

THE ANDHRA PETROCHEMICALS LIMITED

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**25th Annual Report
2008 - 09**

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 A A Krishnan
Dr. Anumolu Ramakrishna
(from 30.7.2008)
Sri Indrajit Pal, I.A.S., (Nominee of APIDC)
(up to 25.9.2008)
Sri Vinod Kumar Agrawal, I.A.S.,
(Nominee of APIDC) (from 18.10.2008)
Sri Salil Kumar Dutta (Nominee of IDBI)
(up to 7.9.2008)
Sri Pradeep Kumar Keshari (Nominee of IDBI)
(from 8.9.2008)
Sri P Narendranath Chowdary
Sri M Thimmaraja

Dy. Manager (Finance) & 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
E-mail: info.tnk@andhrapetrochemicals.com
investors@andhrapetrochemicals.com
Website: www.andhrapetrochemicals.com

Factory

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

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NOTICE

NOTICE is hereby given that the Twenty Fifth 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 Monday the 31st August, 2009 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, 2009 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 M R B Punja who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Dr. B B Ramaiah who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Sri A A Krishnan who retires by rotation and being eligible offers himself for reappointment.
5. To appoint Auditors for the year 2009-10 and fix their remuneration. The present Auditors of the Company, M/s Brahmayya & Co., Chartered Accountants, Vijayawada retire at this Annual General Meeting and are eligible for reappointment.

SPECIAL BUSINESS:

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

"RESOLVED THAT Sri Vinod Kumar Agrawal, I.A.S., who was appointed by the Board of Directors as an Additional Director of the Company with effect from 18.10.2008 pursuant to Article 97 of the Articles of Association of the Company and who holds office up to the date of the 25th Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 ("Act") and in respect of whom the Company has received a notice in writing from a Member of the Company under Section 257 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed a Director of the Company liable to retire by rotation."

Hyderabad
25-05-2009 **Dr. MULLAPUDI HARISCHANDRA PRASAD**
Registered Office:
Venkatarayapuram
TANUKU - 534 215
Andhra Pradesh
By Order of the Board
Managing Director

NOTES:

1. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Item No.6 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 Monday, the 24th August, 2009 to Monday, the 31st August, 2009 (both days inclusive).
4. Shareholders seeking any further information on the accounts and operations of the Company at the Annual General Meeting are requested to send their queries to the Company at the Registered Office at least seven days before the date of the Meeting.
5. Shareholders who hold shares in Dematerialised Mode are requested to write their Client ID and DP ID numbers on the Attendance Slip for easy identification of attendance at the Meeting.
6. Shareholders holding shares in Physical Mode are requested to intimate their change of address, if any, to the Company and the **shareholders holding shares in Demat Mode are requested to notify their change of address, if any, to the DP (and not to the Company) with whom they have Demat Account.**
7. **Attention - For transfer of shares in Physical Mode:**
In terms of recently amended Clause 11 of the Listing Agreement, transferee(s) is / are required to furnish copy (copies) of his / her / its / their PAN Card(s) to the Company for registration of transfer of shares for securities market transactions and off-market / private transactions involving transfer of shares in Physical Mode.

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

Sri M R B Punja, a Graduate in Faculty of Arts, is former Chairman of IDBI. He was appointed as Andhra Pradesh Industrial Development Corporation Ltd., (APIDC) (Promoter) Nominee Director & Chairman of the Board from 21.3.1987. APIDC withdrew its nomination in August, 1993. He was co-opted as Additional Director on the Board and elected as Chairman from 16.8.1993. In terms of Article 116 of the Articles of Association of the Company, The Andhra Sugars Ltd., (Co-promoter) has nominated him as Chairman from 26.11.1993. He has wide and varied experience in the areas of Financial Management, Information Systems, Business Restructuring, Commercial, Industrial and General Administration.

The Andhra Petrochemicals Limited

Other Directorships held:

Director – Hindoostan Spinning & Weaving Mills Ltd., Apollo Tyres Ltd., Deepak Nitrite Ltd., Chowgule Steamships Ltd., Sushruta Medical Aid & Research Hospital Ltd., and Delite Engineering Pvt. Ltd.

Chairman – Suprajit Engineering Ltd.

Other Committeeships held:

Member – Audit Committee, Hindoostan Spinning & Weaving Mills Ltd.; Share Transfer Committee, Suprajit Engineering Ltd., and Remuneration Committee, Apollo Tyres Ltd.

Chairman – Audit Committee, Deepak Nitrite Ltd., Suprajit Engineering Ltd., and Apollo Tyres Ltd.

