

THE ANDHRA PETROCHEMICALS LIMITED



**23rd Annual Report
2006 - 07**

THE ANDHRA PETROCHEMICALS LIMITED

Board of Directors

Sri M R B Punja (Chairman)

Dr. Mullapudi Harischandra Prasad
(Managing Director)

Dr. B B Ramaiah

Sri Justice G Ramanujam (Retd.)

Sri M Gopalakrishna, I.A.S.,(Retd.)
(Nominee of APIDC)

Sri Indrajit Pal, I.A.S.,
(Nominee of APIDC)

Sri Salil Kumar Dutta
(Nominee of IDBI)

Sri A A Krishnan

Sri P Narendranath Chowdary

Sri M Thimmaraja

Asst. Company Secretary

Sri K Raghu Ram

Statutory Auditors

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

Cost Auditors

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

Bankers

State Bank of India
State Bank of Hyderabad
Andhra Bank

Registered Office

Venkatarayapuram
Tanuku - 534 215
West Godavari District
Andhra Pradesh
Tel : 08819 - 224075 / 224755 / 220975
email : info.tnk@andhrapetrochemicals.com
andpetrotnk@dataone.in
investors@andhrapetrochemicals.com
website: www.andhrapetrochemicals.com

Factory

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

NOTICE

NOTICE is hereby given that the Twenty Third Annual General Meeting of THE ANDHRA PETROCHEMICALS LIMITED will be held at the Registered Office of the Company, Venkatarayapuram, Tanuku - 534 215, West Godavari District, Andhra Pradesh, on Thursday, the 6th September, 2007 at 3 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, 2007 and the Balance Sheet as at that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on Equity Shares for the year 2006-07.
3. To appoint a Director in place of Sri A A Krishnan who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Sri M Gopalakrishna, I.A.S. (Retd.) who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Sri P Narendranath Chowdary who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint Auditors for the year 2007-08 and fix their remuneration. The present Auditors of the Company, M/s Brahmaya & Co., Chartered Accountants, Vijayawada retire at this Annual General Meeting and are eligible for re-appointment.

SPECIAL BUSINESS

7. To consider and, if thought fit, to pass with or without modification(s) the following Resolution as an Ordinary Resolution:
“RESOLVED THAT in supersession of Resolution passed at the Eighth Annual General Meeting of the Company held on 28th September, 1992, consent of the Company be and is hereby accorded to the Board of Directors in terms of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, to borrow any sum or sums of monies from time to time which together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's Bankers in the ordinary course of business) may exceed the aggregate of the Paid-up Capital of the Company and its Free Reserves; that is to say, reserves not set apart for any specific purpose, provided that the total amount so borrowed shall not at any time exceed the limit of Rs.500 crores (Rupees Five Hundred crores only).”

Hyderabad **By Order of the Board**
25-06-2007 Dr. MULLAPUDI HARISCHANDRA PRASAD
Registered Office: **Managing Director**
Venkatarayapuram
TANUKU - 534 215
Andhra Pradesh

NOTES:

1. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Item No.7 is annexed hereto.
2. A Member entitled to attend and vote at the Meeting is entitled to appoint one or more Proxies to attend and vote instead of himself and such Proxy need not be a Member of the Company. Proxy Forms duly stamped and executed should reach the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, the 1st September, 2007 to Thursday, the 6th September, 2007 (both days inclusive).
4. The dividend recommended by Directors, if approved at the Meeting, will be paid to the Shareholders whose names are on the Register of Members as on 6th September, 2007. **In respect of the shares held in Demat Mode, the above dividend will be paid on the basis of beneficial ownership as at the end of business hours of 31st August, 2007 as per the details furnished by the Depositories for this purpose.**
5. 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.
6. 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.
7. Shareholders holding shares in Physical Mode are requested to intimate their change of address, if any, to the Company (**Page No. 26**) 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.

SPECIFIC ATTENTION OF SHAREHOLDERS

Sub : Furnishing of Bank Account details for printing on Dividend Warrants.

Shareholders

Physical Mode : Bank Account details be furnished to the Company at the earliest in the format enclosed (**Page No. 27**)

Electronic / Demat Mode : Bank Account details be furnished to the DP with whom demat account has been opened and not to the Company. The Company cannot act on any request received directly from the members holding shares in Demat Mode for Bank Account Mandates.

