

THE ANDHRA PETROCHEMICALS LIMITED



**34th Annual Report
2017 - 18**

THE ANDHRA PETROCHEMICALS LIMITED

Board of Directors

Sri M R B Punja (Chairman)
(upto 4.8.2018)
Dr. B B Ramaiah (Managing Director)
(upto 14.2.2018)
Sri P Narendranath Chowdary, Managing Director
(from 5.8.2018)
Sri A A Krishnan
Sri Surinder Kumar Kapoor
(upto 7.6.2018)
Sri Mullapudi Thimmaraja
Dr. (Smt.) D Manjulatha
Sri Karthikeya Misra, I.A.S.,
(Nominee of APIDC upto 4.7.2017)
Sri Siddharth Jain, I.A.S.,
(Nominee of APIDC from 5.8.2017 to 7.2.2018)
Sri Solomon Arokia Raj, I.A.S.,
(Nominee of APIDC from 9.2.2018)
Smt. Y V Anuradha, I.A.S.,
(Nominee of APIDC)
Sri Animesh Kumar Sinha
(Nominee of IDBI Bank Ltd.,)
Sri Ravi Pendyala
Dr. V N Rao

Key Managerial Personnel

Sri K Narasappa
President (from 23.5.2017)
Sri P Ratna Rao
Sr. General Manager (Finance)

Statutory Auditors

M/s. C.V. Ramana Rao & Co.,
Chartered Accountants
D.No. 1-88-19, Plot No. 135/4
Sector-4, MVP Colony
Visakhapatnam - 530 017

Cost Auditors

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

Secretarial Auditors

M/s. Nekkanti S.R.V.V.S. Narayana & Co.,
Company Secretaries
407, Malik Chambers
Hyderguda
Hyderabad - 500 029

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
investors@andhrapetrochemicals.com
Website: www.andhrapetrochemicals.com

Factory

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

Registrar & Share Transfer Agent

M/s. XL Softech Systems Ltd.,
#3, Sagar Society, Road No. 2,
Banjara Hills, Hyderabad - 500 034
Telangana
Tel : 040-23545913 / 914 / 915
E-mail: xlfield@gmail.com

Contents	Page No.
Notice	2
Directors' Report	7
Management Discussion & Analysis	7
Report on Corporate Governance	24
Independent Auditors' Report	32
Accounting Policies	36
Balance Sheet	41
Statement of Profit & Loss	42
Notes	43
Statement of Cash Flows	61
Updation of PAN & Bank details Proxy Form & Attendance Slip	

HOMAGE



09-07-1926

14-02-2018

Dr. B B RAMAIAH GARU

Managing Director - 12-11-2011 to 14-02-2018



THE ANDHRA PETROCHEMICALS LIMITED

CIN: L23209AP1984PLC004635

Regd. Office: Venkatarayapuram, TANUKU - 534215

W.G. District, Andhra Pradesh

Phone: 08819-224075 & 22097, Fax: 08819-224168

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

NOTICE

NOTICE is hereby given that the Thirty Fourth 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 Friday, the 28th day of September, 2018 at 3 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements for the year ended 31st March, 2018 and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Sri Ravi Pendyala (DIN 03375555) who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Dr V N Rao (DIN 00861884) who retires by rotation and being eligible offers himself for reappointment.
4. To fix remuneration of Statutory Auditors M/s C V Ramana Rao & Co., (Firm Regn. No. 002917S) Chartered Accountants, Visakhapatnam, for the year 2018-19.

SPECIAL BUSINESS:

