

**THE  
ANDHRA PETROCHEMICALS  
LIMITED**



**31<sup>st</sup> Annual Report  
2014 - 15**

# THE ANDHRA PETROCHEMICALS LIMITED

## Board of Directors

Sri M R B Punja (Chairman)  
Dr. B B Ramaiah (Managing Director)  
Sri Justice G Ramanujam (Retd.)  
(upto 10.9.2014)  
Sri A A Krishnan  
Sri Surinder Kumar Kapoor  
Sri P Narendranath Chowdary  
Sri Mullapudi Thimmaraja  
Dr. (Smt.) D Manjulatha  
(from 27.3.2015)  
Smt. Anita Rajendra, I.A.S.,  
(Nominee of APIDC upto 19.10.2014)  
Sri Shamsher Singh Rawat, I.A.S.,  
(Nominee of APIDC from 23.7.2015)  
Smt. Y V Anuradha, I.A.S.,  
(Nominee of APIDC from 23.7.2015)  
Sri K Rajendra Prasad  
(Nominee of APIDC upto 29.5.2015)  
Sri Anirudha Behera  
(Nominee of IDBI Bank Ltd., upto 31.10.2014)  
Sri A Mallikarjun  
(Nominee of IDBI Bank Ltd., from 1.11.2014 to 10.2.2015)  
Sri Ravi Pendyala

## Key Managerial Personnel

Dr. V N Rao  
Chief Executive & Chief Operating Officer  
Sri P Ratna Rao  
General Manager (Finance)  
Sri K Raghu Ram  
Manager (Finance) & Asst. Company Secretary

## 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

## Secretarial Auditors

M/s. D Hanumanta Raju & Co.,  
Company Secretaries  
B-13, F-2, P S Nagar  
Vijayanagar Colony  
Hyderabad - 500 057

## 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  
Fax : 08819-224168  
CIN : L23209AP1984PLC004635  
E-mail: [info.tnk@andhrapetrochemicals.com](mailto:info.tnk@andhrapetrochemicals.com)  
[investors@andhrapetrochemicals.com](mailto:investors@andhrapetrochemicals.com)  
Website: [www.andhrapetrochemicals.com](http://www.andhrapetrochemicals.com)

## Factory

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

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# THE ANDHRA PETROCHEMICALS LIMITED

CIN : L23209AP1984PLC004635

Regd. Office: Venkatarayapuram, Tanuku - 534215

W.G.District, Andhra Pradesh

Phone Nos.: 08819-224075 & 220975, Fax: 08819-224168

E-mail: info.tnk@andhrapetrochemicals.com, Website: www.andhrapetrochemicals.com

## NOTICE

NOTICE is hereby given that the Thirty First 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 Tuesday, the 29<sup>th</sup> September, 2015 at 3:00 p.m. to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements for the year ended 31<sup>st</sup> March, 2015 and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Sri Mullapudi Thimmaraja (DIN 00016711) who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Sri P Narendranath Chowdary (DIN 00015764) who retires by rotation and being eligible offers himself for reappointment.
4. To ratify the appointment of M/s Brahmayya & Co., (Regn. No.000513S) Chartered Accountants, Vijayawada, as Statutory Auditors for the year 2015-16 and fix their remuneration.

### SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to Section 148 of the Companies Act, 2013 and Companies (Audit and Auditors) Rules, 2014, the remuneration of Rs.1,00,000/- plus service tax as applicable and reimbursement of actual travel and out-of-pocket expenses for the Financial Year 2015-16 to be paid to M/s Narasimha Murthy & Co., (Regn. No. 000042), Cost Accountants, Hyderabad, for the conduct of the cost audit of the Company as approved by the Board of Directors of the Company, be and is hereby ratified and confirmed."

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

"RESOLVED THAT Dr.(Smt.) D Manjulatha (DIN 02788338) who was appointed by the Board of Directors as Additional Director of the Company with effect from 27<sup>th</sup> March, 2015 pursuant to Article 97 of the Articles of Association of the Company, holds office upto the date of the 31<sup>st</sup> Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 ("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 160 of the Companies Act, 2013 proposing her candidature for the office of Director of the Company, be and is hereby appointed as Director of the Company.

RESOLVED FURTHER THAT pursuant to provisions of Sections 149 & 152 and other applicable provisions, if any, of the Act and the rules made thereunder, read with Schedule IV to the said Act, Dr.(Smt.) D Manjulatha be and is hereby appointed as Independent Director of the Company for a term upto five consecutive years commencing from 29.9.2015, not 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. Y V Anuradha, I.A.S., (DIN 07097311) who was appointed by the Board of Directors as Additional Director of the Company with effect from 23<sup>rd</sup> July, 2015 pursuant to Article 97 of the Articles of Association of the Company, holds office upto the date of the 31<sup>st</sup> Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 ("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 160 of the Companies Act, 2013 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."

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

"RESOLVED THAT Sri Shamsheer Singh Rawat, I.A.S., (DIN 06927486) who was appointed by the Board of Directors as Additional Director of the Company with effect from 23<sup>rd</sup> July, 2015 pursuant to Article 97 of the Articles of Association of the Company, holds office upto the date of the 31<sup>st</sup> Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 ("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 160 of the Companies Act, 2013 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."

9. To consider, and if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution:

"RESOLVED THAT subject to the provisions of Section 62(3) and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder and subject to such other regulations and rules as may be applicable from time to time under other Acts and guidelines as may be issued by the Government or other regulatory authorities, consent of the Company be and is hereby accorded to the Board of Directors of the Company to agree to the terms and conditions of the sanction letter of the loans availed / proposed to be availed from the lenders with regard to their right of exercising the option of converting loans into Equity.

RESOLVED FURTHER THAT the Board or any other person(s) authorised by it, be and is hereby authorised to do all such acts as may be deemed necessary or expedient to give effect to this Resolution."

**Hyderabad**  
**23-7-2015**  
Registered Office:  
Venkatarayapuram  
TANUKU - 534 215  
Andhra Pradesh

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

## The Andhra Petrochemicals Limited

### NOTES:

- The relative Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 in respect of Item Nos.5,6,7,8 and 9 are annexed hereto.
- A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a Member of the Company. A person can act as Proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. A Member holding more than ten percent of the total share capital of the Company may appoint a single person as Proxy and such person cannot act as a Proxy for any other person or shareholder.  
The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the Meeting. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution / authority, as applicable. A Proxy Form is sent herewith.
- Your Company provides Electronic Voting facility and its particulars and instructions are enclosed and form part of this Notice.
- The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, the 19<sup>th</sup> September, 2015 to Tuesday, the 29<sup>th</sup> September, 2015 (both days inclusive).
- 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.
- Documents referred to in the Notice and Explanatory Statement are open for inspection at the Registered Office of the Company from 9 a.m. to 11 a.m. and from 3 p.m. to 5 p.m. on any working day prior to the date of the Annual General Meeting.
- 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.
- 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.
- Any person who acquires shares of the Company and become member of the Company after the dispatch of the Notice of AGM and holding shares as of the cut-off date, i.e., 22<sup>nd</sup> September, 2015, can vote by entering the particulars as specified in instructions for e-voting. If they are already registered with CDSL for remote e-voting then they can use their existing user ID and password / PIN for casting their vote. If they forgot their password they can reset their password by using "Forgot User Details / Password" option available on [www.evoting.cdslindia.com](http://www.evoting.cdslindia.com).
- Pursuant to provisions of Section 124 (5) of the Companies Act, 2013, 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. Accordingly, the unclaimed dividend for the Financial Year 2006-07 amount-

ing to Rs.36,81,588/- has been transferred to IEPF on 22 October, 2014. 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	2010-11	21 October, 2018
2	2011-12	27 October, 2019

Shareholders who have not encashed their Dividend Warrants issued in respect of dividend declared for the years 2010-11 and 2011-12 are 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 unencashed.

### 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.

#### 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 Mullapudi 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 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 was 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 Grievance Committee, The Andhra Sugars Ltd.; Share Transfer & Shareholders / Investors Grievances Committee, JOCIL Ltd.; Managerial Remuneration Committee, Shareholders' Grievance Committee, Sree Satyanarayana Spinning Mills Ltd. Chairman - Shareholders / Investors Grievance Committee, Sree Akkamamba Textiles Ltd.

He holds 4,216 Equity Shares in the Company.

**Annexure to Notice**

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013:**

**ITEM NO.5:**

On the recommendation of Audit Committee at its meeting held on 22.5.2015, the Board has considered and approved appointment of M/s Narasimha Murthy & Co., Cost Accountants, for the conduct of the cost audit of the Company at a remuneration of Rs.1,00,000/- plus service tax as applicable and reimbursement of actual travel and out-of-pocket expenses for the Financial Year 2015-16.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out in Item No.5 of the Notice for ratification of the remuneration payable to the Cost Auditors for the Financial Year 2015-16. Your Board recommends necessary Resolution for your approval.

None of the Directors, Key Managerial Personnel and their relatives is or are interested in the said Resolution.

**ITEM NO.6:**

Dr.(Smt.) D Manjulatha holds a Doctorate in Telugu from Osmania University, Hyderabad. She is a Retd. Vice Chancellor of Potti Sreeramulu Telugu University, Hyderabad. She was a seasoned researcher as coordinator, Project Manager, Director & Administrator of a Research Institute and Vice Chancellor in the field of Education with over 37 years of work experience in different capacities. She holds 612 Equity Shares of the Company.

Other Directorships held:

Director - Sri Jayalakshmi Growth Fund Pvt Ltd., The Andhra Sugars and JOCIL Ltd.

Other Committeeships held: NIL

In the opinion of the Board, she fulfils the conditions specified in the Companies Act, 2013 and the rules made thereunder for this appointment and that she is independent of the management.

Company has received a notice in writing from a Member by complying with the provisions of Section 160 of

the Companies Act, 2013 signifying his intention to propose Dr.(Smt.) D Manjulatha, a candidate for the office of Director. Her appointment would be beneficial to the Company. Your Board therefore recommends necessary Resolution for your approval. A copy of the draft letter of appointment, setting out the terms and conditions of her appointment, is available for inspection at the registered office of the Company from 9 a.m. to 11 a.m. and from 3 p.m. to 5 p.m. on any working day.

Except Dr.(Smt.) D Manjulatha no other Director, Key Managerial Personnel and their relatives is or are deemed to be interested or concerned in the Resolution.

**ITEM NO.7:**

Smt. Y V Anuradha, I.A.S., is a Post Graduate in Science (Botany). Presently she is Commissioner (Endowments). Earlier she worked as Commissioner (Director level) at Department of Public Health and Family Welfare, Andhra Pradesh. Also, earlier, she rendered services in various prestigious positions like Joint Collector- West Godavari District, Deputy Commissioner - Commercial Taxes, Collector - Anantapur District, Director - Administrative Dept. & Training Dept., Director - Ministry of Home Affairs etc.

Other Directorships held:

Director - Andhra Pradesh Brahmin Welfare Corporation Ltd.

Other Committeeships held: NIL

Company has received a notice in writing from a Member by complying with the provisions of Section 160 of the Companies Act, 2013 signifying its intention to propose Smt. Y V Anuradha, 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. Y V Anuradha, I.A.S., no other Director, Key Managerial Personnel and their relatives is or are deemed to be interested or concerned in the Resolution.

**ITEM NO.8:**

Sri Shamsher Singh Rawat, I.A.S., is a Graduate in Science (Geography). Presently he is Vice Chairman & Managing Director of Andhra Pradesh Industrial Development Corporation Ltd., (APIDC). Earlier he worked as Vice Chairman & Managing Director, Deputy Secretary Level, in Civil Supplies Corporation in Andhra Pradesh. Also, earlier, he rendered services in various prestigious positions like Project Director, Joint Collector - Khammam; Joint Collector - Nellore, Collector & District Magistrate - Chittoor; Additional Commissioner - Taxes Dept., Commissioner - Rural Development; Special Secretary to Chief Minister etc.

Other Directorships held:

Vice Chairman & Managing Director - Andhra Pradesh Industrial Development Corporation Ltd., Managing Director - Andhra Pradesh Beverages Corpn. Ltd., Nominee Director - Andhra Pradesh Industrial Infrastructure Corpn. Ltd., Director - Andhra Pradesh Mahila Sadhikara Samstha, Director - Vizag Apparel Park for Export.

Other Committeeships held: NIL

Company has received a notice in writing from a Member by complying with the provisions of Section 160 of the Companies Act, 2013 signifying its intention to propose Sri Shamsher Singh Rawat, I.A.S., 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 Shamsher Singh Rawat, I.A.S., no other Di-

## The Andhra Petrochemicals Limited

rector, Key Managerial Personnel and their relatives is or are deemed to be interested or concerned in the Resolution.

### ITEM NO.9:

In respect of the loans raised or proposed to be raised by the Company from time to time, the lenders specify in their sanction letter a condition for exercising the option to convert their loans into Equity. In order to enable the Board to fulfil the conditions regarding conversion, approval of the shareholders by way of a Special Resolution is required under Section 62(3) of the Companies Act, 2013.

Your Directors therefore recommend the Special Resolution for your approval.

None of the Directors and Key Managerial Personnel of the Company and their relatives is or are concerned or interested in the aforesaid Resolution.

**Hyderabad  
23-7-2015**

Registered Office:  
Venkatarayapuram  
TANUKU - 534 215  
Andhra Pradesh

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

### ENCLOSURE TO NOTICE:

#### ELECTRONIC VOTING FACILITY - REG

Pursuant to provisions of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, the Company is pleased to offer e-voting facility to the members to cast their votes electronically as an alternative to participation at the Annual General Meeting ("AGM") to be held on Tuesday, the 29<sup>th</sup> September, 2015 at 3:00 p.m. at the Regd. Office of the Company. The Company has engaged the services of Central Depository Services (India) Limited ("CDSL") to provide e-voting facility.

Sri Nekkanti S R V V S Narayana, Practising Company Secretary (CP No.7839) of M/s Nekkanti S R V V S Narayana & Co., Company Secretaries, Hyderabad, has been appointed as Scrutinizer for conducting the e-voting process in a fair and transparent manner.

The e-voting facility is available at the link <https://www.evotingindia.com>.

