

**THE  
ANDHRA PETROCHEMICALS  
LIMITED**

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**15th Annual Report  
1998-99**

## THE ANDHRA PETROCHEMICALS LIMITED

### Board of Directors

Sri M.R.B. Punja (Chairman)  
Dr. Mullapudi Harischandra Prasad  
(Managing Director)  
  
Dr. B. B. Ramaiah  
Sri N. Biswas (Nominee of IDBI)  
Sri P. C. Parakh, I.A.S.  
Sri M. Gopalakrishna, I.A.S.(Rtd.)  
Sri Justice G. Ramanujam  
Sri A. A. Krishnan  
Sri P. Narendranath Chowdary  
Sri M. Thimmaraja

### Company's Equity Shares are listed on the following Stock Exchanges:

**The Hyderabad Stock Exchange Ltd.**  
(Regional Stock Exchange)  
3-6-275, Himayatnagar  
Hyderabad - 500 029

**Madras Stock Exchange Ltd.**  
Exchange Building  
11, Second Line Beach  
P.B.No.183  
Chennai - 600 001

**The Stock Exchange, Mumbai**  
Phiroze Jeejeebhoy Towers  
Dalal Street  
Mumbai - 400 001.

**General Manager (Finance) & Secretary**  
Sri K.A. Prasad

**Auditors**  
M/s. Brahmaya & Co.,  
Chartered Accountants  
26-13-37, Sanyasiraju Road  
Gandhi Nagar  
Vijayawada - 520 003.

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

**Bankers**  
State Bank of India  
State Bank of Hyderabad  
Andhra Bank  
Bank of Baroda  
State Bank of Travancore

**Registered Office**  
Venkatarayapuram  
Tanuku - 534 215  
West Godavari Dist.  
Andhra Pradesh

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

## NOTICE

**NOTICE** is hereby given that the Fifteenth Annual General Meeting of THE ANDHRA PETROCHEMICALS LIMITED will be held at the Registered Office of the Company, Venkatarayapuram, Tanuku, West Godavari Dist., A.P., on Wednesday, the 29th September, 1999 at 3.00 p.m. to transact the following business:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 1999 and the Balance Sheet as at that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Sri P.C.Parakh, I.A.S., who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Sri M.Thimmaraja who retires by rotation and being eligible offers himself for reappointment.
4. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 224A of the Companies Act, 1956, M/s Brahmayya & Co., Chartered Accountants, Vijayawada be and are hereby reappointed as Auditors of the Company to hold office till the conclusion of the next Annual General Meeting on such remuneration as may be decided by the Board of Directors, plus reimbursement of out of pocket expenses."

## SPECIAL BUSINESS:

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

**"RESOLVED THAT** Dr.B.B.Ramaiah be and is hereby appointed as a Director of the Company."

Hyderabad  
26.7.1999

By Order of the Board  
Dr. MULLAPUDI HARISCHANDRA PRASAD  
Managing Director

Registered Office:  
Venkatarayapuram  
TANUKU - 534 215  
Andhra Pradesh

## NOTES:

1. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 is annexed hereto and the documents referred to therein are open for inspection at the Registered Office of the Company during business hours on any working day.
2. A Member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote instead of himself and such Proxy need not be a member of the Company. Proxy Forms duly stamped and executed should reach the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 16th September, 1999 to 29th September, 1999 (both days inclusive).
4. Shareholders seeking any further information on the accounts and operations of the Company at the Annual General Meeting are requested to send their queries to the Company at the Registered Office at least seven days before the date of the meeting.

## EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956:

### ITEM NO.5:

Dr. B.B. Ramaiah was appointed as an Additional Director of the Company by the Board of Directors at its Meeting held on 23.10.98 in terms of Section 260 of the Companies Act, 1956 and will hold office until the date of this Annual General Meeting. The Company has received a notice along with deposit from a member under Section 257 of the Companies Act, 1956, proposing appointment of Dr. B.B. Ramaiah as a Director. None of the Directors of the Company other than Sri P Narendranath Chowdary is interested in the resolution.

Hyderabad  
26.7.1999

By Order of the Board  
Dr. MULLAPUDI HARISCHANDRA PRASAD  
Managing Director

Registered Office:  
Venkatarayapuram  
TANUKU - 534 215  
Andhra Pradesh

**The Andhra Petrochemicals Limited****DIRECTORS' REPORT TO THE MEMBERS**

Your Directors present the Fifteenth Annual Report and Statement of Accounts for the year ended 31st March, 1999.

**FINANCIAL RESULTS:**

	(Rs. in Lakhs)	
	1998-99	1997-98
Net Sales	5080.77	6007.12
Gross Profit before Interest & Depreciation	353.58	959.19
Less: Interest	1701.78	1533.07
Depreciation	1153.74	1148.02
Profit/(Loss) for the year	(2501.94)	(1721.90)
Add: Short provision for Income Tax in earlier years	--	0.01
Add: Balance brought forward from the Previous year	323.96	2045.87
Balance carried to Balance Sheet	(2177.98)	323.96

**OPERATIONS:**

Major fire accident that took place at HPCL Refinery-Visakhapatnam which has brought Company production operations to a standstill effective from 14th September, 1997 for want of Propylene, has continued to cast its gloom during the present year also. Supplies started from May, 1998, but it was erratic and was either low or nil. This caused low capacity utilisation of the plant. To retain the market Company supplemented Propylene supplies from IOC incurring considerable transportation charges. Total supplies during the year from HPCL was 11,067 MT which together with supplies of 4,595 MT from IOC aggregated 15,662 MT as against total annual requirement of 24,450 MT at optimum level of production.