Particulars of Directors who are proposed to be re-appointed at this Meeting as required under Clause 49 of the Listing Agreement:

Sri A A Krishnan is a Graduate in Science (Chemistry) from Madras University and also a graduate in Chemical Engineering from Indian Institute of Science, Bangalore. He holds Dip. Ing (Refinery & Petrochemistry) from Ecole Nationale Supérieure du Pétrole at Les Carburants, Paris. He has vast experience of more than 36 years with proven industrial expertise in Petrochemicals. He worked with Indian Oil Corporation, Petrochemical Division of the Department of Petroleum and Chemicals of the Government of India and Indian Petrochemicals Corporation Ltd. He was associated with the development of refineries built at Gauhati, Barauni and Baroda; Development of pre-project activities concerning the aromatics and olefins projects; IPCL projects related to aromatics, olefins, polyethylene, polybutadiene rubber, LAB and ethylene glycol. He was head of the Task Force created by the Government of India to undertake pre-project activities for a new grassroot petrochemical complex at Nagothane, Maharashtra. At present he acts as advisor for several chemical companies. Presently he is a Director on the Boards of Petron Engineering Construction Ltd. and Vinati Organics Ltd. He is a member of the Audit Committee and Project Management Committee constituted by Board of the Company. He does not hold any Equity Shares in the Company.

Sri M Gopalakrishna, I.A.S. (Retd.) is a Graduate in Faculties of Science and Law. He served as Secretary/Additional Secretary to the various Ministries of Assam/Andhra Pradesh/Government of India. He held prestigious positions such as Chairman and Managing Director, Assam Gas Company; Rural Electrification Corporation; Managing Director, Nagarjuna Fertilisers and Chemicals Ltd.; Senior Management Consultant to UNDP etc. He has, to his credit, vast experience in administrative and corporate affairs. He was the recipient of several awards including Manager of the year Award, Udyog Vibhushan; Udyog Patra Award; Gem of India Award, National Unity Award, CBIP Diamond Jubilee Award, CITD Silver Jubilee Award etc. Presently he is Chairman of the PEC Potentiometers Ltd. and Sentini Biotech (Pvt) Ltd. He is a Director on the Boards of JOCIL Ltd., Rithwik Energy Systems Ltd., Andhra Pradesh Gas Power Corporation Ltd., and Avra Labs (Pvt) Ltd. He is a nominee Director of APIDC (Promoter of the Company) on the Board of the Company. He is a member of the Audit Committee, Board Sub-Committee to approve Un-audited Quarterly Financial Results of the Company and Project Management Committee constituted by the Board of the Company. He does not hold any Equity Shares in the Company.

Sri Pendyala Narendranath Chowdary is a Graduate in Faculty of Science. He has been the

Director of the Company since 8.8.1996. He joined The Andhra Sugars Limited (Co-promoter of the Company) as a Director in the year 1968 and subsequently elevated as Whole-time Director in 1976 and Joint Managing Director in 1983. 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.

Directorships held: The Andhra Sugars Limited, Sree Akkamamba Textiles Ltd., JOCIL Ltd., The Andhra Farm Chemicals Corpn. Ltd., Sree Satyanarayana Spinning Mills Ltd., Hindustan Allied Chemicals Ltd.

Committeeships held: The Andhra Sugars Limited – Shareholders Grievance Committee and Share Transfer Committee; JOCIL Ltd., – Share Transfer and Shareholders / Investors Grievances Committee. He is a member of Shareholders / Investors Grievance Committee, Committee for issue of Duplicate Share Certificates and Sub-Committee of the Board of Directors to approve Un-audited Quarterly Financial Results of the Company. He holds 4,216 Equity Shares in the Company.

Annexure to Notice

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

ITEM NO.7:

Under Section 293(1)(d) of the Companies Act, 1956 the Board of Directors cannot, except with the consent of the Company in General Meeting, borrow monies (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) in excess of the aggregate of the Paid-up Capital and Free Reserves of the Company.

At the 8th Annual General Meeting of the Company held on 28th September, 1992 the shareholders authorised the Board of Directors to borrow monies not exceeding Rs.200 crores (Rupees Two hundred crores only). In view of the enlarged operations of the Company your Directors consider it advisable that the Borrowing Powers of Board be increased to Rs.500 crores from the present limit of Rs.200 crores.

Your Directors recommend the Resolution for your approval.

None of the Directors is interested in the said Resolution.

