments are stated at cost, inclusive of all expenses relating to acquisition. Provision for diminution in the market value of long-term investments is made, if in the opinion of the Management such diminution is permanent in nature.

1.6 Inventories:

Inventories are valued at the lower of the cost (net of CENVAT / Input VAT Credit) or net realisable value (except by-products, waste and scrap which are valued at estimated net realisable value). Cost is computed on monthly weighted average basis. Finished Goods and Process Stock include cost of conversion and other costs incurred in bringing the inventories to their present condition and location.

1.7 Borrowing Costs:

Borrowing cost is charged to Statement of Profit and Loss except cost of specific borrowing for acquisition of qualifying assets which is capitalised till date of commercial use of the said asset.

1.8 Sales:

Sales are inclusive of Excise Duty and net of rebates and Sales Tax.

1.9 Employee Benefits:

(i) Defined Contribution Plans:

Employee Benefits in the form of Employee Provident and Pension Funds are considered as Defined Contribution Plans and the contributions are charged to the Statement of Profit & Loss of the year when the contributions to the said fund are due.

(ii) Defined Benefit Plans:

Retirement Benefit in the form of Gratuity, is considered as Defined Benefit Obligation and is provided for on the basis of an actuarial valuation using the projected unit credit method as at the date of Balance Sheet.

(iii) Other Long-Term Benefits:

Long-Term Compensated Absences are provided on the basis of an actuarial valuation using the Projected Unit Credit Method as at the date of Balance Sheet.

Actuarial gains / losses, if any, are immediately recognised in the Statement of Profit & Loss.

1.10 Depreciation:

Depreciation on buildings and plant and machinery is charged under straight-line method and on the remaining assets under written down value method at the rates specified in Schedule XIV of the Companies Act, 1956.

1.11 Foreign Currency Transactions:

Transactions on account of foreign currency are accounted for at the rates prevailing on the date of the transaction. Foreign Currency assets and liabilities are restated at the rates prevailing as on the date of Balance Sheet. Exchange rate differences are dealt with in the Statement of Profit and Loss. Premium or discount on forward exchange contracts are amortised and recognised in the Statement of Profit & Loss over the period of the contract.

The Andhra Petrochemicals Limited

Balance Sheet as at 31st March, 2013

(₹ in lakhs)

Particulars	Note No.	As at 31-03-2013	As at 31-03-2012
1	2	3	4
I. EQUITY AND LIABILITIES:			
1 Shareholders' funds:			
(a) Share capital	2.01	8497.16	8497.16
(b) Reserves and surplus	2.02	13085.61	12773.74
2 Non-current liabilities:			
(a) Long-term borrowings	2.03	1718.43	3656.32
(b) Deferred tax liabilities (Net)	2.04	3177.21	3025.57
(c) Trade payables	2.05	178.60	--
(d) Other Long-term liabilities	2.06	5.00	5.00
(e) Long-term provisions	2.07	116.06	37.37
3 Current liabilities:			
(a) Short-term borrowings	2.08	2678.01	771.96
(b) Trade payables	2.09	831.31	394.58
(c) Other current liabilities	2.10	2552.18	2355.86
(d) Short-term provisions	2.11	213.30	789.86
TOTAL		33052.87	32307.42
II. ASSETS:			
1 Non-current assets:			
(a) Fixed assets			
(i) Tangible assets	2.12	22416.23	23717.66
(ii) Capital work-in-progress		11.06	10.21
(b) Non-current investments	2.13	526.31	526.31
(c) Long-term loans and advances	2.14	500.59	247.42
2 Current assets:			
(a) Inventories	2.15	5551.13	3833.59
(b) Trade receivables	2.16	571.31	2250.43
(c) Cash and Bank balances	2.17	1324.93	296.21
(d) Short-term loans and advances	2.18	2151.31	1425.59
TOTAL		33052.87	32307.42
Significant Accounting Policies and Notes on Accounts		1 & 2	

Per our report of even date	For and on behalf of the Board	
For Brahmayya & Co., Chartered Accountants C V Ramana Rao Partner Membership No.018545	M R B Punja Dr. B B Ramaiah Dr. Anumolu Ramakrishna K. Raghu Ram	Chairman Managing Director Director Manager (Finance) & Asst. Company Secretary
Camp: Hyderabad Date : 25.05.2013	Hyderabad 25.05.2013	