Please read the instructions which are printed hereunder before exercising the vote. The AGM Notice is also available for download at our website [www.andhrapetrochemicals.com](http://www.andhrapetrochemicals.com).

**The instructions for shareholders voting electronically are as under:**

- (i) The voting period begins on 26<sup>th</sup> September, 2015 from 9 a.m. and ends on 28<sup>th</sup> September, 2015 at 5 p.m. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 22<sup>nd</sup> September, 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

**E-voting Particulars are given in the Proxy Form.**

- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
- For CDSL: 16 digits beneficiary ID,
  - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
DOB	Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio. <ul style="list-style-type: none"> <li>Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or Company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (x) For Members holding shares in physical form, the details can be used only for e-voting on the Resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <The Andhra Petrochemicals Ltd.,> on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the Resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the Resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Non - Individual Shareholders and Custodians
- Non-Individual shareholders (i.e., other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Thirty First Annual Report of the Company together with the Audited Accounts for the year ended 31<sup>st</sup> March, 2015.

### CORPORATE OVERVIEW:

Your Company is the sole manufacturer of Oxo-Alcohols in India. The Oxo-Alcohols consist of the following products viz., 2 Ethyl Hexanol, Normal Butanol and Iso Butanol. Your Company is an associate of The Andhra Sugars Ltd., and has its Regd. Office at Tanuku.

## FINANCIAL RESULTS:

Performance of the Company for the Financial Year ended 31<sup>st</sup> March, 2015 is summarised below:

(Rs. in Lakhs)

	2014-15	2013-14
Net Sales (excl. Excise Duty)	<b>14026.17</b>	25929.25
Profit / (Loss) before Interest & Depreciation	<b>(2879.45)</b>	(1039.30)
Less : Interest	<b>969.65</b>	650.16
Depreciation	<b>899.95</b>	1334.53
Profit / (Loss) after Interest and Depreciation	<b>(4749.05)</b>	(3023.99)
Provision for Deferred Tax	<b>(297.14)</b>	(457.14)
Profit / (Loss) after Taxation	<b>(4451.91)</b>	(2566.85)
Balance brought forward from previous year	<b>7582.76</b>	10149.61
Adjustment of carrying amount of the assets whose remaining useful life is nil as per Schedule II to the Companies Act, 2013 (net of deferred tax of Rs.101.53 lakhs)	<b>(211.39)</b>	---
Profit carried forward to next year	<b>2919.46</b>	7582.76

## OPERATIONAL AND FINANCIAL PERFORMANCE:

During the Financial Year 2014-15, the Plant produced 18,765 MTs (previous year 26,460 MTs), which works out to 26% (approx.) capacity utilisation. Sales during the year were 19,101 MTs (previous year 29,157 MTs). Lower production was due to lower Propylene availability with HPCL as a consequence of fire accident on 23<sup>rd</sup> August, 2013 in HPCL's Cooling Tower, non-remunerative selling prices of the products and Hudhud cyclone on 12<sup>th</sup> October, 2014. Company had incurred a Net Loss of Rs.44.52 crores during the current Financial Year 2014-15 against Rs.25.67 crores Net Loss incurred during the previous year.

### DIVIDEND:

Due to loss incurred during the year under report, your Directors are unable to recommend any dividend for the Financial Year 2014-15.

### 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 31.3.2015 stood at Rs.58.55 crores against Rs.105.19 crores in the previous year.

### MANAGEMENT DISCUSSION AND ANALYSIS:

#### INDUSTRY STRUCTURE AND DEVELOPMENTS:

Company's operations were affected for the whole year under review on account of un-remunerative product prices. The product prices were very low for major part of the year, well below the variable cost of production itself. For certain periods Propylene supplies by HPCL were also somewhat lower due to the outage of one of the product Condensers in the Propylene Recovery Unit of HPCL, damaged due to a Fire accident earlier. A new imported Condenser was installed and commissioned during the first week of April, 2015 which removed the bottleneck in Propylene production by HPCL. The bottleneck has arisen on a Force Majeure condition. HPCL have since demonstrated higher Propylene production, meeting full scale requirement of our Company. Poor product prices and consequently unit shutdown for prolonged period during the year resulted in poor financial performance.

## **The Andhra Petrochemicals Limited**

The Company has negotiated with HPCL for revision in the basis of Propylene pricing related to crude prices on a short-term basis, in order to avoid wide variation between Propylene and product prices.

The Company has taken up with the Government of India for levy of Anti-dumping Duty on both the main products, 2-Ethyl Hexanol and Normal Butanol in view of the injury to the Company caused by dumping of these products into India by exporting countries. At this stage, the Company feels that it is likely that certain Anti-dumping Duties will be levied on both the products that may result in improved performance of the Company. HPCL has since established full scale operations of their Propylene Recovery Unit which will assist your Company in operating the unit at full capacity that can also contribute to better performance of the Company.

### **OPPORTUNITIES AND THREATS:**

The Company is expected to realise full capacity in view of HPCL's capability to operate their Propylene Recovery Unit at full capacity which can contribute for favourable performance of the Company. Expected levying of Anti-dumping Duties also contribute towards improved performance of the Company. However, international product prices, strengthening of Rupee against Dollar may impact the Company's performance to some extent.

### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

The Company has internal control systems commensurate with the size of the business operations. A Chartered Accountants' firm is engaged to carry internal audit covering the entire operations. The Audit firm submits internal audit report periodically with their suggestions and / or corrections. Audit Committee critically deliberates and reviews such internal audit reports and ensures effectiveness of the internal control systems.

### **MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS:**

As far as the Human Resources is concerned, the employees are being trained to meet the Plant requirements from time to time by motivating them in a positive way and the industrial relations continue to be cordial throughout the year.

The total number of employees employed as on 31.3.2015 is 268.

### **FUTURE OUTLOOK:**

Your Company has overcome the raw material supply constraints faced due to fire accident in supplier's premises during August, 2013. However, the Company's performance to a large extent is influenced by International demand and supply position and prices, crude prices, exchange fluctuations etc. Overall operations are expected to improve in the coming years.

### **RISKS AND CONCERNS:**

The Company is depending for its major raw material i.e., Propylene from a single source i.e., HPCL, Visakha Refinery. However, the risk is built in the project evaluation. The crude prices, exchange fluctuations and middle-east political stability is a major concern to the Company's performance.

### **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 did not accept any deposits within the meaning of provisions of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

### **SAFETY, HEALTH AND ENVIRONMENT:**

Your company has been awarded the following:-

**Silver Trophy in National Safety Awards (NSA) -2012** for Lowest Average Frequency Rate (2010, 2011, 2012) awarded by Directorate General, Factory Advice Services and Labour Institutes (DGFASLI), Mumbai / Faridabad.

**Silver Trophy in National Safety Awards (NSA) - 2012** for Accident Free Year awarded by Directorate General, Factory Advice Services and Labour Institutes (DGFASLI), Mumbai / Faridabad.

**Suraksha Puraskar (Bronze Trophy) in NSCI Awards - 2014** for the assessment year 2011, 2012, 2013 by National Safety Council India (NSCI), Mumbai.

Safety of human and Plant assets is of top priority of the Company. Continuous training of personnel at various levels on safety and strict compliance of regulations is ensured which resulted in another 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.

### **EXTRACT OF ANNUAL RETURN:**

The details forming part of the extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013, is included in this Report as **Annexure - 'A'** and forms an integral part of this report.

### **DIRECTORS:**

During the year under report, Sri Justice G Ramanujam (Retd.) retired as Director of the Company from 10.9.2014.

IDBI Bank Ltd., withdrew Sri Anirudha Behera as its Nominee Director from the Board of the Company from 31.10.2014 and in his place Sri A Mallikarjun was nominated from 1.11.2014 who was also withdrawn from the Board of the Company from 10.2.2015.

Dr.(Smt.) D Manjulatha was co-opted as Additional Director on the Board of the Company w.e.f., 27.3.2015 on the recommendation of the Nomination and Remuneration Committee at its Meeting held on 27.3.2015.

APIDC withdrew the nomination of Smt. Anita Rajendra, I.A.S., and Sri K Rajendra Prasad as its Nominee Directors from the Board of the Company w.e.f., 19.10.2014 and 29.5.2015 respectively. Further, it has nominated Smt. Y V Anuradha, I.A.S., and Sri Shamsher Singh Rawat, I.A.S., on the Board of the Company and they have been co-opted as Additional Directors on the Board of the Company w.e.f., 23.7.2015 on the recommendation of Nomination and Remuneration Committee at its meeting held on 23.7.2015.

Your Directors place on record their warm appreciation for



the valuable guidance rendered by Sri Justice G Ramanujam (Retd.), Smt. Anita Rajendra, I.A.S., Sri K Rajendra Prasad, Sri Anirudha Behera and Sri A Mallikarjun during their tenure as Directors of the Company.

As per the provisions of the Companies Act, 2013, during the year under review, Sri M R B Punja, Sri A A Krishnan and Sri Surinder Kumar Kapoor were appointed as Independent Directors on the Board of the Company for a period of 5 consecutive years from 12.9.2014.

All Independent Directors have given declarations at the first meeting of the Board of Directors held during the Financial Year 2015-16 (i.e., on 22.5.2015) that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

Dr.(Smt.) D Manjulatha, Smt. Y V Anuradha, I.A.S., and Sri Shamsher Singh Rawat, I.A.S., hold office upto the date of the ensuing 31<sup>st</sup> Annual General Meeting (AGM). Resolutions seeking their appointment as Directors are being placed for the approval of the shareholders at the ensuing 31<sup>st</sup> AGM.

In accordance with the provisions of the Companies Act, 2013 and Articles of Association of the Company, Directors Sri Mullanpudi Thimmaraja and Sri P Narendranath Chowdry retire by rotation at the ensuing 31<sup>st</sup> AGM and being eligible offer themselves for reappointment.

**KEY MANAGERIAL PERSONNEL:**

During the year under review, the Company appointed following persons as Key Managerial Personnel:

Sl No.	Name of the person	Designation
1.	Dr. V N Rao	Chief Executive & Chief Operating Officer
2.	Sri P Ratna Rao	General Manager (Finance)
3.	Sri K Raghu Ram	Manager (Finance) & Asst. Secretary

**AUDIT COMMITTEE:**

Audit Committee consists of three Non-Executive Independent Directors Sri A A Krishnan (Chairman) with Sri M R B Punja and Sri Surinder Kumar Kapoor as its members.

**SECRETARIAL AUDIT:**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and rules made thereunder, the Company has appointed D Hanumanta Raju & Co., Practising Company Secretaries (CP No.1709), Hyderabad, to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is included as **Annexure - "B"** and forms an integral part of this report.

**BOARD EVALUATION:**

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, your Board has carried out a formal process of evaluation of the Board, its Committees and the individual Directors.

The performance was evaluated based on the parameters such as effectiveness of Board / Committee process and functioning, contribution of Board / Committee members to overall effectiveness of the Board / Committee, avoiding conflict with Company's interest, bonafide discharge of responsibilities in the interest of the Company and upholding ethical standards, integrity and probity etc.

The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors. The evaluation process reflected valuable contribution of members of the Board / Committee thereof.

**NUMBER OF MEETINGS OF THE BOARD:**

The details of the number of Meetings of the Board held during the Financial Year 2014-15 are given in the Corporate Governance Report which forms part of this report.

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS BY THE COMPANY:**

Your Company has not given any loans or guarantees covered under the provisions of Section 186 of the Companies Act, 2013. Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to financial statements.

**WHISTLE BLOWER POLICY:**

As per the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, your Company has established a Vigil Mechanism / Whistle Blower Policy for Directors and employees to report genuine concerns (unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct) in prescribed manner.

The Policy provides adequate safeguards against victimisation of the complainant and direct access to the Chairman of the Audit Committee. The protected disclosures, if any, reported under this Policy will be appropriately and expeditiously investigated.

The Whistle Blower Policy may be accessed on the Company's website at the link: [http://www.andhrapetrochemicals.com/Whistle Blower Policy.pdf](http://www.andhrapetrochemicals.com/Whistle%20Blower%20Policy.pdf).

**RISK MANAGEMENT:**

Your Board of Directors at its Meeting held on 27.3.2015 framed and adopted a Risk Management Policy of the Company to identify and mitigate the risks. The risk management framework defines the risk management approach of the Company and includes periodic review of such risks and also risk mitigation measures and reporting mechanism of such risks. Risk Management Policy of your Company can be viewed by entering the url [http://www.andhrapetrochemicals.com/POLICY ON CORPORATE RISK MANAGEMENT.pdf](http://www.andhrapetrochemicals.com/POLICY%20ON%20CORPORATE%20RISK%20MANAGEMENT.pdf) in the web browser.

**CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE:**

For details of CSR Committee composition, please refer Corporate Governance section of this report.

As a part of its initiative under the Corporate Social Responsibility (CSR) drive, the Company has undertaken a project in the area of plantation of trees. This project is in accordance with Schedule VII of the Companies Act, 2013 and Company's CSR Policy. The Report on CSR activities as required under Companies (CSR Policy) Rules, 2014 is set out as **Annexure - "C"** forming part of this report.

**NOMINATION AND REMUNERATION COMMITTEE:**

As required by the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, your Board of Directors at its Meeting held on 24.5.2014 constituted Nomination and Remuneration Committee comprising Directors viz., Sri Surinder Kumar Kapoor as Chairman and Sri M R B Punja and Sri P Narendranath Chowdry as its members.

**NOMINATION AND REMUNERATION POLICY:**

The Board of Directors of your Company has, on recommendation of the Nomination & Remuneration Committee, adopted a Nomination & Remuneration Policy which lays down the framework in relation to the criteria for selection and appointment of Board members and remuneration of Directors / Key Managerial Personnel and Senior Management of the Company. This Policy can be accessed on the Company's website at the link: [http://www.andhrapetrochemicals.com/NOMINATION REMUNERATION POLICY.pdf](http://www.andhrapetrochemicals.com/NOMINATION%20REMUNERATION%20POLICY.pdf).