He holds 1,400 Equity Shares in the Company.

Dr. B B Ramaiah is a B.Sc., (Honours) in Sugar Technology, an M.Sc., (Chemical Technology); M.Sc., (Chemical Engineering – Wisconsin University, U.S.A), A.M.P (Harvard University) and Doctorate in Public Administration (World University). He has over fifty years of rich experience in industry, trade and finance. He has served on various Industry Associations, Government Bodies and Committees. He led delegations from India to International Society of Sugarcane Technologists (XVI Congress in Brazil and XVII Congress in Manila). He was a Minister of State for Commerce (with independent charge) in the Union Cabinet between June, 1996 to March, 1998. He has been the Director of the Company since its inception in 1984 except during his ministerial tenure.

Other Directorships held:

Director – Sri Sarvaraya Sugars Ltd., and Jayalakshmi Estates Ltd.

Managing Director (Technical) – The Andhra Sugars Ltd.,

Other Committeeships held: Nil

Dr. B B Ramaiah is related to Sri P Narendranath Chowdary, Director.

He holds 10,975 Equity Shares in the Company.

Sri A A Krishnan is a Graduate in Science (Chemistry) from Madras University and also a graduate in Chemical Engineering from Indian Institute of Science, Bangalore. He holds Dip. Ing (Refinery & Petrochemistry) from Ecole Nationale Supérieure de Petrole 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.

Other Directorships held:

Director – Vinati Organics Ltd.

Other Committeeships held: Member - Audit Committee, Vinati Organics Ltd.

He does not hold any Equity Shares in the Company.

Particulars of Sri Vinod Kumar Agrawal, I.A.S., who is being appointed as Director at the 25th Annual General Meeting is given in the Explanatory Statement attached to Notice.

Annexure to Notice

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

ITEM NO.6:

Sri Vinod Kumar Agrawal, I.A.S., is a Graduate in Faculty of Commerce and a Post-graduate in Business Administration. He is a senior officer of Indian Administrative Service (1983) in Andhra Pradesh cadre. He has varied experience of handling diverse jobs in the Government of Andhra Pradesh. He held various posts as Jt. Collector, Collector, Dy. Commissioner of Commercial Taxes, Director of Protocol, Additional Registrar of Co-operative Societies, Secretary to Commissioner of Excise, Joint Secretary of Industries & Commerce Department, Managing Director of APMARKFED and Commissioner of Intermediate Education, Commissioner of Tribal Welfare, Commissioner of Survey, Settlements & Land Records. Currently, working as Chairman & Managing Director, Andhra Pradesh Industrial Development Corporation Ltd., (APIDC). In terms of the investment agreement entered into with APIDC, he has been nominated as its Director on the Board.

He was the chief architect for conceptualising, designing, planning and executing a comprehensive land administration system called Bhu Bharathi, while working as Commissioner, Survey, Settlements & Land Records.

He was awarded Uttam Seva Pathakam by Govt. of Andhra Pradesh for doing exemplary work in organising relief to ryot victims at Vijayawada.

Sri Vinod Kumar Agrawal, I.A.S., was co-opted as Additional Director on the Board of the Company with effect from 18.10.2008. Pursuant to Section 260 of the Companies Act, 1956 read with Article 97 of the Articles of Association of the Company, Sri Vinod Kumar Agrawal, I.A.S., will hold office only up to the date of the 25th Annual General Meeting of the Company.

Company has received a notice in writing along with a deposit of Rs.500/- from a Member under Section 257 of the Companies Act, 1956 signifying his intention to propose Sri Vinod Kumar Agrawal, I.A.S., as a candidate for the office of Director.

Other Directorships held:

Director – APIDC Venture Capital Pvt Ltd., Hyderabad Information Technology Venture Enterprises Ltd., Cyberabad Trustee Company Pvt. Ltd., and Lord's Mint Securities Ltd.

Chairman & Managing Director – Andhra Pradesh Industrial Development Corporation Ltd.

Other Committeeships held:

Member – Investment Committee and Supervising Committee, APIDC Venture Capital Ltd.; Investment Committee, Hyderabad Information Technology Venture Enterprises Ltd.

He does not hold any Equity Shares in the Company.

Keeping in view his rich experience and knowledge, your Board of Directors recommend the necessary Resolution for your approval.

Except Sri Vinod Kumar Agrawal, I.A.S., no other Director is deemed to be interested or concerned in the Resolution.