Statement of Profit and Loss for the year ended 31st March, 2013

(₹ in lakhs)

Particulars	Note No.	This Year	Previous Year
1	2	3	4
I. Revenue from operations	2.19	56276.00	59715.57
II. Other income	2.20	336.96	845.02
III. Total Revenue (I + II)		56612.96	60560.59
IV. Expenses:			
Cost of materials consumed	2.21	46488.21	45267.92
Changes in inventories of finished goods and work-in-process	2.22	(1961.17)	(423.36)
Employee benefit expenses	2.23	1402.48	1281.16
Finance costs	2.24	860.16	1254.72
Depreciation	2.12	1371.63	2265.06
Other expenses	2.25	7534.55	6465.99
Total expenses		55695.86	56111.49
V. Profit before extraordinary items (III - IV)		917.10	4449.10
Less: Electricity FSA Charges relating to earlier years		453.93	--
VI. Profit before tax and after extraordinary items		463.17	4449.10
VII. Tax expense:			
(1) Current tax		93.40	1206.00
(2) Deferred tax		151.64	242.00
(3) Excess Provision for Direct Taxes of earlier years Written back		(0.34)	(0.37)
(4) MAT Credit Entitlement		(93.40)	--
VIII. Profit after tax (VI - VII)		311.87	3001.47
IX. Earnings per Equity Share:			
(1) Basic		0.37	3.53
(2) Diluted		0.37	3.53

Significant Accounting Policies and Notes on Accounts 1 & 2

Per our report of even date	For and on behalf of the Board	
For Brahmayya & Co., Chartered Accountants C V Ramana Rao Partner Membership No.018545	M R B Punja Dr. B B Ramaiah Dr. Anumolu Ramakrishna	Chairman Managing Director Director
Camp: Hyderabad Date : 25.05.2013	K. Raghu Ram Hyderabad 25.05.2013	Manager (Finance) & Asst. Company Secretary

The Andhra Petrochemicals Limited

Note 2.01 : Share Capital

a. Share Capital

Particulars	As at 31-03-2013		As at 31-03-2012	
	Number	₹ in lakhs	Number	₹ in lakhs
Authorised				
Equity Shares of ₹10 each	85000000	8500.00	85000000	8500.00
Issued				
Equity Shares of ₹10 each	84971600	8497.16	84971600	8497.16
Subscribed & Paid up				
Equity Shares of ₹10 each fully paid	84971600	8497.16	84971600	8497.16
Total	84971600	8497.16	84971600	8497.16

b. Equity Shares in the Company held by each shareholder holding more than 5 percent shares specifying the number of shares held

Particulars	As at 31-03-2013		As at 31-03-2012	
	No. of Shares held	% of holding	No. of Shares held	% of holding
The Andhra Sugars Limited	28086613	33.05%	24627213	28.98%
Andhra Pradesh Industrial Development Corporation Ltd.	9180000	10.80%	9180000	10.80%

Particulars	As at 31-03-2013		As at 31-03-2012	
	₹ in lakhs		₹ in lakhs	
Note 2.02: Reserves and Surplus				
a. Capital Reserve				
Balance in Capital Reserve	23.37		23.37	
b. Securities Premium Account				
Balance in Securities Premium Reserve	412.63		412.63	
c. Other Reserves (General Reserve)				
Balance at the beginning of the year	2500.00		2000.00	
(+) Current Year Transfer	--		500.00	
Balance at the end of the year	2500.00		2500.00	
Surplus				
Balance at the beginning of the year	9837.74		7830.05	
(+) Profit after tax for the year	311.87		3001.47	
(-) Transfer to Reserves - General Reserve	--		500.00	
(-) Proposed Dividends	--		424.86	
(-) Tax on Proposed Dividends	--		68.92	
Balance at the end of the year	10149.61		9837.74	
Total	13085.61		12773.74	