## The Andhra Petrochemicals Limited

### AUDITORS:

M/s Brahmayya & Co., Chartered Accountants, Vijayawada, have been appointed as Statutory Auditors of the Company for the Financial Years 2014-15, 2015-16 and 2016-17 by the shareholders at the 30<sup>th</sup> Annual General Meeting held on 12<sup>th</sup> September, 2014. Now approval of shareholders is sought for ratification of appointment and fixation of remuneration for the Financial Year 2015-16.

### COST AUDITORS:

M/s Narasimha Murthy & Co., Cost Accountants, Hyderabad, were appointed as Cost Auditors of the Company for the year ended 31<sup>st</sup> March, 2015. Cost Auditors' Report in respect of Financial Year 2013-14 has been filed with the Ministry of Corporate Affairs on 23<sup>rd</sup> June, 2014 i.e., within the stipulated date.

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

Particulars prescribed under Section 134 (3) (m) of the Companies Act, 2013 read with the Rule 8 (3) of Companies (Accounts) Rules, 2014 are given below:

#### I) CONSERVATION OF ENERGY

- Steps taken or impact on conservation of energy:** During the year under report no new initiatives were taken up. The benefits of previous year's investments have been validated in this Financial Year.
- Steps taken by the Company for utilising alternative sources of energy:** Company continues to draw cheaper power from APGPCL thereby reducing the average power cost.
- Capital Investment on energy conservation equipments:** Nil

#### II) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

- Efforts made:** Oxo and Butanols Plant technology has been fully absorbed and the Company is able to operate the Plant at higher loads.
- Benefits:** The Company has realised the benefits after Modernisation-cum-Optimisation by way of improved process efficiencies and also reduction of specific power consumption.
- Imported Technology:** NIL
- Expenditure incurred on R & D:** In view of prolonged Plant shutdown during the year due to disruption in supplies of major raw material, Propylene, and loss incurred by the Company, an amount of Rs.20 lakhs expenditure has been incurred on R & D activities.

#### III) Foreign Exchange earning and outgo: (On cash basis)

	(Rs. in lakhs)	
	For the year ended	For the year ended
	31.3.2015	31.3.2014
i. Earnings	--	--
ii. Outgo	225.85	471.33

### PARTICULARS OF EMPLOYEES:

Statement of particulars of employees of the Company as required under Section 197 (12) of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forming part of this report is annexed hereto (**Annexure-"D"**).

Employee mentioned in the said Annexure is not a relative of any Director of the Company. None of the employees holds (by himself or along with his spouse and dependent children) more than 2% of the Equity Shares of the Company.

### DEMATERIALIZATION OF SHARES:

As on 31<sup>st</sup> March, 2015, out of the total number of 8,49,71,600 Equity Shares, 7,69,05,669 Equity Shares constituting 90.51% stand dematerialised.

### RELATED PARTY TRANSACTIONS:

As per the provisions of Clause 49 of the Listing Agreement, your Company has established a Policy on materiality of Related Party Transactions and on dealing with Related Party Transactions.

The Policy on Related Party Transactions as approved by the Board of Directors is available on the website of the Company. The weblink of the same is [http://www.andhrapetrochemicals.com/POLICY\\_ON\\_RELATED\\_PARTY\\_TRANSACTIONS.pdf](http://www.andhrapetrochemicals.com/POLICY_ON_RELATED_PARTY_TRANSACTIONS.pdf).

All transactions entered with Related Parties for the year under review were on arm's length basis and in the ordinary course of business.

All Related Party Transactions are placed before the Audit Committee and the Board for approval. Omnibus approval was granted by the Audit Committee on yearly basis for transactions which are repetitive in nature. A statement giving details of all Related Party Transactions are placed before the Audit Committee and the Board for review and ratification on a quarterly basis.

### DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

Your Company has in place a Prevention of Sexual Harassment Policy in line with the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee (ICC) was set up to redress complaints received regarding sexual harassment. During the year 2014-15, there were no complaints received by the ICC.

### PARTICULARS OF REMUNERATION:

The information required under Section 197 of the Companies Act, 2013 and the rules made thereunder in respect of employees of the Company, is as follows:-

- the ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year:

Our Directors draw remuneration only by way of sitting fees. The details of the same are provided in Corporate Governance Report which forms an Annexure to this report. No other remuneration is drawn by them including the Managing Director. Hence, the ratio of remuneration of each Director to the median remuneration could not be given.

- the percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary or Manager, if any, in the Financial Year;

There is no change in sitting fee during the current Financial Year. Other details are as follows:

Name of the Person	% increase in remuneration
Dr. V N Rao, Chief Executive & Chief Operating Officer	10.22%
Sri P Ratna Rao, General Manager (Finance)	14.67%
Sri K Raghu Ram, Manager (Finance) & Asst. Secretary	8.56%

- (c) the percentage increase in the median remuneration of employees in the Financial Year: 8.26%
- (d) the number of permanent employees on the rolls of Company: 268
- (e) the explanation on the relationship between average increase in remuneration and Company performance;  
On an average, employees received an increase of 8.26%. The increase in remuneration is in line with the market trends. A direct co-relation of employee remuneration and Company performance as envisaged in the rules is not feasible considering the qualitative factors involved in measuring performance.
- (f) comparison of the remuneration of the Key Managerial Personnel against the performance of the Company:

Particulars	Rs. in lakhs
Remuneration of Key Managerial Personnel (KMP) during Financial Year 2014-15 (aggregated)	95.65
Revenue	14142.36
Remuneration (as % of revenue)	0.68%

- (g) variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current Financial Year and previous Financial Year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the networth of the Company as at the close of the current Financial Year and previous Financial Year;

Particulars	Unit	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014	Variation
Closing rate of share at BSE	Rs.	11.64	9.48	22.78%
EPS (Consolidated)	Rs.	(5.24)	(3.02)	(73.51%)
Market capitalisation	Rs./lakh	9890.69	8055.31	22.78%
Price Earnings ratio	Ratio	(2.22)	(3.13)	29.07%

Percentage in bracket represents negative percentage.

- (h) average percentile increase already made in the salaries of employees other than the managerial personnel in the last Financial Year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration  
The average increase in salaries of employees other than managerial personnel in 2014-15 was 8.26%. Percentage increase in the managerial remuneration for the year was NIL.
- (i) Comparison of each remuneration of the Key Managerial Personnel against the performance of the Company:

Particulars	Chief Executive Officer	Chief Financial Officer	Company Secretary
	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs
Remuneration	64.26	19.99	11.40
Revenue	14142.36	14142.36	14142.36
Remuneration (as % of revenue)	0.45%	0.14%	0.08%

- (j) the key parameters for any variable component of remuneration availed by the Directors: Not applicable as Directors do not draw any remuneration except by way of sitting fees.
- (k) the ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year:  
Not applicable as Directors' remuneration consists of only sitting fees.
- (l) affirmation that the remuneration is as per the Remuneration Policy of the Company

The Company's Remuneration Policy is driven by the success and performance of the individual employees and the Company. Through its compensation package, the Company endeavours to attract, retain, develop and motivate a high performance staff. The Company follows a compensation mix of fixed pay, benefits and performance based variable pay. Individual performance pay is determined by business performance and the performance of the individuals measured through the annual appraisal process. The Company affirms that the remuneration is as per the Remuneration Policy of the Company.

**SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS:**

There are no significant and material orders passed by the Regulators / Courts that would impact the going concern status of the Company and its future operations.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

To the best of knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 134(3)(c) of the Companies Act, 2013:

- i) that in the preparation of the Annual Accounts for the year ended 31<sup>st</sup> March, 2015, the applicable 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 that judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2015 and of the loss of the Company for the year ended on that date;
- iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the annual accounts have been prepared on a going concern basis;
- v) that the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- vi) that the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**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 - "E").

**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.

Hyderabad  
23-7-2015

**On behalf of the Board**  
**M R B Punja**  
**Chairman**

**ANNEXURE - "A"**

**Form No. MGT-9**

**EXTRACT OF ANNUAL RETURN**

**As on the financial year ended on 31/03/2015 of**

**THE ANDHRA PETROCHEMICALS LIMITED**

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

1	CIN	:	L23209AP1984PLC004635
2	Registration Date	:	18/04/1984
3	Name of the Company	:	The Andhra Petrochemicals Ltd.
4	Category / sub category of the Company	:	Company limited by shares / Indian Non-govt. Company
5	Address of the Regd Office and contact details	:	VENKATARAYAPURAM, TANUKU 534215 West Godavari District, Andhra Pradesh Tel: 08819-224075
6	Whether listed Company	:	Yes
7	Name, address & contact details of the Register and Transfer Agent, if any	:	--

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	2 Ethyl Hexanol	20116	77%
2	Butanols	20116	23%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -**

[ No. of Companies for which information is being filled]

S. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY / ASSOCIATE	% of shares held	Applicable Section
	NIL				

**IV. SHAREHOLDING PATTERN**

(Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year 1.4.2014				No. of Shares held at the end of the year 31.3.2015				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) <b>Indian</b>									
a) Individual/ HUF	--	--	--	--	--	--	--	--	--
b) Central Govt	--	--	--	--	--	--	--	--	--
c) State Govt(s)	--	--	--	--	--	--	--	--	--
d) Bodies Corp.	38274594	5800	38280394	45.05	38274594	5800	38280394	45.05	0
e) Banks / FI	--	--	--	--	--	--	--	--	--
f) Any other	--	--	--	--	--	--	--	--	--
<b>Sub-total (A)(1)</b>	38274594	5800	38280394	45.05	38274594	5800	38280394	45.05	0

**The Andhra Petrochemicals Limited**

(2) Foreign									
a) NRIs - Individuals	--	--	--	--	--	--	--	--	--
b) Other - Individuals	--	--	--	--	--	--	--	--	--
c) Bodies corporate	--	--	--	--	--	--	--	--	--
d) Banks / FI	--	--	--	--	--	--	--	--	--
e) Any other	--	--	--	--	--	--	--	--	--
Sub-total (A)(2)	--	--	--	--	--	--	--	--	--
<b>Total shareholding of Promoter (A) = (A)(1) + (A)(2)</b>	38274594	5800	38280394	45.05	38274594	5800	38280394	45.05	0

<b>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Funds UTI includes	--	33200	33200	0.04	--	33200	33200	0.04	0
b) Banks / FI	400	437	837	0	400	437	837	0	0
c) Central Govt									
d) State Govt(s)	1000	--	1000	0	1000	--	1000	0	0
e) Venture Capital Funds	--	--	--	--	--	--	--	--	--
f) Insurance Companies	--	--	--	--	--	--	--	--	--
g) FIIs	--	11500	11500	0.01	--	11500	11500	0.01	0
h) Foreign Venture Capital Funds	--	--	--	--	--	--	--	--	--
i) Others (specify)	--	--	--	--	--	--	--	--	--
<b>Sub-total (B)(1):-</b>	1400	45137	46537	0.05	1400	45137	46537	0.05	0
2. Non-Institutions									
a) Bodies Corp.	--	--	--	--	--	--	--	--	--
i) Indian	6295069	103607	6398676	7.53	5925683	94247	6019930	7.08	-0.45
ii) Overseas	--	--	--	--	--	--	--	--	--
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	14595600	7560772	22156372	26.08	14380757	7452763	21833520	25.70	-0.38
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	12656335	146663	12802998	15.07	13541466	146663	13688129	16.11	1.04
NRI	514929	4800	519729	0.61	359913	4800	364713	0.43	-0.18
Clearing Members	29044	--	29044	0.03	17822	--	17822	0.02	-0.01
HUF	1623544	5565	1629109	1.92	1651003	5278	1656281	1.95	0.03
Trusts	5300	200	5500	0.01	5300	200	5500	0.01	0
Directors & their relatives	2783478	319763	3103241	3.65	2747731	311043	3058774	3.60	-0.05

c) Others (specify)									
<b>Sub-total (B)(2):-</b>	38503299	8141370	46644669	54.90	38629675	8014994	46644669	54.90	0
Total Public Shareholding (B)=(B)(1)+ (B)(2)	38504699	8186507	46691206	54.95	38631075	8060131	46691206	54.95	0
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
<b>Grand Total (A+B+C)</b>	76779293	8192307	84971600	100	76905669	8065931	84971600	100	

ii. Shareholding of Promoters

Sl.No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	The Andhra Sugars Ltd.	28086613	33.05	--	28086613	33.05	NIL	0
2	Andhra Pradesh Industrial Development Corporation Ltd.	9180000	10.80	--	9180000	10.80	NIL	0
3	JOCIL Ltd.	1007981	1.19	--	1007981	1.19	NIL	0
4	APIDC Venture Capital Ltd.	5800	0.01	--	5800	0.01	NIL	0

iii. Change in Promoters' Shareholding (please specify, if there is no change)

Sl.No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>1</b>	<b>THE ANDHRA SUGARS LTD.</b>				
	At the beginning of the year	28086613	33.05	28086613	33.05
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
	At the End of the year	28086613	33.05	28086613	33.05
<b>2</b>	<b>ANDHRA PRADESH INDUSTRIAL DEVELOPMENT CORPN. LTD.</b>				
	At the beginning of the year	9180000	10.80	9180000	10.80
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
	At the End of the year	9180000	10.80	9180000	10.80

**The Andhra Petrochemicals Limited**

<b>3</b>	<b>JOCIL LTD.</b>				
	At the beginning of the year	1007981	1.19	1007981	1.19
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
	At the End of the year	1007981	1.19	1007981	1.19
<b>4</b>	<b>APIDC Venture Capital Ltd.</b>				
	At the beginning of the year	5800	0.01	5800	0.01
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
	At the End of the year	5800	0.01	5800	0.01

**iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl.No.	Name of the top 10 shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	KLJ Plasticizers Ltd.	1906551	2.24	1906551	2.24
2	Sri Bolla Ramesh Kumar	1605208	1.89	1605208	1.89
3	Sri Rajender Prasad Gupta	1163103	1.37	1162103	1.37
4	Sri Kanhaiya Lal Jain	984851	1.16	1070851	1.26
5	Ms. Pushp Jain	826340	0.97	826340	0.97
6	Bhadani Financers (P) Ltd.	561920	0.66	561920	0.66
7	Subhbijay Trade Comm Pvt Ltd.	497293	0.59	497293	0.59
8	Sri Uday Ananth Nayak	453786	0.53	453786	0.53
# 9	Sri Hemanth Dhandapani	386433	0.46	376973	0.44
# 10	Sri Nirmal Sethia	371771	0.44	--	--
* 11	Sri T Kumar	--	--	460000	0.54
* 12	Sri Mangilal Sethia	--	--	416055	0.49