5. To consider, and if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution:
"RESOLVED THAT pursuant to Section 196 and other applicable provisions, if any, of the Companies Act, 2013, or any statutory modification thereof or any re-enactment of the said Act, consent of the Members be and is hereby accorded to the appointment of Sri P Narendranath Chowdary (DIN 00015764) as Managing Director of the Company, not liable to retire by rotation, for a period of 5 years with effect from 5.8.2018 without any remuneration."
6. 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 the Companies (Audit and Auditors) Rules, 2014, the remuneration of Rs.1,25,000/- (Rupees one lakh twenty five thousand only) plus taxes as applicable and reimbursement of actual travel and out-of-pocket expenses for the Financial Year 2018-19 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."
7. To consider, and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:
"RESOLVED THAT Sri Solomon Arokiaraj, I.A.S., (DIN 06802660) who was appointed by the Board of Directors as Additional Director of the Company with effect from 9th February, 2018 pursuant to Article 97 of the Articles of Association of the Company, holds office upto the date of the 34th 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, 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 a Special Resolution:
"RESOLVED THAT Dr. P Kotaiah (DIN 00038420) who was appointed by the Board of Directors as Additional Director of the Company with effect from 4th August, 2018 pursuant to Article 97 of the Articles of Association of the Company, holds office upto the date of the 34th 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, be and is hereby appointed as Director of the Company.
RESOLVED FURTHER THAT pursuant to Sections 149 & 152 and other applicable provisions of the Act and the Rules made thereunder, read with Schedule IV of the said Act, Dr P Kotaiah be and is hereby appointed as Independent Director of the Company for a term of 5 consecutive years commencing from the conclusion of 34th Annual General Meeting till the conclusion of 39th Annual General Meeting, not liable to retire by rotation."

Hyderabad
4.8.2018

By Order of the Board
P Narendranath Chowdary
Director

Registered Office:
Venkatarayapuram
TANUKU - 534 215
Andhra Pradesh

NOTES:

1. The relative Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, in respect of Item Nos.5, 6,7 and 8 is 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 Andhra Petrochemicals Limited

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 Monday, the 17th September, 2018 to Friday, the 28th September, 2018 (both days inclusive).
5. Documents referred to in the Notice and Explanatory Statement are open for inspection at the Registered Office of the Company from 9 a.m. and 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.
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 RTA viz., XL Softech Systems Ltd., Hyderabad 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 / RTA) with whom they have Demat Account.
8. Any person who acquires shares of the Company and become member of the Company after the despatch of the Notice of AGM and holding shares as of the cut-off date, i.e., 21st September, 2018 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.
9. 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. Accordingly, the unclaimed dividend for the Financial Year 2006-07 amounting 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 RTA i.e., XL Softech Systems Ltd

Electronic / Demat Mode: E-mail ID be furnished to the DP with whom demat account has been opened and not to the Company / RTA. The Company / RTA 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 Regulation 36 (3) of the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015:

ITEM NO.2

Sri Ravi Pendyala has been the Director of the Company since 12.11.2011. He is a Graduate in Commerce and an M.B.A., from Central Queensland University, Australia.

Other Directorships held:

Managing Director - Vibhaas Polymers Pvt. Ltd.

Other Committeeships held: Nil

He holds 1,020 Equity Shares in the Company.

He is not debarred from holding office of Director by virtue of any SEBI order or any other such authority.

ITEM NO.3

Dr. V N Rao has been the Director of the Company since 26.10.2016. He holds M.Tech (Chemical Engineering) and Ph.D. (Chemical Engineering) both from IIT, Madras. Earlier he worked in Coromandel Fertilisers Ltd., Visakhapatnam; Zuari Agrochemicals Ltd., Goa and Tata Chemicals Ltd., Mithapur, Gujarat.

He also worked as Consultant and carried out various consultancy assignments both technical and managerial areas in the fields of chemicals, petrochemicals, cement and refractories etc.

Other Directorships held:

The Andhra Petrochemicals Limited

Director - Andhra Pradesh Gas Power Corporation Ltd., (APGPCL)

Other Committeeships held:

Member - Audit Committee of APGPCL

He is not debarred from holding office of Director by virtue of any SEBI order or any other such authority.

ANNEXURE TO NOTICE

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

ITEM NO.5:

Sri P Narendranath Chowdary has been the Director of the Company since 1996. He is a Graduate in Faculty of Science. He joined The Andhra Sugars Limited (Promoter Company) as a Director in the year 1968 and was subsequently elevated as Whole-time Director in 1976, Joint Managing Director in 1983, Managing Director in 2012 and Chairman & Managing Director in 2018. As Managing Director he was looking after day-to-day affairs of chemical complexes at Tanuku, Kovvur and Saggonda. The Andhra Sugars Limited received an award for Best Energy Conservation in the Chloro-Alkali Industry instituted by Department of Power, Government of India. As Chairman & Managing Director he is in overall charge of the affairs of The Andhra Sugars Limited

Other Directorships held:

Chairman & 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 - Stakeholders Relationship Committee & Corporate Social Responsibility (CSR) Committee - The Andhra Sugars Ltd.; Nomination and Remuneration Committee - JOCIL Ltd.