Particulars	As at 31-03-2013	As at 31-03-2012
Note 2.03: Long-Term Borrowings		
Secured		
Term loans:		
Rupee term loans for optimisation & modernisation of Plant from:		
IDBI Bank Limited	530.40	1060.81
State Bank of India	299.93	799.93
State Bank of Hyderabad	424.05	879.73
Andhra Bank	464.05	915.85
Total	1718.43	3656.32
<p>(Secured by <i>pari passu</i> Charge, by mortgage of the Company's immovable properties and hypothecation of movable plant and machinery, present and future. The loans are further secured by a Second Charge on all the remaining movable assets, subject to a Charge in favour of Company's bankers towards working capital facilities.) Terms of Repayment : Repayable in 17 equal quarterly installments commencing from January 1, 2011.</p>		
Note 2.04: Deferred tax liabilities (Net)		
Major components of Deferred Tax Liabilities and Assets arising on account of timing difference are:		
Liabilities:		
Difference between tax and book depreciation	3356.04	3116.18
Assets:		
Items covered under Section 43B of Income Tax Act	107.21	90.61
Provision for doubtful debts	0.00	0.00
Unabsorbed depreciation under Income Tax Act	71.62	0.00
Total	3177.21	3025.57
Note 2.05: Trade Payables (Non-current)		
Trade Payables	178.60	--
Total	178.60	--
Note 2.06: Other Long-Term liabilities		
Deposit from a Distributor	5.00	5.00
Total	5.00	5.00
Note 2.07: Long-Term Provisions		
Provision for employee benefits:		
Compensated Absences	116.06	37.37
Total	116.06	37.37
Note 2.08: Short-Term Borrowings		
Secured		
Term loan from IDBI	1000.00	--
(A subservient charge by way of hypothecation of Company's current assets in favour of the lender.)		
Loans repayable on demand:		
from banks	1678.01	771.96
(Secured by the hypothecation of raw materials, work-in-process, finished goods, stores and spares and book debts and collaterally secured by Second Charge on the fixed assets, both present and future, of the Company.)		
Total	2678.01	771.96

The Andhra Petrochemicals Limited

Particulars	₹ in lakhs	
	As at 31-03-2013	As at 31-03-2012
Note 2.09: Trade Payables		
Trade Payables	831.31	394.58
	-----	-----
Total	831.31	394.58
	-----	-----

There are no dues to Micro, Small and Medium Enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 based on the information available with the Company.

Note 2.10: Other Current Liabilities

(a) Current maturities of long-term debt	1936.84	1936.84
(b) Interest accrued but not due on borrowings	25.27	42.54
(c) Unpaid dividends	105.95	81.08
(d) Advances received against sales	88.70	148.58
(e) Other Liabilities	395.42	146.82
	-----	-----
Total	2552.18	2355.86
	-----	-----

Note 2.11: Short -Term Provisions

(a) Provision for employee benefits		
Gratuity (Funded)	151.19	135.41
Compensated Absences	62.11	102.48
(b) Others:		
Income Tax (Net of prepaid taxes)	--	58.19
Proposed Dividend	--	424.86
Tax on Proposed Dividend	--	68.92
	-----	-----
Total	213.30	789.86
	-----	-----

Note 2.12: Fixed Assets

₹ in lakhs

Fixed Assets	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	Balance as at 1.4.2012	Additions	(Disposals)	Balance as at 31.3.2013	Balance as at 1.4.2012	Depreciation charge for the year	On disposals	Balance as at 31.3.2013	Balance as at 31.3.2013	Balance as at 31.3.2012
Tangible Assets										
Land	9.07	--	--	9.07	--	--	--	--	9.07	9.07
Buildings *	1687.85	--	--	1687.85	506.51	40.48	--	546.99	1140.86	1181.34
Plant and Equipment	44586.39	65.00	--	44651.39	22129.67	1316.52	--	23446.19	21205.20	22456.72
Furniture and Fixtures	68.86	2.25	--	71.11	54.58	2.39	--	56.97	14.14	14.28
Office Equipment	116.79	3.01	0.13	119.67	80.43	7.30	0.07	87.66	32.01	36.36
Vehicles	59.74	--	--	59.74	39.85	4.94	--	44.79	14.95	19.89
Total	46528.70	70.26	0.13	46598.83	22811.04	1371.63	0.07	24182.60	22416.23	23717.66
Previous year	46117.39	413.07	1.76	46528.70	20547.60	2265.06	1.62	22811.04	23717.66	25569.79

* Building of the value of Rs.1677.64 lakhs constructed on Leasehold Land.