# Ceased to be top ten shareholder at the end of the year

\* Became top ten shareholder at the end of the year

**v. Shareholding of Directors and Key Managerial Personnel :**

Sl.No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>1</b>	<b>Sri M R B Punja, Chairman</b>				
	At the beginning of the year	1400	0.00	1400	0.00
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
	At the End of the year	1400	0.00	1400	0.00

<b>2</b>	<b>Dr B B Ramaiah, Managing Director</b>				
	At the beginning of the year	1222810	1.44	1222810	1.44
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
	At the End of the year	1222810	1.44	1222810	1.44
<b>3</b>	<b>Sri A A Krishnan, Director</b>				
	At the beginning of the year	0	0	0	0
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
	At the End of the year	0	0	0	0
<b>4</b>	<b>Sri Justice G Ramanujam (Retd), Director (Resigned on 10.9.2014)</b>				
	At the beginning of the year	0	0	0	0
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
	At the End of the year	0	0	0	0
<b>5</b>	<b>Sri Surinder Kumar Kapoor, Director</b>				
	At the beginning of the year	0	0	0	0
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
	At the End of the year	0	0	0	0
<b>6</b>	<b>Sri P Narendranath Chowdary, Director</b>				
	At the beginning of the year	4216	0.00	4216	0.00
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
	At the End of the year	4216	0.00	4216	0.00
<b>7</b>	<b>Sri Mullapudi Thimmaraja, Director</b>				
	At the beginning of the year	1630	0.00	1630	0.00
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
	At the End of the year	1630	0.00	1630	0.00
<b>8</b>	<b>Smt. Anita Rajendra, I.A.S., Director (Resigned on 19.10.2014)</b>				
	At the beginning of the year	0	0	0	0
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
	At the End of the year	0	0	0	0



**The Andhra Petrochemicals Limited**

<b>9 Sri K. Rajendra Prasad, Director</b>					
	At the beginning of the year	0	0	0	0
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
	At the End of the year	0	0	0	0
<b>10 Dr. (Smt.) D Manjulatha, Director (w.e.f., 27.3.2015)</b>					
	At the beginning of the year	0	0.00	612	0.00
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
	At the End of the year	0	0.00	612	0.00
<b>11 Sri Anirudha Behera, Nominee Director of IDBI Bank Ltd., (Resigned on 31.10.2014)</b>					
	At the beginning of the year	0	0	0	0
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
	At the End of the year	0	0	0	0
<b>12 Sri A Mallikarjun, Nominee Director of IDBI Bank Ltd., (from 1.11.2014 to 10.2.2015)</b>					
	At the beginning of the year	0	0	0	0
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
	At the End of the year	0	0	0	0
<b>13 Sri Ravi Pendyala, Director</b>					
	At the beginning of the year	1020	0.00	1020	0.00
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
	At the End of the year	1020	0.00	1020	0.00
<b>14 Dr. V N Rao, Chief Executive &amp; Chief Operating Officer, KMP</b>					
	At the beginning of the year	0	0	0	0
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
	At the End of the year	0	0	0	0
<b>15 Sri P Ratna Rao, General Manager (Finance), KMP</b>					
	At the beginning of the year	0	0	0	0
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
	At the End of the year	0	0	0	0

16	<b>Sri K Raghu Ram, Manager (Finance) &amp; Asst. Secretary, KMP</b>				
	At the beginning of the year	0	0	0	0
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
	At the End of the year	0	0	0	0

**V. INDEBTEDNESS**

**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

(Rs. in lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	4345.87	500	--	4845.87
ii) Interest due but not paid	8.18	0	--	8.18
iii) Interest accrued but not due	12.09	0	--	12.09
<b>Total (i+ii+iii)</b>	4366.14	500	--	4866.14
<b>Change in Indebtedness during the financial year</b>				
* Addition	3786.31	2800	--	6586.31
* Reduction	1905.40	1300	--	3205.40
<b>Net Change</b>	1880.91	1500	--	3380.91
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	6229.61	2000	--	8229.61
ii) Interest due but not paid	0	0	--	0
iii) Interest accrued but not due	17.44	0	--	17.44
<b>Total (i+ii+iii)</b>	6247.05	2000	--	8247.05

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

(Rs.)

S.No.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
		Dr B B Ramaiah, Managing Director	---	---	---	
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	NIL				NIL
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961					
	(c) Profits in lieu of salary under section 17(3) of the Income- tax Act, 1961					
2	Stock Option					
3	Sweat Equity					
4	Commission - as % of profit - others, specify...					
5	Others, please specify					
	Total (A)	NIL				NIL
	Ceiling as per the Act					4200000

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**B. Remuneration to other Directors:**

(Rs.)

S. No.	Particulars of Remuneration	Name of Directors					Total Amount
		Sri M R B Punja	Sri A A Krishnan	Sri S K Kapoor	Dr (Smt) D Manjulatha		
1	Independent Directors						
	Fee for attending board / committee meetings	130000	110000	80000	0		320000
	Commission	0	0	0	0		0
	Others, please specify	0	0	0	0		0
	Total (1)	130000	110000	80000	0		320000
2	Other Non-Executive Directors						
	Fee for attending board / committee meetings	30000	60000	90000	0	0	180000
	Commission	0	0	0	0	0	0
	Others, please specify	0	0	0	0	0	0
	Total (2)	30000	60000	90000	0	0	180000
	Total (B)=(1+2)						500000
	Total Managerial Remuneration						500000
	Overall Ceiling as per the Act						4200000

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

(Rs.)

S.No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	6273343	1065140	1998660	9337143
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	152400	75341		227741
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961				
2	Stock Option				
3	Sweat Equity				
4	Commission				
	- as % of profit				
	others, specify...				
5	Others, please specify				
	Total	6425743	1140481	1998660	9564884

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed (Rs.)	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>		NIL			
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>		NIL			
Penalty					
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>		NIL			
Penalty					
Punishment					
Compounding					

**ANNEXURE - "B"**

**Form No. MR-3**

**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31.03.2015

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,  
The Members,  
**THE ANDHRA PETROCHEMICALS LIMITED**  
VENKATARAYAPURAM, TANUKU,  
WEST GODAVARI DIST.  
ANDHRA PRADESH

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **The Andhra Petrochemicals Limited** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2015, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made herein-after:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2015, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment.
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not applicable to the Company during the period of audit)
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (Not applicable to the Company during the period of audit);
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the period of audit);
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 ;(Not applicable to the Company during the period of audit); and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;(Not applicable to the Company during the period of audit)
- (vi) Other laws specifically applicable to the company include:
  - A. Water (Prevention and control of Pollution) Act, 1974
  - B. Air (Prevention and control of Pollution) Act, 1981
  - C. Boilers Act, 1923

## The Andhra Petrochemicals Limited

### D. Explosives Act, 1884

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India. (Not notified by the Central Government hence not applicable to the Company during the period of audit)
- (ii) The Listing Agreements entered into by the Company with BSE Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc., mentioned above.

**We further report that** the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the Board Meetings are carried out unanimously as recorded in the Minutes.

**We further report that** there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period the company has no specific events / actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

**Place: Hyderabad**

**Date : 21.7.2015**

for D. HANUMANTA RAJU & CO

COMPANY SECRETARIES  
CS D. HANUMANTA RAJU  
PARTNER

FCS: 4044, CP NO: 1709

This report is to be read with our letter of even date which is annexed as *Annexure-'A'* and forms an integral part of this report.

### ***Annexure-'A'***

To,

The Members,

**THE ANDHRA PETROCHEMICALS LIMITED**

VENKATARAYAPURAM, TANUKU,

WEST GODAVARI DIST.

ANDHRA PRADESH.

Our report of even date is to be read along with this letter

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed, provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regula-

tions and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**Place: Hyderabad**

**Date : 21.7.2015**

for D. HANUMANTA RAJU & CO

COMPANY SECRETARIES

CS D. HANUMANTA RAJU

PARTNER

FCS: 4044, CP NO: 1709

### **ANNEXURE - "C"**

#### **CSR Activities:**

1. A brief outline of the Company's CSR Policy including overview of the projects or programmes proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programmes:

The CSR Policy was approved by the Board of Directors at its Meeting held on 20.7.2014 and has been uploaded on the Company's website. The web-link is [http://www.andhrapetrochemicals.com/csr\\_policy.pdf](http://www.andhrapetrochemicals.com/csr_policy.pdf). The Company proposed to undertake activities relating to plantation of trees for the Financial Year 2014-15.

The activities and funding were monitored internally by the Company.

2. **The Composition of the CSR Committee:**

Presently, Corporate Social Responsibility (CSR) Committee comprises the following Directors viz., Dr. B B Ramaiah, Managing Director, as Chairman of the Committee with Sri A A Krishnan and Sri P Narendranath Chowdary (inducted as Member w.e.f., 5.11.2014 (in place of Smt. Anita Rajendra, I.A.S. consequent upon withdrawal of her nomination by APIDC), as its Members.

3. **Average Net Profit of the Company for the last three Financial Years:**

The average net profit for the last 3 Financial Years is Rs. 2,48,59,368/-.

4. **Prescribed CSR expenditure (2% of the amount as in Item No. 3 above)**

The Company is required to spend Rs.4,97,187/- towards CSR activities for the Financial Year 2014-15

5. **Details of CSR expenditure incurred during the Financial Year**

- a) Total amount to be spent for the Financial Year: Rs.4,97,187/-
- b) Amount unspent if any: NIL
- c) Manner in which the amount was spent during the Financial Year:

In accordance with the Company's CSR Policy and in compliance with the Companies (CSR Policy) Rules, 2014, your Company has identified environmental sustainability as CSR project. The details are as under:

Sl No.	CSR project or activity identified	Sector in which the project is covered	Projects or programmes (1) Local area or other 2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects programs sub-heads: 1) Direct expenditure on projects 2) overheads	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through implementing agency
1.	Environmental sustainability	Plantation of trees	Visakhapatnam, Andhra Pradesh	Rs.4,97,187/-	Rs.4,98,400/-	Rs.4,98,400/-	Rs.4,98,400/-
TOTAL				Rs.4,97,187/-	Rs.4,98,400/-	Rs.4,98,400/-	Rs.4,98,400/-

6. **Reasons for Unspent:** Not Applicable

7. **Responsibility Statement:** The Responsibility Statement of the CSR Committee of the Board of Directors of the Company is reproduced below:

Date: 22.5.2015		
<b><u>RESPONSIBILITY STATEMENT</u></b>		
We confirm that the implementation and monitoring of Corporate Social Responsibility (CSR) Policy is in compliance with CSR objectives and Policy of the Company.		
<table style="width: 100%;"> <tr> <td style="width: 50%; text-align: center;"> <b>Sd/-</b>  <b>(Dr. V N Rao)</b>                      Chief Executive &amp; Chief Operating Officer                 </td> <td style="width: 50%; text-align: center;"> <b>Sd/-</b>  <b>(Dr. B B Ramaiah)</b>                      Chairman of CSR Committee                 </td> </tr> </table>	<b>Sd/-</b> <b>(Dr. V N Rao)</b> Chief Executive & Chief Operating Officer	<b>Sd/-</b> <b>(Dr. B B Ramaiah)</b> Chairman of CSR Committee
<b>Sd/-</b> <b>(Dr. V N Rao)</b> Chief Executive & Chief Operating Officer	<b>Sd/-</b> <b>(Dr. B B Ramaiah)</b> Chairman of CSR Committee	

**ANNEXURE - "D" to the Directors' Report**

Information as per Section 197(12) of the Companies Act, 2013, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report for the year ended 31<sup>st</sup> March, 2015.

Name of the employee, Designation, Qualification, Experience, Date of commencement of employment in the Company, Nature of employment - whether contractual or otherwise, Gross Remuneration, Age, Particulars of last employment, % of Equity Shares held in the Company, Whether he is relative to Director or Manager of the Company:

Dr. V N Rao, Chief Executive & Chief Operating Officer, B.Tech.(Chemical Engineering), M.Tech.(Chemical Engineering), IIT - Chennai: Ph.D.(Chemical Engineering), IIT - Chennai, 46 years, 4.10.1995, Contractual, Rs.64,25,743\*, 73 years, Consultant, NIL, No.

\*Gross Remuneration includes Salary, rent free accommodation, reimbursement of medical expenses, leave encashment, car with driver and group personal accident insurance premium.

**ANNEXURE-"E" 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 31.3.2015 the Board consisted of 9 Directors.

Composition and category of Directors is as follows:

Non-Executive and Independent Directors	Promoter and Executive Directors	Promoter, Non-Executive & Non-Independent Directors
<b>Sri M R B Punja</b> Chairman <b>Sri Justice G Ramanujam (Retd)</b> (upto 10.9.2014) <b>Sri A A Krishnan</b> <b>Sri Anirudha Behera</b> (Nominee of IDBI Bank Ltd.) (upto 31.10.2014) <b>Sri A Mallikarjun</b> (Nominee of IDBI Bank Ltd.) (from 1.11.2014 to 10.2.2015) <b>Sri Surinder Kumar Kapoor</b> <b>Dr.(Smt.) D Manjulatha</b> (from 27.3.2015)	<b>Dr. B B Ramaiah</b> Managing Director ( <i>Sri P Narendranath Chowdary sister's husband</i> ) *	<b>Smt. Anita Rajendra, I.A.S.,</b> (upto 19.10.2014) <b>Sri P Narendranath Chowdary</b> ( <i>Dr. B B Ramaiah daughter's husband</i> ) * <b>Sri Mullapudi Thimmaraja</b> <b>Sri K Rajendra Prasad</b> <b>Sri Ravi Pendyala</b>

\*Indicates *inter se* relationship between the Directors as per Section 2 (77) of the Companies Act, 2013.