Hyderabad

By Order of the Board

25-06-2007 Dr. MULLAPUDI HARISCHANDRA PRASAD

Registered Office:

Managing Director

Venkatarayapuram

TANUKU - 534 215

Andhra Pradesh

DIRECTORS' REPORT

Dear Shareholders,
Your Directors have pleasure in presenting the Twenty Third Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2007.

FINANCIAL RESULTS:

The Performance of the Company for the Financial Year ended 31st March, 2007 is summarised below:

(Rs. in lakhs)

	2006-2007	2005-2006
Net Sales (excl. of Excise Duty)	26598.58	19352.25
Profit before Interest & Depreciation	7184.69	2138.80
Less: Interest	518.62	590.24
Depreciation	1182.22	1151.82
Profit after Interest and Depreciation	5483.85	396.74
Provision for:		
Current Tax (MAT)	626.00	34.00
Deferred Tax	1867.09	133.54
MAT Credit entitlement	(647.99)	--
Fringe Benefit Tax	3.17	3.77
Profit after Taxation	3635.58	225.43
Balance of loss brought forward from previous year	(89.59)	(315.94)
Income Tax refund of / (paid for) earlier years	0.55	0.92
Profit available for appropriations	3546.54	(89.59)
APPROPRIATIONS :		
Transfer to General Reserve	1000.00	--
Proposed Dividend on Equity Shares @ 10%	849.72	--
Tax on Distributable Profits	144.41	--
Balance carried forward to next year	1552.41	--
	3546.54	--

From the Results you will be glad to note that Profit Before Tax increased to Rs.54.84 crores from Rs.3.97 crores achieved last year. Profit After Tax was Rs.36.36 crores compared to Rs.2.25 crores achieved last year.

DIVIDEND:

Your Directors are happy to report that the Financial Results of the year 2006-07 has enabled your Company to consider and recommend a Maiden Dividend to the shareholders.

In view of the good performance your Directors are pleased to recommend a dividend of Re.1/- per share (@10% Dividend on 8,49,71,600 Equity Shares) for the year 2006-07. The outflow towards the payment of dividend would amount to Rs.9,94,12,523/- inclusive of Tax thereon. Dividend, if approved by the shareholders, will be paid to all eligible shareholders.

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:

With the transfer of Rs.10 crores to Reserves during the year 2006-07, the total Reserves position as on 31.3.2007 stood at Rs.29.88 crores.

MANAGEMENT DISCUSSION AND ANALYSIS:

Industry Structure and Developments:

Your Company's main business is manufacture and sale of Oxo-Alcohols. The Plant at Visakhapatnam has the capacity to produce around 42,000 MTPA of Oxo-Alcohols. The market demand for Oxo-Alcohols is currently estimated at 1,43,000 MTPA, out of which your Company is able to meet 30%. Balance 70% is met through imports. The estimated annual growth in demand is 8 to 10% . To secure a greater share of the market and meet the growing demand your Company has initiated an Expansion and Modernisation programme to increase its production capacity to 73,000 MTPA. The expansion initiative has been undertaken with the twin objectives of gaining wider market share and improve the profitability and returns to the stockholders while strengthening its competitiveness. The enhanced capacity of the Plant is expected to be operational in the 2nd half of 2009-10. Your Company will during the Financial Year 2010-11 operate at 73,000 MTPA capacity when your Company's market share would be around 36%.

Operational and Financial Performance:

The year 2006-07 witnessed allround improvement in the performance of your Company. Production of Oxo-Alcohols was 42,408 MTs and sales achieved was 42,808 MTs. Gross Income for the year rose to Rs.312.41 crores from Rs.227.58 crores in the previous year. Your Company has posted an all time high Profit (Before Tax) of Rs.54.84 crores. The improved performance and profitability are mainly due to better sales realisation and reduction in cost of power.

To secure savings in power cost, your Company has installed and commissioned 2400 KVA Uninterrupted Power Supply System and discontinued the continuous operation of D.G.Sets. The system was in operation for the period from September, 2006 to March, 2007 which resulted in reduction in power cost to the tune of Rs.8 crores per annum on annualised basis.

The Andhra Petrochemicals Limited

The Company's Writ Petition filed in the Hon'ble High Court of Andhra Pradesh for withdrawal of Input Tax Credit on Naphtha, which is used as main raw-material by the Company has not yet been listed for hearing. Based on the professional advice, your Company has decided to postpone the recognition of its claim of Input Tax Credit on Naphtha as income in the books of accounts. As such the Input Tax Credit on Naphtha relating to the years ended 31st March, 2006 amounting to Rs. 504.16 lakhs and 31st March, 2007 amounting to Rs. 559.16 lakhs have been charged to the Profit and Loss Account of the year under report.

