

# **THE ANDHRA PETROCHEMICALS LIMITED**



**35<sup>th</sup> Annual Report 2018 - 19**

# THE ANDHRA PETROCHEMICALS LIMITED

## Board of Directors

Dr. P Kotaiah, Chairman  
(from 5.8.2018)  
Sri M R B Punja (Chairman)  
(upto 4.8.2018)  
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 Solomon Arokiaraj, I.A.S.,  
(Nominee of APIDC)  
Smt. Y V Anuradha, I.A.S.,  
(Nominee of APIDC upto 18.4.2019)  
Sri Animesh Kumar Sinha  
(Nominee of IDBI Bank Ltd.,)  
Sri Ravi Pendyala  
Dr. V N Rao  
Sri P Venkateswara Rao  
(from 5.11.2018)  
Sri M Gopalakrishna, I.A.S., (Retd.)  
(from 25.5.2019)

## Key Managerial Personnel

Sri K Narasappa  
President  
Sri P Ratna Rao  
Sr. General Manager (Finance) [CFO]  
Sri M V V S V Prasadu  
Dy. Secretary & Asst. Manager (Finance)  
(from 25.5.2019)

## 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  
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

## 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](mailto:xlfield@gmail.com)

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## THE ANDHRA PETROCHEMICALS LIMITED

CIN: L23209AP1984PLC004635

Regd. Office: Venkatarayapuram, TANUKU - 534215

W.G. District, Andhra Pradesh

Phone: 08819-224075 & 220975, Fax: 08819-224168

E-mail: info.tnk@andhrapetrochemicals.com

Website: www.andhrapetrochemicals.com

### NOTICE

NOTICE is hereby given that the Thirty Fifth Annual General Meeting of THE ANDHRA PETROCHEMICALS LIMITED will be held on Wednesday, the 10<sup>th</sup> day of July, 2019 at 3 p.m. at the Registered Office of the Company, Venkatarayapuram, Tanuku - 534215, West Godavari District, Andhra Pradesh, 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, 2019 and the Reports of the Board of Directors and Auditors thereon.
2. To declare Dividend on Equity Shares for the year 2018-19.
3. To appoint a Director in place of Sri Mullapudi Thimmaraja (DIN 00016711) who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Sri Solomon Arokiaraj, I.A.S. (DIN 06802660) who retires by rotation and being eligible offers himself for reappointment.
5. To fix remuneration of Statutory Auditors M/s C V Ramana Rao & Co., (Firm Regn. No.002917S) Chartered Accountants, Visakhapatnam, for the Financial Year 2019-20.

For the Financial Year 2019-20 the Board recommends Statutory Auditors remuneration Rs. 3,00,000/- plus reimbursement of out of pocket expenses.

#### 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 pursuant to the provisions of 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 2019-20 to be paid to M/s Narasimha Murthy & Co., (Regn. No. 000042), Cost Accountants, Hyderabad, for the conduct of the Audit of the Cost Accounting Records of the Company as approved by the Board of Directors 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 a Special Resolution:

"RESOLVED THAT Sri P Venkateswara Rao (DIN 06387165) who was appointed by the Board of Directors as Additional Director of the Company with effect from 5<sup>th</sup> November, 2018 pursuant to Article 97 of the Articles of Association of the Company, holds office upto the date of the 35<sup>th</sup> Annual General Meeting (AGM) 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 the provisions of Sections 149 & 152 and other applicable provisions, if any, of the Act and the Rules made thereunder, read with Schedule IV of the said Act, Sri P Venkateswara Rao be and is hereby appointed as Independent Director of the Company for a term of 5 consecutive years commencing from the conclusion of 35<sup>th</sup> AGM till the conclusion of 40<sup>th</sup> AGM, not liable to retire by rotation.

RESOLVED FURTHER THAT in the event of any amendment made by Ministry of Corporate Affairs or SEBI or any Statutory Authority to the provisions concerning the said appointment, the Board at its 1<sup>st</sup> Meeting after the said amendment coming into force be and is hereby authorised to effect necessary modification as may be required and till the date of the Board Meeting this Resolution shall continue to hold good and thereafter the same may be placed before the 1<sup>st</sup> General Meeting held after amendment for information and ratification."

8. To consider, and if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution:

"RESOLVED THAT consent of the Members be and is hereby accorded to Dr. V N Rao (DIN 00861884) to hold his current tenure of Directorship till the date of Annual General Meeting wherein he retires by rotation.

RESOLVED FURTHER THAT in the event of any amendment made by Ministry of Corporate Affairs or SEBI or any Statutory Authority to the provisions concerning the said appointment, the Board at its 1<sup>st</sup> Meeting after the said amendment coming into force be and is hereby authorised to effect necessary modification as may be required and till the date of the Board Meeting this Resolution shall continue to hold good and thereafter the same may be placed before the 1<sup>st</sup> General Meeting held after amendment for information and ratification."

9. To consider, and if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149 & 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, read with Schedule IV of the said Act, Sri A A Krishnan (DIN 00086374) be and is hereby appointed as Independent Director of the Company for a term of 2 consecutive years commencing from the conclusion of 35<sup>th</sup> Annual General Meeting (AGM) till the conclusion of 37<sup>th</sup> AGM, not liable to retire by rotation.

RESOLVED FURTHER THAT consent of the Members be and is hereby accorded to Sri A A Krishnan to hold Directorship from 1<sup>st</sup> April, 2019 till the date of ensuing 35<sup>th</sup> AGM.