- b) Non-Executive Directors' Remuneration: Please refer to Point No.6.  
 c) During the Financial Year 2014-15, six Board Meetings were held.  
 Dates on which they were held:  
 (i) 24.5.2014, (ii) 21.7.2014, (iii) 23.8.2014 (iv) 5.11.2014 (v) 21.1.2015 and (vi) 27.3.2015  
 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	6	No	2	None	1	None
Dr. B B Ramaiah	6	Yes	3	1	None	None
Sri Justice G Ramanujam (Retd)	No	No	None	None	None	None
Sri A A Krishnan	6	No	1	None	None	None
Sri P Narendranath Chowdary	6	Yes	7	4	4	2
Sri Mullapudi Thimmaraja	6	Yes	2	None	3	None
Smt. Anita Rajendra, I.A.S,	2	No	9	None	None	None
Sri K Rajendra Prasad	6	No	7	None	2	1
Dr.(Smt.) D Manjulatha	No	N.A.	2	None	None	None
Sri Surinder Kumar Kapoor	3	Yes	None	None	None	None
Sri Anirudha Behera	1	No	None	None	None	None
Sri A Mallikarjun	1	N.A.	None	None	None	None
Sri Ravi Pendyala	5	No	None	None	None	None

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

Sri A A Krishnan, Chairman of the Audit Committee, could not attend the Annual General Meeting due to unavoidable circumstances. Sri Surinder Kumar Kapoor, Member of the Committee, as authorised by the Audit Committee, attended the Annual General Meeting to answer the queries of the shareholders.

## The Andhra Petrochemicals Limited

### Information given to the Board:

The Company provides the information as set out in Clause of 49 the Listing Agreement to the Board and Board Committees to the extent it is applicable and relevant. Such information is submitted either as part of agenda papers in advance of the meeting or by way of presentations and disclosures during the meeting.

### Post Meeting Mechanism:

The important decisions taken at the Board / Board Committee Meetings are communicated to the concerned departments.

### Familiarisation Programme for Directors:

The newly appointed Director is explained in detail the compliance required under the provisions of the Companies Act, 2013, Listing Agreement and other relevant regulations and his / her affirmation is taken with respect to the same. The Managing Director also has one-to-one discussion with the newly appointed Director to familiarise him / her with the Company's operations. The details of the familiarisation programmes undertaken by the company are provided in the website of the company at the web link <http://www.andhrapetrochemicals.com/FAMILIARISATION%20PROGRAMME.pdf>

### Independent Directors:

The Non-Executive Independent Directors fulfil the conditions of the independence specified in Section 149(6) of the Companies Act, 2013 and the rules made thereunder and meet with requirement of Clause 49 of the Listing Agreement entered into with The Bombay Stock Exchange Ltd. A formal letter of appointment as provided in the Companies Act, 2013 and the Listing Agreement has been issued to each Independent Director and placed on the website of the Company. These appointment letters can be accessed at the web link: <http://www.andhrapetrochemicals.com/idal.pdf>

Orientation programme to Independent Directors was organised at the Plant premises to familiarize them about the Plant operations of the Company. All the Directors participated in the programme and acquainted themselves with the entire operations of the Company.

### 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](http://www.andhrapetrochemicals.com).

Code of Conduct for Directors also contains their duties approved by the Board to be in line with the provisions of Listing Agreement and the same has been posted on the Company's website at the link: [http://www.andhrapetrochemicals.com/CODE\\_OF\\_CONDUCT\\_FOR\\_DIRECTORS.pdf](http://www.andhrapetrochemicals.com/CODE_OF_CONDUCT_FOR_DIRECTORS.pdf)

### 4. Audit Committee:

A qualified and independent Audit Committee, meeting the requirements of Clause 49 of the Listing Agreement and Section 177 of the Companies Act, 2013, has been constituted.

As on 31.3.2015, the Audit Committee consists of three Non-Executive Independent Directors - (i) Sri A A Krishnan, Chairman, (ii) Sri M R B Punja and (iii) Sri Surinder Kumar Kapoor. Members of the Audit Committee have considerable experience and expertise in the field of Industrial, Financial and Corporate Business Management.

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

Statutory, Internal and Cost Auditors, Key Managerial Personnel and Senior Executives attend the meetings to answer the queries raised by the Committee.

During the Financial Year 2014-15, four Audit Committee Meetings were held on:

(i) 24.5.2014, (ii) 21.7.2014, (iii) 5.11.2014 and (iv) 21.1.2015

Attendance of Directors at the Audit Committee Meetings:

Name of the Director	No. of Meetings attended
Sri A A Krishnan	4
Sri M R B Punja	4
Sri Surinder Kumar Kapoor	2

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

- i. the recommendation for appointment, remuneration and terms of appointment of auditors of the company;
  - ii. review and monitor the auditor's independence and performance, and effectiveness of audit process;
  - iii. examination of the financial statement and the auditors' report thereon;
  - iv. approval or any subsequent modification of transactions of the company with related parties;
  - v. scrutiny of inter-corporate loans and investments;
  - vi. valuation of undertakings or assets of the company, wherever it is necessary;
  - vii. evaluation of internal financial controls and risk management systems;
  - viii. monitoring the end use of funds raised through public offers and related matters.
- ❖ 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

### 5. Nomination and Remuneration Committee:

#### Composition:

The Nomination and Remuneration Committee comprises three Directors. Sri Surinder Kumar Kapoor, Non-Executive Independent Director, is the Chairman of the Committee. The other members are Sri M R B Punja and Sri P Narendranath Chowdary. The composition of this Committee is pursuant to the provisions of Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

#### Meetings and attendance:

The Nomination and Remuneration Committee met 3 times during the year on 20.7.2014, 20.1.2015 and 27.3.2015. The necessary quorum was present at all the meetings. The Chairman of the Nomination and Remuneration Committee was present at the last Annual General Meeting of the Company.

Attendance particulars of Directors at the Nomination and Remuneration Committee meetings:

Sl. No.	Name of the Director	Position	Category	No. of meetings attended
1.	Sri Surinder Kumar Kapoor	Chairman	Non-Executive, Independent	3
2.	Sri M R B Punja	Member	-do-	3
3.	Sri P Narendranath Chowdary	Member	Non-Executive, Promoter	3

Broad terms of reference of Nomination and Remuneration Committee are as under:

- i. identify persons who are qualified to be Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal
- ii. carry out evaluation of every Director's performance
- iii. formulate the criteria for determining qualifications, positive attributes and independence of a Director and
- iv. recommend to the Board a Policy relating to the remuneration for the Directors, Key Managerial Personnel (KMP) and employees one level below the KMP.

While formulating the said Policy the Committee should ensure that

- a. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully
- b. relationship of remuneration to performance is clear and meets appropriate performance bench marks and



- c. remuneration to Director, Key Managerial Personnel and employees one level below the KMP involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

**6. Remuneration:**

**Nomination and Remuneration Policy:**

Remuneration to Non-Executive Directors:

The Non-Executive Directors are paid remuneration by way of sitting fees. They are paid sitting fees for each meeting of the Board or Committee thereof. Details of sitting fees paid to them during the year 2014-15.

Sri M R B Punja - Rs.1,30,000/-; Sri A A Krishnan - Rs.1,10,000/-; Sri Anirudha Behera - Rs.10,000/- and Sri A Mallikarjun - Rs.10,000/- (as they are the nominees of IDBI Bank Ltd., sitting fees payable to them was paid to IDBI Bank Ltd.); Smt. Anita Rajendra, I.A.S., - Rs.30,000/- and Sri K. Rajendra Prasad - Rs.60,000/- (as they are nominees of APIDC Ltd., sitting fees payable to them was paid to APIDC Ltd.); Sri Surinder Kumar Kapoor - Rs.80,000/- and Sri Ravi Pendyala - Rs.90,000/-. Sri P Narendranath Chowdary and Sri Mullaipudi Thimmaraja, Directors, did not draw any remuneration including sitting fees from the Company.

There were no pecuniary relationship or transactions of the Non-Executive Directors vis-à-vis the Company during the Financial Year ended 31.3.2015.

Remuneration to Managing Director:

Managing Director does not draw any remuneration from the Company.

**Performance Evaluation:**

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out the annual evaluation of its own performance, performance of the Directors individually as well as the evaluation of working of its Committees.

The performance evaluation of Chairman and the Non-Independent Directors was carried out by the Independent Directors. The Board of Directors expressed its satisfaction over its own performance, performance of its Committees and all the Directors individually.

The criteria for nomination of Directors, KMP, Senior Management Personnel and their remuneration including criteria for promotion is described in Nomination and Remuneration Policy of the Company which can be accessed at the weblink: [http://www.andhrapetrochemicals.com/NOMINATION\\_REMUNERATION\\_POLICY.pdf](http://www.andhrapetrochemicals.com/NOMINATION_REMUNERATION_POLICY.pdf)

**7. Subsidiaries:**

The Company has no subsidiary.

**8. Details of Equity Shares of the Company held by Non-Executive Directors as on 31<sup>st</sup> March, 2015:**

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 Mullaipudi Thimmaraja	1630
Dr.(Smt.) D Manjulatha	612
Sri Ravi Pendyala	1020

**9. Management:**

Management Discussion & Analysis forms part of the Annual Report.

**10. CEO/CFO Certification:**

In accordance with the requirements of Clause 49(IX) 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.

**11. Stakeholders Grievance / Relationship Committee:**

- The existing "Shareholders / Investors Grievance Committee" has been re-named as "Stakeholders Grievance / Relationship Committee". Presently this Committee comprises Sri P Narendranath Chowdary (Chairman of the Committee - Non-Executive Director), Sri Mullaipudi 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 declared Dividend and other matters.
- The Board has designated Sri K Raghu Ram, Manager (Finance) & Asst. Company Secretary, as the Compliance Officer.
- Investor complaints received and redressed during the year ended 31.3.2015:

Sl No.	Nature of Complaint	Complaints received and redressed
1	Non-receipt of dividend	17
2	Non-receipt of Annual Report	9
3	Non-receipt of shares lodged for transfer	2
	Total	28

**12. Corporate Social Responsibility (CSR) Committee:**

Pursuant to Section 135 of the Companies Act, 2013 and the Companies (CSR Rules), 2014, CSR Committee was constituted on 24.5.2014. Presently, it comprises three Directors viz., Dr. B B Ramaiah, Managing Director, is the Chairman of the Committee and Sri A A Krishnan and Sri P Narendranath Chowdary (from 5.11.2014) are the other members of the Committee. Smt. Anita Rajendra, I.A.S., was the member of the Committee till 19.10.2014.

The terms of reference of the CSR Committee broadly comprises:

- To formulate and recommend to the Board, a Corporate Social Responsibility (CSR) Policy indicating activities to be undertaken by the Company in compliance with provisions of the Companies Act, 2013 and rules made thereunder
- To recommend the amount of expenditure to be incurred on the CSR activities
- To monitor the implementation of the CSR Policy of the Company from time to time.

**Meeting and attendance:**

The CSR Committee met once during the year on 20.7.2014. The necessary quorum was present at the meeting. All the members of the Committee attended the said meeting.

The Company formulated CSR Policy which is uploaded on the website of the Company (weblink: [http://www.andhrapetrochemicals.com/csr\\_policy.pdf](http://www.andhrapetrochemicals.com/csr_policy.pdf))

**13. Independent Directors Meeting:**

During the year under review, the Independent Directors met on 27<sup>th</sup> March, 2015, *inter alia*, to discuss:

- Evaluation of performance of Non-Independent Directors and the Board as a whole
- Evaluation of performance of the Chairman of the Company, taking into account the view of the Executive and Non-Executive Directors
- Evaluation of the Quality, content and timeliness of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties. Details of familiarisation programme for Independent Directors is placed at weblink: <http://www.andhrapetrochemicals.com/FAMILIARISATION%20PROGRAMME.pdf>

**14. Details of General Body Meetings:**

**a) Annual General Meetings:**

- Particulars of the last three Annual General Meetings held at the Regd. Office, Venkatarayapuram, Tanuku.

## The Andhra Petrochemicals Limited

Year	Date & Time
2012	28 <sup>th</sup> September, 2012, 3:00 p.m.
2013	28 <sup>th</sup> September, 2013, 3:00 p.m.
2014	12 <sup>th</sup> September, 2014, 3:00 p.m.

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

Year	Subject Matter
2012	Appointment of Dr. B B Ramaiah as Managing Director of the Company
2013	Nil
2014	1. Supersession of Ordinary Resolution passed at the 23 <sup>rd</sup> Annual General Meeting held on 6.9.2007 for according approval to the Board of Directors to borrow upto Rs.500 crores. 2. Supersession of Ordinary Resolution passed at the Extraordinary General Meeting held on 5.4.2008 for according approval to the Board of Directors for mortgaging or charging all movable / immovable properties of the Company upto Rs.192 crores.

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.

### b) Extraordinary General Meeting:

An Extraordinary General Meeting was held on 23<sup>rd</sup> March, 2015 to seek approval of the shareholders for mortgaging or charging all movable / immovable properties of the Company upto a limit of Rs.500 crores (Rupees five hundred crores only).

As required, a poll (electronically and by physical ballot) was conducted and the Special Resolution was passed with requisite majority.

### 15. Affirmations and Disclosures:

#### i) Compliance with governance frame work:

The Company has complied with the mandatory requirements of Clause 49 of the Listing Agreement.

#### ii) Related Party Transactions:

All transactions entered into with the Related Parties as defined under the Companies Act, 2013 and Clause 49 of the Listing Agreement during the Financial Year were in the ordinary course of business and on arm's length basis and do not attract the provisions of the Section 188 of the Companies Act, 2013. There were no materially significant transactions with the Related Parties during the Financial Year. Related Party Transactions have been disclosed under the Note No.2.30 of the Financial Statements in accordance with Accounting Standard-18. A statement in summary form of transaction with related parties in the ordinary course of business and on arm's length basis, is periodically placed before the Audit Committee for review and recommendation to the Board for their ratification.

As required under Clause 49, the Company formulated a Policy for dealing with Related Party Transactions. The Policy is available on the website of the Company (weblink: [http://www.andhrapetrochemicals.com/POLICY\\_ON\\_RELATED\\_PARTY\\_TRANSACTIONS.pdf](http://www.andhrapetrochemicals.com/POLICY_ON_RELATED_PARTY_TRANSACTIONS.pdf))

None of the transactions with Related Parties were in conflict with the interest of the Company. All the transactions are in the normal course of business and have no potential conflict with the interest of the Company at large and or carried out on an arm's length basis or fair value.

iii) Details of Non-compliance by the Company, penalties and strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets during the last three years:

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.