Hyderabad

25-05-2009

By Order of the Board

Dr. MULLAPUDI HARISCHANDRA PRASAD
Managing Director

Registered Office:
Venkatarayapuram
TANUKU - 534 215
Andhra Pradesh

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Twenty Fifth Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2009.

FINANCIAL RESULTS:

The performance of the Company for the Financial Year ended 31st March, 2009 is summarised below:

(Rs. in lakhs)

	2008-2009	2007-2008
Net Sales (excl. Excise Duty)	24493.84	28148.58
Profit before Interest & Depreciation	4008.52	7053.59
Less: Interest	303.34	293.30
Depreciation	1206.16	1201.07
Profit after Interest and Depreciation	2499.02	5559.22
Provision for:		
Current Tax	1223.00	2200.00
Deferred Tax	(343.34)	(266.63)
Fringe Benefit Tax	4.12	4.10
Profit after Taxation	1615.24	3621.75
Balance brought forward from previous year	5173.93	1552.41
Direct Taxes for earlier years	2.97	(0.23)
Balance of Profit carried forward to next year	6792.14	5173.93

OPERATIONAL AND FINANCIAL PERFORMANCE:

The turnover was lower in the current Financial Year 2008-09 compared to previous Financial Year 2007-08. On account of recessionary trends in the overall economy there has been a steep fall in product prices and reduced sales quantities.

Further, the margins were affected due to increase in power charges on account of fuel cost and power cuts imposed by State Electricity Board.

Disproportionate fall in selling prices compared to raw-material procurement prices resulted in lower financial performance. The Company has made sustained efforts to improve efficiencies in procurement, production and sales.

DIVIDEND:

In view of the funds requirements for the Modernisation and Optimisation of the existing Plant, no Dividend has been recommended for the Financial Year ended 31st March, 2009.

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 31.3.2009 stood at Rs.82.28 crores against Rs. 66.10 crores in the previous year.

MANAGEMENT DISCUSSION AND ANALYSIS:

Industry Structure and Developments:

The Oxo-Alcohols business in the country, which is the main activity of your Company, continues to grow at a healthy rate of 8%-10% per annum. The business was satisfactory until September, 2008 after which the global meltdown has affected it as well. After considerable impact during the quarter October-December, 2008 markets have recovered partly during the quarter January-March, 2009. The signs of economic recovery is expected to further improve the prospects of Oxo-Alcohols business in future.

Your Company's market share in the country continues to be around 27% with the balance being met through imports with the resultant increase in demand-supply gap for the products in the country. The Optimisation and Modernisation of the existing facilities thereby increasing the installed capacity of the Plant to 73,000 MTPA is under progress. The increased capacity coupled with improved efficiencies after Modernisation is expected to result in certain economies of scale which will enable your Company to face the competition from cheaper imports of products.

The Plant Expansion is being implemented at a brisk pace with an overall progress of 66% achieved by mid May, 2009. Project implementation is as per envisaged schedule and the commissioning is expected during the last quarter of fiscal 2009-10.

Opportunities and Threats:

Healthy growth in demand and increase in the demand-supply gap in the country is an encouraging sign for your Company. However cheaper imports of the products into the country mainly from South-East Asia and Middle East countries is an area of concern. Your Company is gearing to face the competition in better manner by implementing the capacity enhancement scheme.

Internal Control Systems:

Effective internal control system takes care of continuous monitoring for strict compliance of all statutory and regulatory guidelines. Internal Audit system ensures proper functioning of the systems. The Audit Committee reviews adequacy of the internal controls and ensures proper and strict implementation.

The Andhra Petrochemicals Limited

Human Resources and Industrial Relations:

Management of Human Resources especially in the technical areas has been a challenging task in the recent periods. Company is faced with large turnover of technical personnel. Continuous recruitment of trainees with emphasis on rigorous training ensures that the technical personnel requirement is met. Your Company practises good HR practices and motivates employees for better retention and performance. As on 31st March, 2009 the Company has 293 employees on its rolls.

Future Outlook:

The Optimisation and Modernisation programme when completed is expected to put the Company in a better situation to face competition from imports.

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 and / or internal factors. Your Company closely monitors all major developments likely to affect the operations and will respond to meet the potential threats and to gain from any possible opportunities.