Chairman - Stakeholders Relationship Committee & Corporate Social Responsibility (CSR) Committee - JOCIL Ltd.; Shareholders / Investors Grievance Committee - Sree Akkamamba Textiles Ltd.

He holds 4,216 Equity Shares in the Company.

He is not debarred from holding office of Director by virtue of any SEBI order or any other such authority.

In view of his vast industrial experience and expertise the appointment of Sri P Narendranath Chowdary as Managing Director would immensely benefit the Company. Your Board therefore, on the recommendation of Nomination and Remuneration Committee, recommends necessary Resolution for your approval.

Except Sri P Narendranath Chowdary, no other Director, Key Managerial Personnel and their relatives is or are deemed to be interested / concerned in the Resolution.

ITEM NO.6:

The Board at its Meeting held on 24.5.2018 considered and approved the appointment of M/s Narasimha Murthy & Co., Cost Accountants, for the conduct of the cost audit of the Company at a remuneration of Rs.1,25,000/- plus taxes as applicable and reimbursement of actual travel and out-of-pocket expenses for the Financial Year 2018-19.

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 is required 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 2018-19. 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.7:

Sri Solomon Arokiaraj, I.A.S., did his Graduation in Agriculture and Post Graduation in Business Management. Earlier he worked as Collector and District Magistrate - Chittoor, Visakhapatnam and Anantapur Districts; Chief Executive Officer - Society for Elimination of Rural Poverty, Employment Generation and Marketing Mission. Presently he is Secretary, Dept. of Industries and Commerce, Govt. of Andhra Pradesh.

Other Directorships held:

Chairman and Managing Director - Andhra Pradesh Industrial Development Corporation Ltd., (APIDC)

Nominee Director - Krishnapatnam International Leather Complex Pvt. Ltd., ; Amaravati Development Corporation Ltd.,; Andhra Pradesh Industrial Infrastructure Corporation Ltd.

Director - Andhra Pradesh State Skill Development Corporation.

Board of Directors appointed him as Additional Director from 9.2.2018. He holds office upto the date of 34th Annual General Meeting.

He is not debarred from holding office of Director by virtue of any SEBI order or any other such authority.

His appointment would be beneficial to the Company. Your Board, therefore, recommends necessary Resolution for your approval.

Except Sri Solomon Arokiaraj, 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:

Dr P Kotaiah is a Post Graduate in Economics and a Doctorate from Andhra University. He joined Reserve Bank of India (RBI) in 1961 and moved on to National Bank for Agriculture and Rural Development (NABARD). He is former Chairman of NABARD. Dr P Kotaiah has vast and diversified experience spanning over five decades in Banking and Industrial Fields.

Board of Directors, on the recommendation of the Nomination and Remuneration Committee, co-opted him as Additional Director from 4.8.2018. He holds office upto the date of 34th Annual General Meeting. The Board also considered it advisable to appoint him as Independent Director in view of his fulfilling the criteria stipulated in the Companies Act, 2013 with regard to the appointment of Independent Directors. He is independent of the Management.

He is not debarred from holding office of Director by virtue of any SEBI order or any other such authority.

A copy of the draft letter of appointment setting out the terms and conditions of his 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.

His appointment would be beneficial to the Company. Your Board, therefore, recommends necessary Resolution for your approval.

Other Directorships held:

Director - The Andhra Sugars Ltd., NSL Sugars Ltd., Blossom Industries Ltd., Lanco Anpara Power Ltd., Lanco Kondapalli Power Ltd., Pridhvi Asset Reconstruction And Securitisation Company Ltd., and Nuziveedu Seeds Ltd.

Other Committeeships held:

Member - Audit Committee - The Andhra Sugars Ltd

Except Dr. P Kotaiah, no other Director, Key Managerial Personnel and their relatives is or are deemed to be interested or concerned in the Resolution.

**Hyderabad
4.8.2018**

**By Order of the Board
P Narendranath Chowdary
Director**

Registered Office:
Venkatarayapuram
TANUKU - 534215
Andhra Pradesh

ENCLOSURE TO NOTICE:

Pursuant to provisions of Section 108 of the Companies Act, 2013 read with the Companies Act (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, 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 Friday, the 28th September, 2018 at 3 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

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 25th September, 2018 from 9 a.m. and ends on 27th September, 2018 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 21st September, 2018 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.
- (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 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:

The Andhra Petrochemicals Limited

For Members holding shares in Demat Form and Physical Form	
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> 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. In case the sequence number is less than 8 digits enter the applicable number of 0's (Zeros) 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.
Dividend Bank Details or Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> If both 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).