#### iv) Whistle Blower Policy:

Pursuant to Section 177(9) and (10) of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Company has formulated Whistle Blower Policy for vigil mechanism for Directors and employees

to report to the management about the unethical behaviour, fraud or violation of Company's Code of Conduct. The mechanism provides for adequate safeguards against victimisation of employees and Directors who use such mechanism and makes provision for direct access to the Chairperson of the Audit Committee in exceptional cases.

#### v) Disclosure of Accounting Treatment:

In the preparation of the financial statements, the Company has followed the Accounting Standards referred to in Section 133 of the Companies Act, 2013. The significant Accounting Policies which are consistently applied are set out in the Notes to the Financial Statements.

#### vi) Risk Management

Board periodically reviews the compliance of all laws, regulations and various risks affecting the Company. Various Risk Management Systems adopted to mitigate the risks are also reviewed by the Board. Risk Management Policy approved by the Board can be accessed at the weblink: [http://www.andhrapetrochemicals.com/POLICY\\_ON\\_CORPORATE\\_RISK\\_MANAGEMENT.pdf](http://www.andhrapetrochemicals.com/POLICY_ON_CORPORATE_RISK_MANAGEMENT.pdf)

### 16. 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 [www.andhrapetrochemicals.com](http://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.

### 17. General Shareholder Information:

#### i) Annual General Meeting

— Date and Time : Tuesday, 29<sup>th</sup> September, 2015  
at 3:00 p.m.

— Venue : Regd.Office:  
Venkatarayapuram,  
TANUKU - 534215,  
West Godavari Dist.,  
Andhra Pradesh

ii) Financial Year : 1<sup>st</sup> April to 31<sup>st</sup> March

iii) Dates of Book Closure : Saturday, 19<sup>th</sup> September, 2015  
to Tuesday, 29<sup>th</sup> September, 2015  
(both days inclusive)

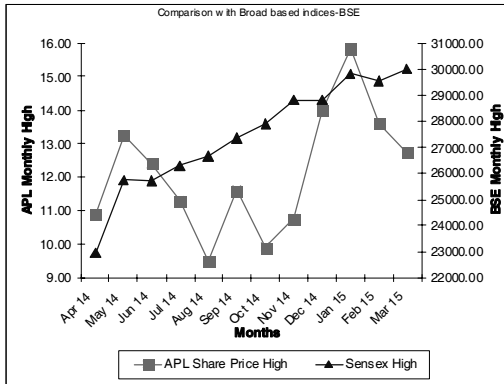
#### iv) Listing on Stock Exchange and Stock Code:

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 2014-15.

Month	High Rs. Ps.	Low Rs. Ps.
April, 2014	10.90	9.02
May, 2014	13.24	8.51
June, 2014	12.40	9.17
July, 2014	11.30	8.55
August, 2014	9.50	8.42
September, 2014	11.60	8.60
October, 2014	9.90	8.75
November, 2014	10.75	8.56
December, 2014	14.00	8.66
January, 2015	15.84	9.81
February, 2015	13.60	10.11
March, 2015	12.74	9.69

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 31<sup>st</sup> March, 2015:

Sl. No.	Category	No. of shares	% of holding
1	Promoters, Directors, Relatives and Associate Companies	41339168	48.65
2	Financial Institutions	20600	0.02
3	Mutual Funds	12600	0.02
4	Banks	837	0.00
5	Foreign Institutional Investors	11500	0.01
6	Non-Resident Indians	364713	0.43
7	Bodies Corporate	6019930	7.09
8	Indian Public	37202252	43.78
	<b>Total</b>	<b>84971600</b>	<b>100.00</b>

b) Distribution of shareholding as on 31<sup>st</sup> March, 2015:

Shareholding of Nominal value of Rs.	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Upto 5000	77778	98.99	20215341	23.79
5001 to 10000	409	0.52	3119571	3.67
10001 to 20000	201	0.26	2873882	3.38
20001 to 30000	54	0.07	1337973	1.57
30001 to 40000	25	0.03	865072	1.01
40001 to 50000	22	0.03	1008009	1.18
50001 to 100000	31	0.04	2047747	2.40
100001 onwards	46	0.06	53504005	63.00
<b>Total</b>	<b>78566</b>	<b>100.00</b>	<b>84971600</b>	<b>100.00</b>

ix) As of 31<sup>st</sup> March, 2015, 7,69,05,669 shares constituting 90.51% of paid-up capital have been dematerialised.

	No. of shares	% of paid-up capital
National Securities Depository Ltd.	4,28,64,953	50.45
Central Depository Services (India) Ltd.	3,40,40,716	40.06
<b>Total</b>	<b>7,69,05,669</b>	<b>90.51</b>

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

**Reconciliation of Share Capital Audit Report:**

As stipulated by SEBI, a qualified Practising Chartered Accountant carries out Secretarial Audit to reconcile the total admitted capital with National Securities Depository Ltd., (NSDL) and Central Depository Services (India) Ltd., (CDSL) and the total issued and listed capital.

This audit is carried out every quarter and the report thereon is submitted to the Stock Exchange where the Company's shares are listed. The audit confirms that the total Listed and Paid-up Capital is in agreement with the aggregate of the total number of shares in dematerialised form (held with NSDL and CDSL) and total number of shares in physical form.

**Share Transfer System:**

Share transfers are processed and share certificates duly endorsed are delivered within a period of 15 days from the date of receipt, subject to documents being valid and complete in all respects. The Board has delegated the authority for approving transfer, transmission etc., of the Company's securities to the Managing Director and or Company Secretary. The Company obtains from a Practising Company Secretary half-yearly certificate regarding compliance with the share transfer formalities as required under Clause 47(c) of the Listing Agreement and files a copy of said certificate with Stock Exchange.

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.)

Fax: 08819-224168  
CIN: L23209AP1984PLC004635  
Website: www.andhrapetrochemicals.com

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

**B) NON-MANDATORY REQUIREMENTS:**

The Company has complied with the following non-mandatory requirements of Clause 49 of the Listing Agreement:

i) **Separate posts of Chairman and CEO**

Sri M R B Punja is the Chairman, Dr. B B Ramaiah is the Managing Director and Dr. V N Rao is the Chief Executive & Chief Operating Officer.

ii) **Reporting of Internal Auditor**

Internal Auditors directly report to the Audit Committee.

iii) **Audit qualification**

The Financial Statements of the Company are free from any qualification by the Auditors. The other non-mandatory requirements will be adopted as and when considered necessary.

## The Andhra Petrochemicals Limited

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### 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 31<sup>st</sup> March, 2015.

Place: Hyderabad  
Date: 23.7.2015

Dr. B B Ramaiah  
Managing Director

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### 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, 2015, 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 of 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  
Partner  
Membership No.018545

Place : Hyderabad  
Date : 23.7.2015

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### INDEPENDENT AUDITORS' REPORT

To  
The Members of  
The Andhra Petrochemicals Limited,  
Tanuku

#### Report on the Financial Statements:

We have audited the accompanying financial statements of The Andhra Petrochemicals Limited, Tanuku, which comprise the Balance Sheet as at March 31, 2015 and the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements:

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent, and design, implementation and maintenance

of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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:

1. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
3. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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.
4. An audit involves performing procedures to obtain audit evidence about the amounts and the 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statement.

#### Opinion:

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the Company as at 31<sup>st</sup> March, 2015, and its losses and its cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and 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 it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, and Cash Flow statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the Directors as on 31<sup>st</sup> March, 2015 taken on record by the Board of Directors, none of the Directors is disqualified as on 31<sup>st</sup> March, 2015 from being appointed as a Director in terms of Section 164 (2) of the Act and

## The Andhra Petrochemicals Limited

- f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us.
- i. The Company does not have any pending litigations that would impact its financial position.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

**Place : Visakhapatnam  
Date : 22.5.2015**

### Annexure to the Independent Auditor's Report:

The Annexure referred to in our Independent Auditor's report of even date, to the members of THE ANDHRA PETROCHEMICALS LIMITED, TANUKU, for the year ended 31 March 2015. We report that:

- 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.
- 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) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Consequently, clauses 3 (iii) (a) and (b) of the Order are not applicable.
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories, fixed assets and sale of goods. We have not observed any major weakness in the internal control system during the course of the audit.
- v) The Company has not accepted any deposits from the public. Consequently, the clause 3(v) of the order is not applicable to the Company.
- vi) 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 sub-section (1) of section 148 of the Companies Act, 2013 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.
- vii) 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, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts are payable in respect of income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax or cess and other material statutory dues which were in arrears as at 31<sup>st</sup> March 2015 for a period of more than six months from the date they became payable.

- b) As at 31<sup>st</sup> March 2015, there have been no disputed dues, which have not been deposited with the respective authorities in respect of Income tax, Wealth-tax, Service tax, duty of customs, duty of excise, value added tax and Cess, except the following:

Sr. No.	Name of the Statute	Nature of the Dues	Amount * (Rs. in lakhs)	Period to which the amount relates	Forum where dispute is pending
1.	The Income Tax Act, 1961	Tax Deduction at Source	1.72	Assessment Year 2006-07	Income Tax Appellate Tribunal, Visakhapatnam
2.	The Income Tax Act, 1961	Income Tax	2.82	Assessment Year 2008-09	Commissioner of Income Tax (Appeals), Visakhapatnam
3.	The Income Tax Act, 1961	Fringe Benefit Tax	2.28	Assessment Year 2008-09	Commissioner of Income Tax (Appeals), Visakhapatnam
4.	The Income Tax Act, 1961	Tax Deduction at Source	15.68	Assessment Years 2008-09 & 2009-10	Commissioner of Income Tax (Appeals), Visakhapatnam
5.	Value Added Tax	Dis-allowance of Input tax credit	10.45	Assessment Year 2009-10	Appellate Deputy Commissioner (CT)

\* Net of Pre deposits made.

- c) According to the information and explanations given to us the amounts which were required to be transferred to the Investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules thereunder has been transferred to such fund within time.
- viii) The Company has no accumulated losses. It has incurred cash losses during the financial year covered by our audit and also the immediately preceding financial year.
- ix) The Company has not defaulted in payment of any loan installment or interest in respect of term loans from financial institutions and banks consequent to the rescheduling of term loan installments by IDBI Bank.
- x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Consequently the clause 3 (x) of the order is not applicable to the Company.
- xi) In our opinion, the Term Loans obtained during the financial year under report and in earlier years have been applied for the purposes for which they were raised.
- xii) 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.

**Place : Visakhapatnam  
Date : 22.5.2015**

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

# The Andhra Petrochemicals Limited

## 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, 2013, 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 recognized in the period in which the results are known or materialize.

### 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 III to the Companies Act, 2013. 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 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 II of the Companies Act, 2013.

### 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.

Balance Sheet as at 31<sup>st</sup> March, 2015

(₹ in lakhs)

Particulars	Note No.	As at 31-03-2015	As at 31-03-2014
1	2	3	4
<b>I. EQUITY AND LIABILITIES:</b>			
<b>1 Shareholders' funds:</b>			
(a) Share capital	2.01	8497.16	8497.16
(b) Reserves and surplus	2.02	5855.46	10518.76
<b>2 Non-current liabilities:</b>			
(a) Long-term borrowings	2.03	4144.89	1876.86
(b) Deferred tax liabilities (Net)	2.04	2321.40	2720.07
(c) Other Long-term liabilities	2.05	5.00	5.00
(d) Long-term provisions	2.06	143.38	114.97
<b>3 Current liabilities:</b>			
(a) Short-term borrowings	2.07	3725.51	2669.08
(b) Trade payables	2.08	893.07	1983.29
(c) Other current liabilities	2.09	674.99	607.90
(d) Short-term provisions	2.10	221.11	232.11
<b>TOTAL</b>		<b>26481.97</b>	<b>29225.20</b>
<b>II. ASSETS:</b>			
<b>Non-current assets:</b>			
<b>1 (a) Fixed assets</b>			
(i) Tangible assets	2.11	20014.86	21222.88
(ii) Capital work-in-progress		--	5.11
(b) Non-current investments	2.12	1527.05	1527.05
(c) Long-term loans and advances	2.13	802.87	740.02
<b>2 Current assets:</b>			
(a) Inventories	2.14	2542.90	3972.65
(b) Trade receivables	2.15	75.06	112.94
(c) Cash and Bank balances	2.16	333.19	119.56
(d) Short-term loans and advances	2.17	1186.04	1524.99
<b>TOTAL</b>		<b>26481.97</b>	<b>29225.20</b>

Significant Accounting Policies and Notes on Accounts 1 &amp; 2

<b>Per our report of even date</b>		<b>For and on behalf of the Board</b>	
<b>For Brahmayya &amp; Co., Chartered Accountants C V Ramana Rao Partner Membership No.018545</b>	<b>M R B Punja Dr. B B Ramaiah A A Krishnan P Ratna Rao K Raghu Ram</b>	<b>Chairman Managing Director Director General Manager (Finance) Manager (Finance) &amp; Asst. Company Secretary</b>	
<b>Place: Visakhapatnam Date : 22.05.2015</b>	<b>Visakhapatnam 22.05.2015</b>		

Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2015

(₹ in lakhs)

Particulars	Note No.	This Year	Previous Year
1	2	3	4
<b>I. Revenue from operations</b>	<b>2.18</b>	<b>14026.17</b>	25929.25
<b>II. Other income</b>	<b>2.19</b>	<b>116.19</b>	511.48
<b>III. Total Revenue (I + II)</b>		<b>14142.36</b>	26440.73
<b>IV. Expenses:</b>			
Cost of materials consumed	2.20	11551.27	19704.83
Changes in inventories of finished goods and work-in-process	2.21	766.69	2166.43
Employee benefits expenses	2.22	1397.57	1426.80
Finance costs	2.23	969.65	650.16
Depreciation	2.11	899.95	1334.53
Other expenses	2.24	3306.28	4181.97
Total expenses		<b>18891.41</b>	29464.72
<b>V. Profit before tax (III-IV)</b>		<b>(4749.05)</b>	(3023.99)
<b>VI Tax expense:</b>			
Deferred tax		(297.14)	(457.14)
<b>VII Profit after tax (VI-VII)</b>		<b>(4451.91)</b>	(2566.85)
<b>VIII Earnings per Equity Share:</b>			
(1) Basic		(5.24)	(3.02)
(2) Diluted		(5.24)	(3.02)