DEPOSITS:

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

SAFETY, HEALTH AND ENVIRONMENT:

Your Company continues to accord top priority to Safety, Occupational Health and Environment. Pollution Control systems are functioning satisfactorily and are being closely monitored to ensure that gaseous emissions and effluents discharged 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:

Andhra Pradesh Industrial Development Corporation (APIDC) (Promoter) withdrew Sri Indrajit Pal, I.A.S., its Nominee Director from the Company's Board with effect from 25.9.2008 and in his place appointed Sri Vinod Kumar Agrawal, I.A.S., as its Nominee Director on the Board. The Board places on record its warm appreciation of the valuable guidance rendered by Sri Indrajit Pal, I.A.S., during his tenure as Director.

Sri Vinod Kumar Agrawal, I.A.S., was co-opted as Additional Director on the Board of the Company with effect from 18.10.2008. Resolution seeking his appointment as Director is being placed for the approval of Shareholders at the ensuing 25th Annual General Meeting.

IDBI Bank Ltd., withdrew the nomination of Sri Salil Kumar Dutta with effect from 8.9.2008 and in his place appointed Sri Pradeep Kumar Keshari on the Board of the Company. The Board places on record its warm appreciation of the valuable guidance rendered by Sri Salil Kumar Dutta during his tenure as Director.

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Directors Sri M R B Punja, Dr. B B Ramaiah and Sri A A Krishnan retire by rotation at the ensuing 25th Annual General Meeting and, being eligible, offer themselves for reappointment.

AUDIT COMMITTEE:

Audit Committee consists of four Non-Executive Independent Directors Sri Justice G Ramanujam (Retd.), Sri A A Krishnan, Dr. Anumolu Ramakrishna and Sri Pradeep Kumar Keshari. Sri Justice G Ramanujam (Retd.) is the Chairman of the Committee.

AUDITORS:

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

COST AUDITORS:

M/s Narasimha Murthy & Co., Cost Accountants, Hyderabad, were appointed as Cost Auditors of the Company for the year ended 31st March, 2009.

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

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

PARTICULARS OF EMPLOYEES:

Statement of particulars of employees of the Company as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 (as amended) forming part of this Report is annexed hereto (Annexure 'B').

DEMATERIALISATION OF SHARES:

As on 31st March, 2009, out of the total number of 8,49,71,600 Equity Shares, 5,48,19,235 Equity Shares constituting 64.51% 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 Directors' Report (Annexure 'C').

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 Ltd., London, Aker Solutions Pvt. Ltd., Shareholders, Customers and Suppliers. Your Directors also wish to place on record their deep sense of appreciation of the valuable contribution made by the employees at all levels, which enabled the Company to achieve a sustained growth in the operational performance during the year under review.

On behalf of the Board

Hyderabad
25-05-2009

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, 2009.

A. Conservation of Energy:

Five Nos. of Energy Conservation Projects have been executed during this year which resulted in a saving of 52,226 KWH electric energy.

FORM A

A. Power and Fuel Consumption:

Current Year Previous Year

1. Electricity:

a. Purchased

Units	2,43,97,272	2,82,28,700
Total Amount (Rs.)	6,84,55,406	7,23,02,478
Rate / Unit (Rs.)	2.81	2.56

b. Own generation

i. Through diesel generator

Units	11,68,183	2,90,637
Units per litre of diesel oil	3.15	3.41
Cost / Unit (Rs.)	18.33	61.40

ii. Through steam

Turbines / Generator	N.A	N.A
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2. Coal:

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

3. a. Furnace Oil:

Quantity (MTs/KLs)	1,561.840	1,235.200
Total Amount (Rs.)	3,87,16,921	2,41,42,060
Average Rate	24,789.30	19,545.06

b. LSHS:

Quantity (MTs)	1,956.160	2,277.800
Total Amount (Rs.)	5,21,87,320	4,70,79,266
Average Rate	26,678.45	20,668.74

4. Others/Internal Generation

Oxo-Alcohol Residue:

Quantity (MTs)	2,071.000	2,537.500
Total Amount (Rs.)	Nil	Nil
Average Rate	Nil	Nil

B. Consumption per tonne of production:

Product	Current Year		Previous Year	
	Power KWH	Steam MT	Power KWH	Steam MT
2-Ethyl Hexanol	701	2.22	646	2.08
N-Butanol	608	1.91	551	1.82
I-Butanol	643	2.02	560	1.84

B. Technology Absorption :

FORM B

I. Research & Development (R & D)

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

The Company installed a Coalscer pad in EPA Decanter to improve the liquid separation efficiency and found encouraging results.

Energy conservation measures have been undertaken by our engineers. Installation of Digital energy meters with communication facility has resulted in better monitoring and control.

Radar level transmitter was installed on I-Bal tank for more accurate level measurement. Turbine flowmeters were installed in product loading area.