The Andhra Petrochemicals Limited

Particulars	As at 31-03-2013	₹ in lakhs	As at 31-03-2012
Note 2.13: Non-Current Investments			
Long-term at cost (unquoted)			
Investment in Equity instruments			
4,02,000 Equity Shares of Rs.10/- each fully paid-up in Andhra Pradesh Gas Power Corporation Ltd.	526.31		526.31
Total	526.31		526.31
Note 2.14: Long-Term Loans and Advances			
Security Deposits (Unsecured, considered good)	312.89		245.34
Prepaid Expenses	--		2.08
MAT Credit Entitlement	187.70		--
Total	500.59		247.42
Note 2.15: Inventories			
a. Raw Materials and components	381.81	710.50	
Goods-in-transit	441.66	186.64	897.14
b. Work-in-process	134.16		353.38
c. Finished goods	3271.27		1090.87
d. Stores and spares	1322.23		1492.20
Method of valuation is stated in Accounting Policies vide Note No.1.6			
Total	5551.13		3833.59
Note 2.16: Trade Receivables			
Trade receivables outstanding for a period less than six months			
Unsecured, considered good	571.30		2250.43
Total	571.30		2250.43
Trade receivables outstanding for a period exceeding six months			
Unsecured, considered doubtful	0.01		--
Less: Provision for doubtful debts	--		--
Total	0.01		--
Note 2.17: Cash and Bank Balances			
a. Balances with banks	1127.28		97.38
This includes:			
Earmarked Balances (e.g., Unpaid Dividend accounts - less than seven years of ₹ 105.95 lakhs & previous year of ₹ 81.08 lakhs)			
b. Margin money deposits	1.50		4.00
c. Cheques, drafts in transit	194.66		193.68
d. Cash on hand	1.49		1.15
Total	1324.93		296.21

The Andhra Petrochemicals Limited

₹ in lakhs

Particulars	As at 31-03-2013	As at 31-03-2012
Note 2.18: Short term loans and advances		
Unsecured, considered good		
Prepaid Expenses	53.35	55.80
Advances to Suppliers	577.16	353.82
Advances to staff	0.66	0.06
Income tax paid in advance (net of provision)	56.85	--
MAT Credit Entitlement	624.42	718.57
Input Tax Credit - VAT	691.76	208.86
Excise Duty paid in Advance	124.87	78.57
Interest receivable	22.24	9.91
Total	2151.31	1425.59
Note 2.19: Revenue From Operations		
Sale of products (Oxo-Alcohols)	63244.45	65974.74
Less: Excise duty collected	6968.45	6259.17
Total	56276.00	59715.57
Note 2.20: Other Income		
Interest received	223.71	375.64
Profit on sale of Assets	--	0.09
Profit on sale of Inventories	104.04	--
Sales tax refund received	--	366.18
Miscellaneous Receipts	9.14	26.97
Unclaimed Credit balances written back	0.07	76.14
Total	336.96	845.02
Note 2.21: Cost of Materials Consumed		
Raw Materials Consumed		
Opening Stock	710.50	565.15
Add: Purchases	46159.52	45413.27
	46870.02	45978.42
Less: Closing Stock	381.81	710.50
Total	46488.21	45267.92
Details of Raw Materials consumed		
i) Propylene	31545.05	29025.79
ii) Naphtha	14943.16	16242.13
	46488.21	45267.92

The Andhra Petrochemicals Limited

Particulars	This Year	₹ in lakhs	Previous Year
Note 2.22: Change in Inventories of Finished Goods and Work-in-Process			
A) Closing Stock			
Finished Goods	3271.27		1090.87
Work-in-process	134.16		353.38
Total (A)	3405.43		1444.25
B) Opening Stock			
Finished Goods	1090.88		869.52
Work-in-process	353.38		151.37
Total (B)	1444.26		1020.89
(Increase)/Decrease in stocks (B-A)	(1961.17)		(423.36)
Total	(1961.17)	-	(423.36)
Note 2.23: Employee Benefit Expense			
Salaries and Allowances	1172.02		1079.87
Company's Contribution to PF and other Funds	67.24		63.52
Contribution to Gratuity Fund	33.48		31.57
Workmen and Staff Welfare Expenses	129.74		106.20
Total	1402.48		1281.16
Note 2.24: Finance Charges			
Interest expense	809.94		1197.84
Other borrowing costs	50.22		56.88
Total	860.16		1254.72
Note 2.25: Other Expenses			
Stores consumed	823.48		875.67
Fuel, Power and Lighting	5312.83		4671.62
Repairs to Building	20.14		40.27
Repairs to Machinery	535.08		554.86
Rent	23.76		24.11
Rates and Taxes	15.92		11.22
Adjustment of Excise Duty on Stocks	250.31		16.82
Insurance	58.31		47.08
Directors' Sitting Fees	4.20		3.10
Auditors' Remuneration:			
for Audit Fees	2.25	1.50	
for Taxation Matters	0.27	0.26	
for Other Services	1.75	1.16	
for Out-of-Pocket Expenses	0.30	0.19	3.11
Cost Auditors' Remuneration	0.70		0.55
Loss on sale of assets	0.05		--
Miscellaneous Expenses	485.20		217.58
Total	7534.55		6465.99