Significant Accounting Policies and Notes on Accounts 1 & 2

<b>Per our report of even date</b>	<b>For and on behalf of the Board</b>	
<b>For Brahmayya &amp; Co., Chartered Accountants C V Ramana Rao Partner Membership No.018545</b>	<b>M R B Punja Dr. B B Ramaiah A A Krishnan P Ratna Rao K Raghu Ram</b>	<b>Chairman Managing Director Director General Manager (Finance) Manager (Finance) &amp; Asst. Company Secretary</b>
<b>Place: Visakhapatnam Date : 22.05.2015</b>	<b>Visakhapatnam 22.05.2015</b>	



Particulars	As at 31-03-2015		As at 31-03-2014	
	Number	₹ in lakhs	Number	₹ in lakhs
<b>Note 2.01 : Share Capital</b>				
<b>a. Share Capital</b>				
<b>Authorised</b>				
Equity Shares of ₹ 10 each	85000000	8500.00	85000000	8500.00
<b>Issued</b>				
Equity Shares of ₹ 10 each	84971600	8497.16	84971600	8497.16
<b>Subscribed &amp; Paid-up</b>				
Equity Shares of ₹ 10 each fully paid	84971600	8497.16	84971600	8497.16
<b>Total</b>	<b>84971600</b>	<b>8497.16</b>	<b>84971600</b>	<b>8497.16</b>

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

Particulars	As at 31-03-2015		As at 31-03-2014	
	No. of Shares held	% of holding	No. of Shares held	% of holding
The Andhra Sugars Limited	28086613	33.05%	28086613	33.05%
Andhra Pradesh Industrial Development Corporation Ltd.	9180000	10.80%	9180000	10.80%

₹ in lakhs

Particulars	As at 31-03-2015		As at 31-03-2014	
<b>Note 2.02: Reserves and Surplus</b>				
<b>a. Capital Reserve</b>				
Balance in Capital Reserve		23.37		23.37
<b>b. Securities Premium Account</b>				
Balance in Securities Premium Reserve		412.63		412.63
<b>c. Other Reserves (General Reserve)</b>				
Balance at the beginning of the year		2500.00		2500.00
Balance at the end of the year		2500.00		2500.00
<b>Surplus</b>				
Balance at the beginning of the year		7582.76		10149.61
(-) Adjustment of carrying amount of the assets whose remaining useful life is nil as per schedule II to Companies Act, 2013 (net of deferred tax of Rs.101.53 lakhs)		(211.39)		--
(+) Profit / (Loss) after tax for the year		(4451.91)		(2566.85)
Balance at the end of the year		2919.46		7582.76
<b>Total</b>		<b>5855.46</b>		<b>10518.76</b>

**The Andhra Petrochemicals Limited**

₹ in lakhs

Particulars	As at 31-03-2015	As at 31-03-2014
<b>Note 2.03: Long-Term Borrowings</b>		
<b>Secured</b>		
<b>(a) Term loans:</b>		
Rupee term loans for Optimisation & Modernisation of Plant from:		
IDBI Bank Limited	397.80	530.40
State Bank of Hyderabad	424.04	537.71
Andhra Bank	464.05	577.00
(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 of Balance of loan amounts: Repayable in 5 equal quarterly installments commencing from January 1, 2016.		
<b>(b) Term loan from IDBI</b>		
(A subservient Charge by way of hypothecation of Company's current assets in favour of the lender)	--	231.75
<b>(c) Working Capital Term loans</b>		
IDBI Bank Limited	1059.00	--
State Bank of Hyderabad	900.00	--
Andhra Bank	900.00	--
(Secured by the hypothecation of raw materials, work in process, finished goods, stores and spares and book debts by <i>pari passu</i> Charge with Working Capital Lenders and further 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).		
Terms of Repayment: Repayable in 16 equal quarterly instalments commencing from April 1, 2017.		
	4144.89	1876.86
<b>Note 2.04: Deferred Tax Liabilities (Net)</b>		
Major components of Deferred Tax Liabilities and Assets arising on account of timing difference are:		
<b>Liabilities:</b>		
Difference between tax and book depreciation	3596.96	3489.21
<b>Assets:</b>		
Items covered under Section 43B of Income Tax Act	118.34	113.19
Unabsorbed depreciation under Income Tax Act	1157.22	655.95
	1275.56	769.14
<b>Total</b>	2321.40	2720.07
<b>Note 2.05: Other Long-Term Liabilities</b>		
Deposit from a Distributor	5.00	5.00
<b>Total</b>	5.00	5.00
<b>Note 2.06: Other Long-Term Provisions</b>		
<b>Provision for employee benefits:</b>		
Compensated Absences	143.38	114.97
<b>Total</b>	143.38	114.97

₹ in lakhs

Particulars	As at 31-03-2015	As at 31-03-2014
<b>Note 2.07: Short-Term Borrowings</b>		
<b>Secured:</b>		
Loans repayable on demand:		
from banks	1725.51	2169.08
<small>(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).</small>		
<b>Unsecured:</b>		
Inter-Corporate Loans	2000.00	500.00
<b>Total</b>	<b>3725.51</b>	<b>2669.08</b>
<b>Note 2.08: Trade Payables</b>		
Trade Payables	893.07	1983.29
<b>Total</b>	<b>893.07</b>	<b>1983.29</b>
<small>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.</small>		
<b>Note 2.09: Other Current Liabilities</b>		
(a) Current maturities of long-term debt	359.21	299.93
(b) Interest accrued but not due on borrowings	17.44	12.10
(c) Unpaid dividends	66.88	104.10
(d) Advances received against sales	143.08	58.64
(e) Other Liabilities	88.38	133.13
<b>Total</b>	<b>674.99</b>	<b>607.90</b>
<b>Note 2.10: Short-Term Provisions</b>		
<b>Provision for employee benefits</b>		
Gratuity (Funded)	168.29	174.71
Compensated Absences	52.82	57.40
<b>Total</b>	<b>221.11</b>	<b>232.11</b>

**Note 2.11: Fixed Assets**

₹ in lakhs

Fixed Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Balance as at 1.4.2014	Additions	(Disposals)	Balance as at 31.3.2015	Upto 1.4.2014	For the year	On disposals	Total as at 31.3.2015	Balance as at 31.3.2015	Balance as at 31.3.2014
<b>Tangible Assets</b>										
Land	9.07	--	--	9.07	--	--	--	--	9.07	9.07
Buildings *	1692.84	--	--	1692.84	587.52	337.66	--	925.18	767.66	1105.32
Plant and Equipment	44768.05	4.00	--	44772.05	24709.26	848.97	--	25558.23	19213.82	20058.79
Furniture and Fixtures	70.63	--	--	70.63	58.74	4.21	--	62.95	7.68	11.89
Office equipment	117.35	0.85	--	118.20	90.84	18.10	--	108.94	9.26	26.51
Vehicles	59.74	--	--	59.74	48.44	3.93	--	52.37	7.37	11.30
<b>Total</b>	46717.68	4.85	--	46722.53	25494.80	1212.87	--	26707.67	20014.86	21222.88
Previous year	46598.83	221.91	103.06	46717.68	24182.60	1334.53	22.33	25494.80	21222.88	22416.23

## The Andhra Petrochemicals Limited

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

\*\* Out of Rs.1212.87 lakhs an amount of Rs.312.92 lakhs decreased from opening balance of retained earnings as useful life of the fixed assets have been revised w.e.f., 1<sup>st</sup> April, 2014 as per Schedule-II to the Companies Act, 2013. Balance amount of Rs.899.95 lakhs has been transferred to Statement of Profit and Loss.

Adjusted to Retained earnings where the remaining useful life of asset is nil **312.92**  
 Depreciation charged to Statement of Profit & Loss **899.95**

**1212.87**

₹ in lakhs

Particulars	As at 31-03-2015		As at 31-03-2014
<b>Note 2.12: Non-Current Investments</b>			
<b>Long-term at cost (unquoted)</b>			
Investment in Equity instruments			
9,38,000 Equity Shares of Rs.10/- each fully paid-up	<b>1527.05</b>		1527.05
	-----		-----
<b>Total</b>	<b>1527.05</b>		1527.05
	-----		-----
<b>Note 2.13: Long-Term Loans and Advances</b>			
<b>Security Deposits</b>			
(Unsecured, considered good)	<b>313.89</b>		313.52
Prepaid Expenses	--		3.12
MAT credit entitlement	<b>488.98</b>		423.38
	-----		-----
	<b>802.87</b>		740.02
	-----		-----
<b>Note 2.14: Inventories</b>			
a. Raw Materials and components	<b>488.91</b>	1171.26	
Goods-in-transit	<b>54.41</b>	13.49	1184.75
	-----	-----	
b. Work-in-process	<b>153.06</b>		441.76
c. Finished goods	<b>319.25</b>		797.24
d. Stores and spares	<b>1527.27</b>		1548.90
Method of valuation is stated in Accounting Policies vide Note No.1.6			
	-----		-----
<b>Total</b>	<b>2542.90</b>		3972.65
	-----		-----
<b>Note 2.15: Trade Receivables</b>			
<b>Trade receivables outstanding for a period less than six months</b>			
Unsecured, considered good	<b>75.06</b>		112.94
	-----		-----
	<b>75.06</b>		112.94
	-----		-----
<b>Trade receivables outstanding for a period exceeding six months</b>			
Unsecured, considered good	--		--
	-----		-----
	--		--
	-----		-----
<b>Total</b>	<b>75.06</b>		112.94
	-----		-----

₹ in lakhs

Particulars	As at 31-03-2015	As at 31-03-2014
<b>Note 2.16: Cash and Bank Balances</b>		
a. Balances with banks	327.75	115.78
This includes:		
Earmarked Balances (e.g., Unpaid Dividend accounts - less than seven years of ₹ 66.88 lakhs & previous year of ₹ 104.10 lakhs)		
b. Margin money deposits	2.07	1.50
c. Cheques, drafts in transit	--	0.53
d. Cash on hand	3.37	1.75
<b>Total</b>	<b>333.19</b>	<b>119.56</b>
<b>Note 2.17: Short-term loans and advances</b>		
<b>Unsecured, considered good</b>		
Prepaid Expenses	34.14	19.04
Advances to Suppliers	199.42	93.22
Advances to staff	0.03	0.22
Income tax Refund Receivable	71.20	68.11
MAT Credit Entitlement	323.13	388.74
Input Tax Credit - VAT	278.92	646.18
AP VAT paid under protest	1.49	1.49
Excise Duty paid in advance	253.98	284.27
Interest receivable	23.73	23.72
<b>Total</b>	<b>1186.04</b>	<b>1524.99</b>
<b>Note 2.18: Revenue From Operations</b>		
Sale of products (Oxo-Alcohols)	15763.40	29082.04
Less: Excise Duty collected	1737.23	3152.79
<b>Total</b>	<b>14026.17</b>	<b>25929.25</b>
<b>Note 2.19: Other Income</b>		
Interest received	56.97	181.59
Miscellaneous Receipts	4.83	19.30
Net Credit on Adjustment of Excise Duty on Stocks	52.38	282.61
Unclaimed credit balance & excess provisions made in earlier years written back	2.01	27.98
<b>Total</b>	<b>116.19</b>	<b>511.48</b>
<b>Note 2.20: Cost of Materials Consumed</b>		
<b>Raw Materials Consumed</b>		
Opening Stock	1171.26	381.81
Add: Purchases	10868.92	20494.28
	12040.18	20876.09
Less: Closing Stock	488.91	1171.26
<b>Total</b>	<b>11551.27</b>	<b>19704.83</b>
<b>Details of Raw Materials consumed</b>		
i) Propylene	6899.68	12793.74
ii) Naphtha	4651.59	6911.09
<b>Total</b>	<b>11551.27</b>	<b>19704.83</b>

**The Andhra Petrochemicals Limited**

₹ in lakhs

Particulars	This Year	Previous Year
<b>Note 2.21: Changes in Inventories of Finished Goods and Work-in-Process</b>		
<b>A) Closing Stock</b>		
Finished Goods	319.25	797.24
Work-in-process	153.06	441.76
<b>Total (A)</b>	<b>472.31</b>	<b>1239.00</b>
<b>B) Opening Stock</b>		
Finished Goods	797.24	3271.27
Work-in-process	441.76	134.16
<b>Total (B)</b>	<b>1239.00</b>	<b>3405.43</b>
(Increase)/Decrease in stocks (B-A)	<b>766.69</b>	<b>2166.43</b>
<b>Total</b>	<b>766.69</b>	<b>2166.43</b>
<b>Note 2.22: Employee Benefit Expenses</b>		
Salaries and Allowances	1196.21	1201.02
Company's contribution to PF and other Funds	74.73	73.56
Contribution to Gratuity Fund	40.94	43.51
Workmen and Staff Welfare Expenses	85.69	108.71
<b>Total</b>	<b>1397.57</b>	<b>1426.80</b>
<b>Note 2.23: Finance Charges</b>		
Interest expenses	862.46	599.58
Other borrowing costs	107.19	50.58
<b>Total</b>	<b>969.65</b>	<b>650.16</b>
<b>Note 2.24: Other Expenses</b>		
Stores consumed	432.08	641.39
Fuel, Power and Lighting	2193.57	2504.74
Repairs to Buildings	47.23	26.06
Repairs to Machinery	222.68	546.31
Rent	36.02	26.75
Rates and Taxes	13.96	17.95
Insurance	59.33	31.77
Directors' Sitting Fees	5.20	4.10
Expenditure on Corporate Social Responsibility	4.98	40.70
Auditors' Remuneration		
for Audit Fees	2.60	2.60
for Taxation Matters	0.47	1.41
for Other Services	2.30	2.28
for Out-of-pocket Expenses	0.34	0.41
Cost Auditors' Remuneration	1.08	1.08
Loss on sale of assets	--	0.13
Assets written off	--	55.89
Miscellaneous Expenses	284.44	278.40
<b>Total</b>	<b>3306.28</b>	<b>4181.97</b>

Particulars	₹ in lakhs	
	This Year	Previous Year
<b>Note 2.25: Contingent Liabilities and Commitments:</b>		
<b>(i) Contingent Liabilities</b>		
(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	45.67	52.91
(c) Outstanding Guarantees to Banks including Letters of Credit opened with Banks for supplier payments	13.75	10.00
(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	115.63	115.50
iii) Disputed demand charges against APGPCL Demand allocation	10.47	10.47
iv) Demand against excess incentive recovery	13.19	13.19
v) Demand against Stage II supply from APGPCL	13.28	--
vi) Disputed Income Tax demands for the Asst. Years 2006-07, 2008-09 and 2009-10	22.49	22.49
vii) Disputed Input Tax Credit Accounting Year 2009-10 (Rs.1.49 lakhs paid under protest - grouped under Short-term Loans & Advances)	11.94	11.94
<b>(ii) Commitments</b>		
Bills discounted	451.37	--

**Note 2.26:**

Consequent to schedule II of the Companies Act, 2013 becoming applicable w. e. f., 1.4.2014, depreciation for the year ended 31<sup>st</sup> March, 2015 has been provided on the basis of the useful life of all the assets as prescribed under Schedule II of the Act. Accordingly the depreciation charge for the year is lower by Rs.407.30 lakhs, when compared to previous year. Further in respect of the assets whose revised useful life has exhausted before 1.4.2014, the carrying amount of the said assets of Rs.211.39 lakhs net of deferred tax of Rs.101.53 lakhs has been adjusted to the retained earnings.