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

Coalscer has improved separation efficiency in the decanter resulting lesser organic load on the ETP. Improved measuring devices for flow, level and energy enhance monitoring and control capabilities.

3. Future Plan of Action:

Technical feasibility study by Projects & Development India Ltd., for substitution of Naphtha with Natural Gas was undertaken. With addition of a few balancing equipment it is possible to switchover to Natural Gas as and when it is available in Visakhapatnam.

4. Expenditure on R & D:

The Company has incurred an expenditure of Rs.16.18 lakhs 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 operation and maintenance of the Plant.

2. Benefits:

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

3. Imported Technology:

No technology has been imported during the year except for the Modernisation Project which is under implementation.

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

(Rs.in lakhs)

	For the Year ended 31-03-2009	For the Year ended 31-03-2008
i. Earnings	Nil	Nil
ii. Outgo	2049.16	1291.11

Hyderabad
25-05-2009

On behalf of the Board
M R B PUNJA
Chairman

Annexure 'B' to the Directors' Report:

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, and forming part of the Directors' Report for the year ended 31st March, 2009.

Name of Employee, Designation, Qualification, Experience, Date of commencement of employment in the Company, Gross Remuneration, Age, Previous Employment:

1. 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, 40 years, 4.10.1995, Rs. 31,80,179*, 67 years, Consultant.
 2. Sri M K Viswanadham, Senior Executive President (Marketing), B.Sc.(Hons) Agr & A.H., M.Sc. Agriculture (Agronomy), 35 years, 30.10.1992, Rs. 33,02,090**, 59 years, M/s Raasi Cement Ltd., Hyderabad, Chief General Manager (Marketing) – 3 ½ years.
- * Gross remuneration includes salary, reimbursement of medical expenses, performance evaluation payment, leave salary and group personal accident insurance premium.
- ** Gross remuneration includes salary, reimbursement of medical expenses, performance evaluation payment, provident fund contribution and group personal accident insurance premium.

Annexure 'C' 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 31.3.2009 the Board consisted of 10 Directors.
Composition and category of Directors is as follows :

Non-Executive and Independent Directors	Promoter and Executive Director	Promoters, Non-Executive & Non-Independent Directors
Sri M R B Punja Chairman Sri Justice G Ramanujam (Retd) Sri A A Krishnan Dr. Anumolu Ramakrishna (from 30.7.2008) Sri Salil Kumar Dutta (Nominee of IDBI as lender) (up to 7.9.2008) Sri Pradeep Kumar Keshari (Nominee of IDBI as lender) (from 8.9.2008)	Dr. Mullapudi Harischandra Prasad Managing Director (Father of Sri M. Thimmaraja) *	Dr. B B Ramaiah (Sri Pendyala Narendranath Chowdary sister's husband) * Sri Indrajit Pal, I.A.S. (up to 25.9.2008) Sri Vinod Kumar Agrawal, I.A.S. (from 18.10.2008) Sri Pendyala Narendranath Chowdary (Dr. B B Ramaiah daughter's husband) * Sri M Thimmaraja (Son of Dr. Mullapudi Harischandra Prasad) *

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

- b) Non-Executive Directors' Remuneration: Please refer to Point No.6
c) During the Financial Year 2008-09, four Board Meetings were held.
Dates on which they were held:
(i) 30.4.2008, (ii) 30.7.2008, (iii) 18.10.2008 and (iv) 27.1.2009.
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	6	1	4	3
Dr. Mullapudi Harischandra Prasad	4	Yes	8	7	2	2
Dr. B B Ramaiah	4	No	3	None	None	None
Sri Justice G Ramanujam (Retd)	3	Yes	5	None	5	4
Sri A A Krishnan	4	No	1	None	1	None
Dr. Anumolu Ramakrishna (from 30.7.2008)	2	No	11	None	9	1
Sri Indrajit Pal, I.A.S. (up to 25.9.2008)	2	No	3	2	None	None
Sri Vinod Kumar Agrawal, I.A.S. (from 18.10.2008)	1	No	3	1	None	None
Sri Salil Kumar Dutta (up to 7.9.2008)	1	No	None	None	None	None
Sri Pradeep Kumar Keshari (from 8.9.2008)	2	No	1	None	None	None
Sri P Narendranath Chowdary	4	No	6	None	2	None
Sri M Thimmaraja	3	Yes	2	None	3	None

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

Sri Justice G Ramanujam (Retd), Chairman of the Audit Committee, attended the Annual General Meeting to answer the queries of the shareholders.