The Andhra Petrochemicals Limited

Particulars	₹ in lakhs	
	This Year	Previous Year
Note 2.26: Contingent Liabilities and Commitments:		
(i) Contingent Liabilities		
(a) Claims against the company not acknowledged as debt	12.00	12.00
(b) Amounts shown by HPCL as dues as per their statements of account contested by the Company	52.91	--
(c) Outstanding Guarantees to Banks including Letters of Credit opened with Banks for supplier payments	10.00	34.81
(d) Various Claims made by EPDC of A.P.Ltd., which are contested by Company		
i) Grid Support charges	115.97	115.97
ii) Electricity duty demand on captive power generation	115.48	113.20
iii) Disputed demand charges against APGPCL Demand allocation	10.47	10.47
iv) Fuel Surcharge Adjustment charges	--	78.94
v) Demand against excess incentive recovery	13.19	13.19
vi) Disputed Income Tax demand for the Asst. Year 2010-11	24.71	--
(ii) Commitments		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	1.96	--
(b) Bills discounted	2346.40	1038.28

Note 2.27: Employee benefit plans:

As per Accounting Standard-15 "Employees Benefits" the disclosure of Employee Benefits as defined in the Accounting Standard are given hereunder:

Defined Contributions Plans:

Contributions to Defined Contribution Plans, recognised as expense for the year, are as under:

Employer's Contributions to Provident and Pension Funds	65.85	62.21
---	-------	-------

Defined Benefit Plans:

The employees' Gratuity Fund Scheme managed by a Trust is a Defined Benefit Plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for compensated absences is recognised in the same manner as Gratuity.

I. Reconciliation of opening and closing balances of Defined Benefit obligations

	₹ in lakhs		₹ in lakhs	
	Gratuity (Funded)		Compensated absences (Unfunded)	
	This year	Previous year	This year	Previous year
Defined Benefit obligation at beginning of the year	240.58	208.57	139.85	121.49
Interest Cost	19.25	17.70	10.54	9.50
Current Service Cost	16.97	30.90	39.11	29.05
Benefits paid	(2.42)	(7.36)	(16.26)	(19.91)
Actuarial loss / (gain) on obligation	7.00	(9.23)	4.93	(0.28)
Defined Benefit obligation at year end	281.38	240.58	178.17	139.85

II. Reconciliation of opening and closing balances of fair value of plan assets

	₹ in lakhs	
	Gratuity (Funded)	Compensated absences (Unfunded)
	This year	Previous year
Fair value of plan assets at beginning of the year	105.17	86.97
Expected return on plan assets	9.74	7.79
Contributions	17.69	17.77
Benefits paid	(2.42)	(7.36)
Actuarial loss / (gain) on obligation	—	—
Fair value of plan assets as at the end of the year	130.18	105.17

III. Reconciliation of fair value of assets and obligations as at 31.3.2013

	₹ in lakhs			
	Gratuity (Funded)		Compensated absences (Unfunded)	
	This year	Previous year	This year	Previous year
Fair value of plan assets	130.18	105.17	--	--
Present value of obligation	281.38	240.58	178.17	139.85
Amount recognised as liability in Balance sheet	151.20	135.41	178.17	139.85

IV. Expenses recognised during the year (in the Statement of Profit & Loss)

	₹ in lakhs			
	Gratuity (Funded)		Compensated absences (Unfunded)	
	This year	Previous year	This year	Previous year
Current Service Cost	16.97	30.90	39.11	38.27
Interest Cost	19.25	17.70	10.54	9.51
Expected return on plan assets	(9.74)	(7.80)	—	—
Actuarial (gain)/ loss	7.00	(9.23)	4.93	(9.51)
Expenses recognised in the Statement of Profit & Loss	33.48	31.57	54.58	38.27

V. Principals Actuarial Assumptions

	₹ in lakhs			
	Gratuity (Funded)		Compensated absences (Unfunded)	
	This year	Previous year	This year	Previous year
Discount Rate	8.00%	8.00%	8.00%	8.00%
Salary Escalation Rate	7.00%	7.00%	5.00%	4.00%

As per the enterprise's accounting policy actuarial gains and losses are recognised immediately during the same year itself.