Further the domestic sale prices influenced by international recession has shown gradual declining trend till end February, 1999. The low capacity utilisation coupled with downward trend in domestic sale prices have resulted in loss for the year. Your Company contributed Rs.751.42 lakhs to National Exchequer in terms of indirect taxes.

**CURRENT OUTLOOK:**

During 1st three months of the current year your Company has achieved 8231 MT of Oxo-Alcohols production. HPCL have reported stabilisation of their plant operations and assured Propylene production and supplies in future. Since March, 1999 sale prices have also shown an upward trend.

**DEPOSITS:**

The Company has not accepted any fixed deposits during the year.

**EMPLOYEES:**

Information required under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 (as amended) forming part of this report is annexed hereto.

**INDUSTRIAL RELATIONS:**

Industrial relations continued to be cordial throughout the year. The Directors record their appreciation of the dedication of the employees at all levels.

**SAFETY, HEALTH AND ENVIRONMENT:**

Safety, Occupational health and Environment protection continue to be accorded priority and Safety standards are constantly reviewed. Pollution control devices have been installed to control effluents generated.

**INSURANCE:**

All the insurable assets of the Company including Plant and Machinery, Buildings and Inventories are adequately insured.

**DIRECTORS:**

Dr B B Ramaiah was appointed as a Director of the Company with effect from 23.10.1998 pursuant to Article 97 of the Articles of Association of the Company. He holds office upto the date of Annual General Meeting. Pursuant to Section 257 of the Companies Act, 1956 the Company has received notice alongwith deposit from a member proposing the candidature of Dr B B Ramaiah for the office of Director of the Company. Mr Robert Mitchell has resigned as CDC Nominee Director on the Board with effect from 24th April, 1999. Sri K S Purohit has resigned from the Board. The Directors wish to place on record their appreciation for the valuable guidance and services rendered by Mr Robert Mitchell and Sri K S Purohit during their tenure as Directors of the Company. Shri P C Parakh, I.A.S., and Shri M Thimmaraja, Directors retire by rotation at the ensuing Annual General Meeting. Shri P C Parakh, I.A.S., and Shri M Thimmaraja being eligible offer themselves for reappointment.

**AUDITORS:**

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

**COST AUDITORS:**

The Company Law Board ordered Cost Audit of the Cost Accounting records of the Company under Section 233(b) of the Companies Act, 1956 and M/s Narasimha Murthy & Co., Cost Accountants, Hyderabad were appointed as Cost Auditors for the year 1998-99.

## The Andhra Petrochemicals Limited

## LISTING OF THE COMPANY'S EQUITY SHARES:

The Equity Shares of your Company continue to be listed during the year under review at the Hyderabad Stock Exchange, Madras Stock Exchange and Mumbai Stock Exchange.

The Company has paid the Annual Listing Fees to each of these Stock Exchanges for the Financial Year 1999-2000.

## Y2K COMPLIANCE:

Company has initiated steps to make systems Y2K compliant by end October, 1999 and estimated cost is Rs.45 lakhs approximately. Contingency plan has been instituted to deal with unforeseen Y2K problems. Work relating to make Process Control Equipment Y2K complaint is in the final stages of completion.

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

Particulars prescribed under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are Annexed and form part of this Report.

## ACKNOWLEDGEMENT:

Your Directors acknowledge the co-operation and continued valuable support received from Central and State Government authorities, The Andhra Sugars Limited, APIDC, Financial Institutions, Banks, HPCL, IOCL, Kvaerner Process Technology, Shareholders, Dealers, Customers and Suppliers.

Hyderabad  
26-07-1999

On behalf of the Board  
M R B PUNJA  
Chairman

## Annexure to the Directors' Report:

Additional information as per Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 for the year ended 31st March, 1999.

## A. Conservation of Energy:

The plant was operated at high loads and various unit operations optimised realising lower specific consumption of both electric power and steam resulting in considerable energy savings.

## FORM A

## A. Power and Fuel Consumption:

Current Year Previous Year

## 1. Electricity:

a. Purchased		
Units	92,05,430	82,34,340
Total Amount(Rs.)	3,26,20,062	2,80,20,005
Rate/Unit(Rs.)	3.54	3.40

## b. Own generation

i. Through diesel generator		
Units	89,59,100	78,39,790
Units per litre of diesel oil	3.64	3.62
Cost/Unit(Rs.)	2.88	2.68
ii. Through steam turbines/generator	N.A	N.A

## 2. Coal:

Quantity(Tonnes)	N.A	N.A
Total Amount(Rs.)	N.A	N.A
Average Rate	N.A	N.A

## 3. a) Furnace Oil:

Quantity(KL)	1,437.503	652.997
Total Amount(Rs.)	83,75,288	38,56,384
Average Rate	5,826.28	5,905.67

## b) LSHS:

Quantity(KL)	2,177.591	2,111.005
Total Amount(Rs.)	1,31,03,518	1,46,11,399
Average Rate	6,017.44	6,921.54

## 4. Others/Internal generation

## Oxo Alcohol Residue:

Quantity(MT)	1,027.700	1,073.000
Total Amount(Rs.)	NIL	NIL
Average Rate/MT	NIL	NIL

## B. Consumption per tonne of production:

Product	Current Year		Previous Year	
	Power KWH	Steam MT	Power KWH	Steam MT
2-Ethyl Hexanol	967	3.45	848	2.99
N-Butanol	790	2.85	785	2.80
I-Butanol	849	3.07	794	2.82