**Note 2.27:**

Consequent to the fire accident occurred in Hindustan Petroleum Corporation Ltd. (HPCL), Refinery at Visakhapatnam on 23<sup>rd</sup> August, 2013, the Company's claim under "Loss of Profits Insurance Policy with extended fire risk coverage at Supplier Premises" is under process with the insurers. Pending admittance of Company's claim by its insurer, the said claim has not been recognised in the books of account for the year under report.

**Note 2.28: 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 :

	₹ in lakhs	
	This Year	Previous Year
Employer's Contributions to Provident and Pension Funds	70.32	72.12

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.

## The Andhra Petrochemicals Limited

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

(₹ in lakhs)

	Gratuity (Funded)		Compensated absences (Unfunded)	
	This year	Previous year	This year	Previous year
Defined Benefit obligation at beginning of the year	<b>311.86</b>	281.38	<b>172.36</b>	178.17
Interest Cost	<b>24.95</b>	22.51	<b>14.69</b>	16.70
Current Service Cost	<b>19.14</b>	22.51	<b>46.92</b>	24.84
Benefits paid	<b>(47.75)</b>	(23.49)	<b>(48.60)</b>	(24.70)
Actuarial loss / (gain) on obligation	<b>8.78</b>	8.95	<b>10.84</b>	(22.65)
Defined Benefit obligation at year end	<b>316.98</b>	311.86	<b>196.21</b>	172.36

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

(₹ in lakhs)

	Gratuity (Funded)	
	This year	Previous year
Fair value of plan assets at beginning of the year	<b>137.15</b>	130.18
Expected return on plan assets	<b>11.93</b>	10.46
Contributions	<b>47.36</b>	20.00
Benefits paid	<b>(47.75)</b>	(23.49)
Actuarial loss / (gain) on obligation	--	--
Fair value of plan assets as at the end of the year	<b>148.69</b>	137.15

### III. Reconciliation of fair value of assets and obligations as at 31.3.2015

(₹ in lakhs)

	Gratuity (Funded)		Compensated absences (Unfunded)	
	This year	Previous year	This year	Previous year
Fair value of plan assets	<b>148.69</b>	137.15	--	--
Present value of obligation	<b>316.98</b>	311.86	<b>196.21</b>	172.36
Amount recognised as liability in Balance Sheet	<b>168.29</b>	174.71	<b>196.21</b>	172.36

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

	Gratuity (Funded)		Compensated absences (Unfunded)	
	This year	Previous year	This year	Previous year
Current Service Cost	<b>19.14</b>	22.51	<b>46.92</b>	24.84
Interest Cost	<b>24.95</b>	22.51	<b>14.69</b>	16.70
Expected return on plan assets	<b>(11.93)</b>	(10.46)	--	--
Actuarial (gain)/ loss	<b>8.78</b>	8.95	<b>10.84</b>	(22.65)
Expenses recognised in the Statement of Profit & Loss	<b>40.94</b>	43.51	<b>72.45</b>	18.89

### V. Principals Actuarial Assumptions

	Gratuity (Funded)		Compensated absences (Unfunded)	
	This year	Previous year	This year	Previous year
Discount Rate	<b>8.00%</b>	8.00%	<b>7.80%</b>	9.37%
Salary Escalation Rate	<b>7.00%</b>	7.00%	<b>5.00%</b>	5.00%

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 2.29: 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 2.30:** 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	Promoter
2.	Andhra Pradesh Industrial Development Corporation Limited	Promoter
3.	Dr. B B Ramaiah	Managing Director
4.	JOCIL Limited	A Subsidiary Company of The Andhra Sugars Limited, Promoter

II. Transactions with the Related Parties:

₹ in lakhs

Particulars	The Andhra Sugars Limited. (Promoter)		JOCIL Limited (A Subsidiary Company of The Andhra Sugars Limited, Promoter)	
	This Year	Previous Year	This Year	Previous Year
Purchase of goods from	18.51	29.27	NIL	NIL
Services received from	0.93	0.91	NIL	NIL
Interest paid on Inter-corporate Loan taken during the year	163.12	6.41	22.15	NIL
Inter-corporate Loan from	1500.00	--	NIL	NIL

**Note 2.31: Particulars of Earnings Per Share:**

	This year	Previous year
Net profit (loss) after tax (₹)	(445190525.44)	(256684776.88)
Number of Equity Shares – Basic	84971600	84971600
Number of Equity Shares – Diluted	84971600	84971600
Nominal value of the shares (₹)	10.00	10.00
Earnings Per Share – Basic (₹)	(5.24)	(3.02)
– Diluted (₹)	(5.24)	(3.02)

**Note 2.32:** 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 AS – 28 issued by Companies (Accounting Standards) Rules, 2006 (amended).

₹ in lakhs

**Note 2.33: CIF value of imports:**

	This Year	Previous Year
Capital goods	--	--
Components and spare parts	147.06	498.62

**Note 2.34: Details of imported and indigeneous raw materials and spares consumed:**

	This Year		Previous Year	
	₹ in lakhs	%	₹ in lakhs	%
<b>Raw Materials</b>				
Imported	Nil	Nil	Nil	Nil
Indigenous	11551.27	100	19704.83	100
<b>Stores &amp; Spares</b>				
Imported	183.70	12	224.13	9
Indigenous	1397.38	88	2149.10	91
	1581.08	100	2373.23	100

₹ in lakhs

**Note 2.35: Expenditure in foreign currency on account of:**

	This Year	Previous Year
Bank charges, Subscriptions and cost of services etc.	3.37	3.11

**Note 2.36: Earnings in foreign currency:**

	Nil	Nil
--	-----	-----

**Note 2.37:** Previous year's figures have been regrouped and rearranged wherever necessary to make them comparable with the current year figures.

<b>Per our report of even date</b>	<b>For and on behalf of the Board</b>	
<b>For Brahmaya &amp; Co.,</b>	<b>M R B Punja</b>	<b>Chairman</b>
<b>Chartered Accountants</b>	<b>Dr. B B Ramaiah</b>	<b>Managing Director</b>
<b>C V Ramana Rao</b>	<b>A A Krishnan</b>	<b>Director</b>
<b>Partner</b>	<b>P Ratna Rao</b>	<b>General Manager (Finance)</b>
<b>Membership No.018545</b>	<b>K Raghu Ram</b>	<b>Manager (Finance) &amp; Asst. Company Secretary</b>
<b>Place: Visakhapatnam</b>	<b>Visakhapatnam</b>	
<b>Date : 22.05.2015</b>	<b>22.05.2015</b>	

**The Andhra Petrochemicals Limited**

**CASH FLOW STATEMENT FOR THE YEAR 2014-15**

	₹ in lakhs	
	This Year	Previous Year
<b>A) Cash Flow from Operating Activities:</b>		
Profit/(Loss) for the year after extraordinary items:	(4749.05)	(3023.99)
Adjustments for:		
Depreciation	899.95	1334.53
Finance costs	969.65	650.16
Interest received	(56.97)	(181.59)
Loss on sale of assets	--	0.13
Assets written off	--	55.89
Credit balances written back	(2.01)	(27.98)
Provision for compensated absences	23.83	(5.80)
Provision for Gratuity	(6.42)	23.52
	-----	-----
Operating Profit before Working Capital changes	(2921.02)	(1175.13)
Inventories	1429.75	1578.48
Trade and other receivables	317.07	856.52
Trade payables	(1080.40)	693.99
	-----	-----
Cash generated from operations	(2254.60)	1953.86
Finance costs	(969.65)	(650.16)
Income Tax (paid)/refund received	(3.09)	(11.26)
	-----	-----
Net Cash generated in operations	(3227.34)	1292.44
	-----	-----
<b>B) Cash Flow from Investing Activities:</b>		
Additions to Fixed Assets including Capital work-in-progress	(4.85)	(221.91)
Increase in Capital work-in-progress	5.11	5.95
Sale of Fixed Assets	--	24.71
Interest received	56.97	181.59
Purchase of Investments	--	(1000.74)
	-----	-----
Net Cash generated from investing activities	57.23	(1010.40)
	-----	-----
<b>C) Cash Flow from Financing Activities:</b>		
(Decrease) / Increase in borrowings (net)	3383.74	(1487.41)
Dividends paid including tax on dividend	--	--
	-----	-----
Net Cash used in Financing Activities	3383.74	(1487.41)
	-----	-----
Net increase/(decrease) in Cash & Cash equivalents (A+B+C)	213.63	(1205.37)
Opening balance of Cash & Cash equivalents	119.56	1324.93
Closing balance of Cash & Cash equivalents	333.19	119.56

<b>Per our report of even date</b>	<b>For and on behalf of the Board</b>	
<b>For Brahmayya &amp; Co., Chartered Accountants C V Ramana Rao Partner Membership No.018545</b>	<b>M R B Punja Dr. B B Ramaiah A A Krishnan P Ratna Rao K Raghu Ram</b>	<b>Chairman Managing Director Director General Manager (Finance) Manager (Finance) &amp; Asst. Company Secretary</b>
<b>Place: Visakhapatnam Date : 22.05.2015</b>	<b>Visakhapatnam 22.05.2015</b>	



**THE ANDHRA PETROCHEMICALS LIMITED**

CIN : L23209AP1984PLC004635

Regd. Office: Venkatarayapuram, Tanuku - 534215

W.G.District, Andhra Pradesh

Phone Nos.: 08819-224075 & 220975, Fax: 08819-224168

E-mail: [info.tnk@andhrapetrochemicals.com](mailto:info.tnk@andhrapetrochemicals.com), Website: [www.andhrapetrochemicals.com](http://www.andhrapetrochemicals.com)

**31<sup>st</sup> Annual General Meeting  
PROXY FORM**

Name of the Member (s) :  
Registered address :

E-mail ID :  
Folio No. / DP ID-Client ID :

I/We, being the member(s) of ..... shares of the above named Company hereby appoint :

- (1) Name : ..... Address : .....
- E-mail ID ..... Signature ..... or failing him
- (2) Name : ..... Address : .....
- E-mail ID ..... Signature ..... or failing him
- (3) Name : ..... Address : .....
- E-mail ID ..... Signature .....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 31<sup>st</sup> ANNUAL GENERAL MEETING of the Company to be held on Tuesday, the 29<sup>th</sup> September, 2015 at 3:00 p.m. at the Registered Office and at any adjournment thereof in respect of such Resolutions as are indicated below:

**Ordinary Business:**

- 1. Adoption of Annual Accounts for the Financial Year ended 31<sup>st</sup> March, 2015.
- 2. Reappointment of Sri Mullapudi Thimmaraja as Director.
- 3. Reappointment of Sri P Narendranath Chowdary as Director.
- 4. Appointment of M/s. Brahmayya & Co., as Statutory Auditors.

**Special Business:**

- 5. Ordinary Resolution for ratification of remuneration to be paid to M/s. Narasimha Murthy & Co., Cost Accountants, Cost Auditors for the Financial Year 2015-16.
- 6. Ordinary Resolution for appointment of Dr. (Smt.) D Manjulatha as Director
- 7. Ordinary Resolution for appointment of Smt. Y V Anuradha, I.A.S., as Director
- 8. Ordinary Resolution for appointment of Sri Shamsher Singh Rawat, I.A.S., as Director
- 9. Special Resolution for according approval for loans availed / to be availed with a condition of converting the loans into Equity.

Signed this ..... day of ..... 2015

Signature of Shareholder (s) .....

Signature of Proxy holder(s) .....



**Note :** This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



**THE ANDHRA PETROCHEMICALS LIMITED**

CIN : L23209AP1984PLC004635

Regd. Office: Venkatarayapuram, Tanuku - 534215

W.G.District, Andhra Pradesh

Phones Nos.: 08819-224075 & 220975, Fax: 08819-224168

E-mail: [info.tnk@andhrapetrochemicals.com](mailto:info.tnk@andhrapetrochemicals.com), Website: [www.andhrapetrochemicals.com](http://www.andhrapetrochemicals.com)



Folio No. / DPID & Client ID No.

Name of the 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 31<sup>st</sup> ANNUAL GENERAL MEETING being held on Tuesday, the 29<sup>th</sup> September, 2015 at 3:00 p.m.

.....  
Signature of Member / Proxy

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

**SPEED POST**  
**PRINTED MATTER**

**To**

If undelivered, please return to :  
**The Andhra Petrochemicals Limited,**  
Venkatarayapuram,  
Tanuku - 534 215,  
West Godavari Dist.,  
Andhra Pradesh.