The above information is certified by the Actuary.

Note 2.28: Segment information:

The Company operates only in one business segment being the manufacture of Oxo-Alcohols and there are no geographical segments to be reported.

Note 2.29: Disclosure in respect of Related Party Transactions as per AS-18 issued by Companies (Accounting Standards) Rules, 2006 (amended):

I. List of related parties:

Sl. No.	Name of the Related Party	Relationship
1.	The Andhra Sugars Limited	Investing party, in which the Company is an associate
2.	Dr. B B Ramaiah, Managing Director	Key Managerial Personnel

II. Transactions with the related parties:

Particulars	₹ in lakhs			
	The Andhra Sugars Ltd. (Investing party, in which the Company is an associate)		Dr. B B Ramaiah, Managing Director (Key Managerial Personnel)	
	This Year	Previous Year	This Year	Previous Year
Purchase of goods from	60.73	61.45	NIL	NIL
Services received from	1.40	0.77	NIL	NIL
Sale of Goods to	--	2.30	NIL	NIL
Dividend Paid	123.94	246.27	0.71	NA

The Andhra Petrochemicals Limited

Note 2.30: Particulars of Earnings Per Share

	This year	Previous year
Net Profit (loss) after tax (₹)	31186648.64	300146670.71
Number of Equity Shares – Basic	84971600	84971600
Number of Equity Shares – Diluted	84971600	84971600
Nominal value of the Shares (₹)	10	10
Earnings Per Share - Basic (₹)	0.37	3.53
- Diluted (₹)	0.37	3.53

Note 2.31: According to an internal technical assessment carried out by the Company, there is no impairment in the carrying cost of cash generating units of the Company in terms of Accounting Standard – 28 (AS – 28), issued by Companies (Accounting Standards) Rules, 2006 (amended).

	₹ in lakhs	
	This Year	Previous Year
Note 2.32: CIF value of imports:		
Capital goods	--	--
Components and spare parts	281.65	650.56

Note 2.33: Details of imported and indigeneous raw materials and spares consumed

	This Year		Previous Year	
	₹ in lakhs	%	₹ in lakhs	%
Raw Materials				
Imported	Nil	Nil	NIL	NIL
Indigenous	46488.21	100	45267.92	100
Stores & Spares				
Imported	309.35	8	416.33	9
Indigenous	3777.74	92	4099.21	91
	4087.09	100	4515.54	100

	₹ in lakhs	
	This Year	Previous Year
Note 2.34: Expenditure in foreign currency on account of:		
Technical Services Fee	--	--
Bank charges, Subscriptions and cost of services etc.	2.58	2.17
Travelling expenditure (excluding tickets purchased in Indian Currency)	--	1.81

Note 2.35: Earnings in foreign currency: 220.22 Nil

Note 2.36: Previous year's figures have been regrouped and rearranged wherever necessary to make them comparable with the current year figures.

Per our report of even date	For and on behalf of the Board	
<p>For Brahmayya & Co., Chartered Accountants C V Ramana Rao Partner Membership No.018545</p> <p>Camp: Hyderabad Date : 25.05.2013</p>	<p>M R B Punja Dr. B B Ramaiah Dr. Anumolu Ramakrishna</p> <p>K. Raghu Ram Manager (Finance) & Asst. Company Secretary</p> <p>Hyderabad 25.05.2013</p>	<p>Chairman Managing Director Director</p>