Internal Control Systems:

To strengthen financial system and operational functions your Company continuously reviews the Internal Control procedures & practices. Internal Auditors periodically check the adequacy of Internal Control systems and procedures to ensure that it meets the Industry standards. The Audit Committee reviews the Internal Audit Reports and ensures the proper implementation of the suggestions made by the Internal Auditors and compliance with all regulatory guidelines.

Human Resources and Industrial Relations:

Your Company recognises the crucial role played by the employees at all levels and provides training support to the employees to upgrade their skills to equip themselves to adapt to the fast changing technology and business environment. Good HR practices are implemented to motivate the employees to deliver quality performance. As on 31st March, 2007 the Company had 290 employees on its roll.

Future Outlook:

With the strengthening of the Rupee value, imports are becoming cheaper and the Company's products may be exposed to competition from imports. Further, as per the agreement with HPCL, the price of Propylene, the main raw-material, is due for revision. To meet the situation your Company is implementing cost reduction measures in power utilisation and in other possible areas of operation.

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 express or implied, since the Company's operations are influenced by external or internal factors. Your Company is keeping a close watch on all major developments and will respond properly to meet potential threats and to gain from any opportunities.

DEPOSITS:

During the year under review, your Company has neither invited nor accepted any Fixed Deposits from the Public.

SAFETY, HEALTH AND ENVIRONMENT:

Your Company continues to accord top priority to Safety, Occupational Health and Environment. A creditable feature is that there has been no reportable accident over the past 7 years. Pollution Control systems are functioning satisfactorily and closely monitored to ensure that emission of effluents are within the prescribed norms.

INSURANCE:

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

LISTING:

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

DIRECTORS:

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Directors Sri A A Krishnan, Sri M Gopalakrishna, I.A.S. (Retd.) and Sri P Narendranath Chowdary, retire by rotation at the ensuing 23rd Annual General Meeting and, being eligible, offer themselves for reappointment.

AUDITORS:

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

COST AUDITORS:

The Board, with the Approval of the Government of India, Ministry of Corporate Affairs, Cost Audit Branch, appointed M/s Narasimha Murthy & Co., Hyderabad, as Cost Auditors for the year ended 31st March, 2007.

PARTICULARS OF EMPLOYEES:

During the year under report no employee of the Company is drawing remuneration which requires disclosure under the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

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

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

DEMATERIALISATION OF SHARES:

As directed by SEBI, Company's Equity Shares are traded compulsorily in dematerialised form from September 25, 2000. Up to 31st March, 2007, out of the total number of 8,49,71,600 Equity Shares, 5,35,60,204 Shares constituting 63.03% stands dematerialised.

DIRECTORS' RESPONSIBILITY STATEMENT:

It is hereby confirmed:

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

REPORT ON CORPORATE GOVERNANCE:

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

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, HPCL, Davy Process Technology, Shareholders, Customers and Suppliers. Your Directors also wish to place on record their deep sense of appreciation for the valuable contribution made by the employees at all levels, which enabled the company to achieve a sustained growth in the operational performance during the year under review.

On behalf of the Board

Hyderabad
25-06-2007

M R B Punja
Chairman

Annexure 'A' to the Directors' Report:

Additional information as per Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 for the year ended 31st March, 2007.

A. Conservation of Energy:

Several initiatives were taken for Energy Conservation for which an Energy Conservation Cell was formed. The team of engineers have identified and implemented several measures that have resulted in considerable reduction in specific electrical power consumption.