- (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 a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) If a demat account holder has forgotten the changed 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) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) Note for Non - Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to 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.
 - 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 linked in the login should be mailed to 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.
- xx) 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, under help section or write an email to helpdesk.evoting@cdslindia.com

The Andhra Petrochemicals Limited

DIRECTORS' REPORT

Dear Shareholders,

At the outset your Directors express profound grief over the sad demise of Managing Director Dr. B B Ramaiah on 14.2.2018 who was instrumental in bringing the Company to the position of what it is today. Also, your Directors express profound grief over the sad demise of Director Sri Surinder Kumar Kapoor on 7.6.2018. Your Directors place on record their warm appreciation of their valuable contribution to the growth and development of the Company.

Your Directors have pleasure in presenting the Thirty Fourth Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2018.

CORPORATE OVERVIEW:

Your Company is the sole manufacturer of Oxo-Alcohols in India. The Oxo-Alcohols consist of the 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 31st March, 2018 is summarised below:

(Rs. in Lakhs)

	2017-18	2016-17
Net Sales (excl. Excise Duty)	51820.00	32889.89
Profit / (Loss) before Interest & Depreciation	6861.79	1486.90
Less: Interest	1186.54	1558.07
Depreciation	949.27	903.61
Profit / (Loss) after Interest and Depreciation before Extra-ordinary item	4725.98	(974.78)
Exceptional items	--	(115.69)
Profit / (Loss) before Tax	4725.98	(1090.47)
Provision for:		
Current Tax	1000.28	--
Deferred Tax	(924.37)	(354.39)
Profit / (Loss) after Taxation	4650.07	(736.08)
Other Comprehensive Income	(231.42)	350.49
Total Comprehensive Income for the period	4418.65	(385.59)
Balance brought forward from previous year	(85.82)	299.77
Profit carried forward to next year	4332.83	(85.82)

OPERATIONAL AND FINANCIAL PERFORMANCE:

During the Financial Year 2017-18, the Plant produced 76,257 MTs (previous year 60,021 MTs) total Alcohols which works out to 104.4% (approx.) capacity utilization. Sales during the year were 78,049 MTs (previous year 58,254 MTs). Company posted a Net Profit of Rs.44.19 crores during the Financial Year 2017-18 as compared to Net Loss of Rs.3.86 crores incurred during the previous year.

DIVIDEND:

As the Directors were of the view that there was a need for the Company to conserve its resources and build Reserves, they could not recommend payment of Dividend for the Financial Year 2017-18.

CAPITAL & RESERVES:

Authorised and Paid-up Capital:

The Authorised Capital of the Company is Rs.125.00 crores and the Paid-up Capital is Rs.84.97 crores.

Reserves:

The total Reserves position as on 31.3.2018 stood at Rs.72.69 crores against Rs. 28.50 crores in the previous year.

MANAGEMENT DISCUSSION AND ANALYSIS:

INDUSTRY STRUCTURE AND DEVELOPMENTS:

2017-18 was reasonably a good year as Plant could operate more than 100% capacity and Company could market products at a reasonably good price.

Over and above the imports from the existing destinations, arrival of imports from newer destinations like Taiwan, Brazil, USA and Japan has become a challenge to the Company.

OPPORTUNITIES AND THREATS:

Estimated demand of Oxo-Alcohols at 2,20,000 MTPA, with healthy growth rate of 8% to 10% per annum, in general, is a good opportunity for the Company with existing capacity of 80,000 MTPA, considering the huge demand-supply gap in the country. As such there are no constraints in the Company's production capability with Hindustan Petroleum Corporation Limited (HPCL) able to meet full Propylene requirement. Sales realisation is also expected to improve over time on account of Anti-Dumping Duties imposed by Govt. of India on imports from certain countries.

However commissioning of BPCL Oxo-Alcohols plant at Cochin in 2019/2020, is likely to downturn in product price scenario internationally and dumping of the products and currency fluctuations may impact the Company's performance and recovery process to some extent.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

As required by the provisions of Companies Act, 2013, Internal Control Systems Report has been appended to Independent Auditor's Report