CASH FLOW STATEMENT FOR THE YEAR 2012-13

	₹ in lakhs	
	This Year	Previous Year
A) Cash Flow from Operating Activities:		
Profit/(Loss) for the year after extraordinary items:	463.51	4449.10
Adjustments for:		
Depreciation	1371.63	2265.06
Finance costs	860.16	1254.72
Interest received	(223.71)	(375.64)
Loss on sale of assets	0.05	--
Credit balances written back	(0.07)	(76.14)
Provision for compensated absences	38.32	18.36
Provision for Gratuity	15.78	13.80
	-----	-----
Operating Profit before Working Capital changes	2525.67	7549.26
Inventories	(1717.54)	(1095.63)
Trade and other receivables	850.63	(480.64)
Trade payables	811.72	(157.20)
	-----	-----
Cash generated from operations	2470.48	5815.79
Finance costs	(860.16)	(1254.72)
Income Tax (paid)/refund received	(208.59)	(893.64)
	-----	-----
Net Cash generated in operations	1401.73	3667.43
	-----	-----
B) Cash Flow from Investing Activities:		
Additions to Fixed Assets including Capital Work-in-Progress	(70.26)	(253.91)
Increase in Capital Work-in-Progress	(0.85)	--
Sale of Fixed Assets	0.01	0.23
Interest received	223.71	375.64
	-----	-----
Net Cash generated from investing activities	152.61	121.96
	-----	-----
C) Cash Flow from Financing Activities:		
(Decrease) / Increase in borrowings (net)	(31.84)	(8222.92)
Dividends paid including tax on dividend	(493.78)	(987.56)
	-----	-----
Net Cash used in Financing Activities	(525.62)	(9210.48)
	-----	-----
Net increase/(decrease) in Cash & Cash equivalents (A+B+C)	1028.72	(5421.09)
Opening balance of Cash & Cash equivalents	296.21	5717.30
Closing balance of Cash & Cash equivalents	1324.93	296.21

Per our report of even date	For and on behalf of the Board	
For Brahmayya & Co., Chartered Accountants C V Ramana Rao Partner Membership No.018545 Camp: Hyderabad Date : 25.05.2013	M R B Punja Dr. B B Ramaiah Dr. Anumolu Ramakrishna K. Raghu Ram	Chairman Managing Director Director Manager (Finance) & Asst. Company Secretary
	Hyderabad 25.05.2013	

The Andhra Petrochemicals Limited

**THE ANDHRA PETROCHEMICALS LIMITED
E-MAIL REGISTRATION FORM
(exclusively for Shareholders holding shares in physical form)**

To
The Manager (Finance) & Asst. Company Secretary
The Andhra Petrochemicals Limited
Venkatarayapuram
TANUKU – 534215
West Godavari District., Andhra Pradesh

Dear Sir,

Sub: **Registration of E-mail**

Regd. Folio No. :

Name of First Shareholder : _____

Name(s) of Joint Shareholder(s) : _____

E-mail ID to be registered : _____

Date:

Signature of the first named Shareholder : _____

- Note: 1. On registration of e-mail, all the communications, including the Annual Reports, will be sent at the said registered e-mail.
2. Shareholders are requested to keep the Company informed of any change in their e-mail address.
-



THE ANDHRA PETROCHEMICALS LIMITED

Regd. Office: Venkatarayapuram, Tanuku - 534215
W.G.District, Andhra Pradesh

29th Annual General Meeting

PROXY FORM

Client ID*

Folio No.....

DP. ID*

I/We _____ being a

Member(s) of the THE ANDHRA PETROCHEMICALS LIMITED hereby appoint _____

in the district of _____ or failing him _____ of

_____ in the district of _____

as my/our proxy to attend and vote for me/us and on my/our behalf at the 29th ANNUAL GENERAL MEETING of the Company to be held on Saturday, the 28th September, 2013 and at the adjournment thereof.

Signed this _____ day of _____ 2013

For office use

Proxy No.:

Date of Receipt: Signature of the Shareholder(s) _____

No. of Shares:

Affix 15 Ps.
Revenue
Stamp

* Applicable for investors holding shares in electronic form.

N.B. The instrument appointing Proxy should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.



THE ANDHRA PETROCHEMICALS LIMITED

Regd. Office: Venkatarayapuram, Tanuku - 534215
W.G.District, Andhra Pradesh

Client ID*

ATTENDANCE SLIP **

DP. ID*

Folio No.....

Name of Member _____

No. of Shares held _____

Name of Proxy _____

(to be filled in only when a Proxy attends the Meeting)

I hereby register my presence at the 29th ANNUAL GENERAL MEETING being held on Saturday, the 28th September, 2013.

.....
Signature of Member/Proxy

* Applicable for investors holding shares in electronic form.

** This Slip may please be handed over at the entrance of Meeting Hall.

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