FORM A

A. Power and Fuel Consumption:

	Current Year	Previous Year
1. Electricity:		
a. Purchased		
Units	2,09,45,300	1,34,27,100
Total Amount (Rs.)	5,61,89,217	3,39,32,890
Rate / Unit (Rs.)	2.68	2.53
b. Own generation		
i. Through diesel generator		
Units	64,51,308	1,36,96,690
Units per litre of diesel oil	3.73	3.77
Cost / Unit (Rs.)	11.31	8.72
ii. Through steam turbines / generator	N.A	N.A
2. Coal:		
Quantity (Tonnes)	N.A	N.A
Total Amount (Rs.)	N.A	N.A
Average Rate	N.A	N.A
3. a) Furnace Oil:		
Quantity (KL)	782.430	184.380
Total Amount (Rs.)	1,27,66,013	29,43,942
Average Rate	16,315.85	15,966.71
b) LSHS:		
Quantity (MT)	2,879.840	3,365.135
Total Amount (Rs.)	4,95,57,792	5,07,26,946
Average Rate	17,208.52	15,074.27
4. Others/Internal generation		
Oxo-Alcohol Residue:		
Quantity (MT)	2,762.792	2,786.000
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	643	2.31	675	2.27
N-Butanol	529	1.94	566	1.95
I-Butanol	553	2.03	571	1.97

B. Technology Absorption :

FORM B

I. Research and Development (R & D):

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

As the Naphtha Reforming section is highly sensitive to voltage dips, a 2400 KVA Uninterrupted Power Supply (UPS) system was installed. This is one of the largest installations in the country. With the commissioning of this unit in end September, 2006, DG set (which earlier used to run continuously) has been stopped thereby saving around Rs.4 crores in 2006-07 and Rs.8 crores on annualised basis. As a result, atmospheric emissions have also reduced considerably.

For the above arrangement, the electrical system was suitably modified through in-house engineering.

The Energy Conservation Cell implemented several measures that resulted in around Rs.93 lakhs savings per annum.

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

Improved onstream factor of the plant on account of uninterrupted and quality power. Also lower emissions to the Atmosphere. The Company has earned additional profit of Rs.4.2 crores.

3. Future Plan of Action:

The Company has plans to implement process modernisation schemes, employing latest process technologies currently available, i.e., Liquid Recycle Process in Oxo-synthesis and Liquid Phase Hydrogenation in Alcohols section.

4. Expenditure on R & D:

The Company has incurred an expenditure of Rs.4.5 crores in R & D during the year.

II. Technology Absorption, Adaptation and Innovation:

1. Efforts made:

Technology has been fully absorbed. Several innovative steps have been implemented in both operative and maintenance of the plant.

2. Benefits:

The Company has benefited by way of higher onstream factor, improved process efficiencies and energy conservation.

III. Imported Technology:

There is no imported technology during the year.

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

	(Rs.in Lakhs)	
	For the Year ended 31-03-2007	For the Year ended 31-03-2006
i. Earnings	NIL	NIL
ii. Outgo	318.73	192.07

Hyderabad
25-06-2007

On behalf of the Board
M R B Punja
Chairman

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 31.3.2007 the Board consisted of 10 Directors.

Composition and category of Directors is as follows :

Non-Executive and Independent Directors	Promoter and Executive Director	Promoters and Non-executive Directors
Sri M R B Punja Chairman Sri Justice G Ramanujam (Retd) Sri A A Krishnan Sri Salil Kumar Dutta (Nominee of IDBI as lender)	Dr. Mullapudi Harischandra Prasad Managing Director	Dr. B B Ramaiah Sri M Gopalakrishna, I.A.S. (Retd) Sri Indrajit Pal, I.A.S. Sri Pendyala Narendranath Chowdary Sri M Thimmaraja

b) Non-executive Directors' Remuneration: Please refer to Point No.6

c) During the Financial Year 2006-07 five Board Meetings were held.

Dates on which they were held:

(i) 24.4.2006, (ii) 20.7.2006, (iii) 23.10.2006, (iv) 20.1.2007 and (v) 7.3.2007.

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

Name of the Director	Attendance Particulars		Directorship, Committee Membership and Chairmanship in other Companies			
	Board Meetings	Last AGM	Directorship	Chairmanship	Committee Membership	Committee Chairmanship
Sri M R B Punja	4	No	7	2	3	3
Dr. Mullapudi Harischandra Prasad	5	Yes	1	7	None	6
Dr. B B Ramaiah	4	Yes	2	None	None	None
Sri M Gopalakrishna, I.A.S. (Retd)	5	No	4	2	1	3
Sri Indrajit Pal, I.A.S.	4	No	2	4	None	1
Sri Salil Kumar Dutta	4	No	None	None	None	None
Sri Justice G Ramanujam (Retd)	4	No	5	None	1	4
Sri A A Krishnan	4	Yes	2	None	3	None
Sri P Narendranath Chowdary	4	No	6	None	3	None
Sri M Thimmaraja	5	Yes	2	None	4	None

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