

**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:

1. 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.
2. 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.
3. Your Company provides Electronic Voting facility and its particulars and instructions are enclosed and form part of this Notice.
4. 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).
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. 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.
7. 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.
8. 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.
9. 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).
10. 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., Nominated 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  
a. For CDSL: 16 digits beneficiary ID,  
b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,  
c. 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:

	<b>For Members holding shares in Demat Form and Physical Form</b>
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, Visakh 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 Chowdary 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 Chowdary 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).

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### 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

1. **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.
2. **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.
3. **Capital Investment on energy conservation equipments:** Nil

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

- a) **Efforts made:** Oxo and Butanols Plant technology has been fully absorbed and the Company is able to operate the Plant at higher loads.
- b) **Benefits:** The Company has realised the benefits after Modernisation-cum-Optimisation by way of improved process efficiencies and also reduction of specific power consumption.
- c) **Imported Technology:** NIL
- d) **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 31.3.2015	For the year ended 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.

### DEMATERIALISATION 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>.

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:-

- (a) 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.

- (b) 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%