RESOLVED FURTHER THAT in the event of any amendment made by Ministry of Corporate Affairs or SEBI or any Statutory Authority to the provisions concerning the said appointment, the Board at its 1<sup>st</sup> Meeting after the said amendment coming into force be and is

***The Andhra Petrochemicals Limited***

hereby authorised to effect necessary modification as may be required and till the date of the Board Meeting this Resolution shall continue to hold good and thereafter the same may be placed before the 1<sup>st</sup> General Meeting held after amendment for information and ratification."

10. To consider, and if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution:

"RESOLVED THAT consent of the Members be and is hereby accorded to Sri M Gopalakrishna, I.A.S., (Retd) (DIN 00088454) to hold Directorships from 25<sup>th</sup> May, 2019 till the date of AGM wherein he ceases to be Director.

RESOLVED FURTHER THAT Sri M Gopalarishna, I.A.S., (Retd) who was appointed by the Board of Directors as Additional Director of the Company with effect from 25<sup>th</sup> May, 2019 pursuant to Article 97 of the Articles of Association of the Company, holds office upto the date of the 35<sup>th</sup> Annual General Meeting (AGM) 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 the provisions of Sections 149 & 152 and other applicable provisions, if any, of the Act and the Rules made thereunder, read with Schedule IV of the said Act, Sri M Gopalarishna, I.A.S., (Retd) be and is hereby appointed as Independent Director of the Company for a term of 5 consecutive years commencing from the conclusion of 35<sup>th</sup> AGM till the conclusion of 40<sup>th</sup> AGM, not liable to retire by rotation.

RESOLVED FURTHER THAT in the event of any amendment made by Ministry of Corporate Affairs or SEBI or any Statutory Authority to the provisions concerning the said appointment, the Board at its 1<sup>st</sup> Meeting after the said amendment coming into force be and is hereby authorised to effect necessary modification as may be required and till the date of the Board Meeting this Resolution shall continue to hold good and thereafter the same may be placed before the 1<sup>st</sup> General Meeting held after amendment for information and ratification."

**Hyderabad  
25.5.2019**

**By Order of the Board  
P Narendranath Chowdary  
Managing 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. 6,7,8,9 and 10 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 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 Tuesday, the 2<sup>nd</sup> July, 2019 to Wednesday, the 10<sup>th</sup> July, 2019 (both days inclusive).
5. The Dividend recommended by Directors, if approved at the Meeting, will be paid to the Shareholders whose names are on the Register of Members on 10<sup>th</sup> July, 2019. In respect of shares held in demat mode, the above Dividend will be paid on the basis of beneficial ownership as at the end of business hours of 1<sup>st</sup> July, 2019 as per the details furnished by the Depositories for this purpose.
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 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.
9. 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., 3<sup>rd</sup> July, 2019 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. Details of unclaimed dividend and due date for transfer to the Fund are as follows:

Dividend for the Financial Year	Due date for transfer to IEPF
2011-12	27 October, 2019

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Shareholders who have not encashed their Dividend Warrants issued in respect of dividend declared for the year 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.

#### **Transfer of Shares**

**in Physical Mode:** With effect from 1.4.2019 Equity Shares of the Company in physical mode will not be effected as per SEBI directions. However, requests for Transmission, Transposition and Issue of Duplicate share certificates will be processed in physical mode.

**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.3**

**Sri Mullapudi Thimmaraja** has been the Director on the Board since 7.11.1992. He is a Graduate in Chemical Engineering. He did his Post Graduation in Business Administration from the University of Florida, U.S.A.

For more than two and half 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 and also engaged in power generation.

Other Directorships held: Joint Managing Director - The Andhra Sugars Ltd.; Director - JOCIL Ltd.

Other Committeeships held: Member - Audit Committee and Stakeholders Relationship Committee, JOCIL Ltd.; Stakeholders Relationship Committee, The Andhra Sugars Ltd.

He holds 1,630 Equity Shares in the Company.

His holding of Office of Directorship is in line with SEBI order or any other such authority.

### **ITEM NO.4**

**Sri Solomon Arokiaaraj, I.A.S.**, is presently Secretary, Dept. of Industries and Commerce, Govt. of Andhra Pradesh. He 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.

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.

His holding of Office of Directorship is in line with SEBI order or any other such authority.

## **ANNEXURE TO NOTICE**

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

#### **ITEM NO.6:**

The Board at its Meeting held on 25.5.2019, having regard to the recommendation of Audit Committee, considered and approved the appointment of M/s Narasimha Murthy & Co., Cost Accountants, for conduct of Audit of Cost Accounting Records of the Company on 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 2019-20.

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.6 of the Notice for ratification of the remuneration payable to the Cost Auditors for the Financial Year 2019-20. Your Board recommends necessary Resolution for your approval.

None of the Directors, Key Managerial Personnel and their relatives is or are deemed to be interested or concerned in the said Resolution.

#### **ITEM NO.7:**

**Sri P Venkateswara Rao** is a Graduate in Chemical Engineering from Andhra University, Visakhapatnam and a Post Graduate in Chemical Engineering from Indian Institute of Technology, Madras. He worked for 35 years in Indian Space Research Organization (ISRO). He specialized in servicing of Satellite Launch Vehicles with fuels such as earth storable chemicals and cryogenic fuels. He executed several projects involving Infrastructure, Fluid Circuits for handling of hazardous chemicals, gases etc. He travelled abroad extensively and was a focal point for several International Contracts. He retired as Associate Director from Satish Dhawan Space Centre, Sriharikota (SHAR), ISRO.

Board of Directors, on the recommendation of the Nomination and Remuneration Committee, co-opted him as Additional Director from 5.11.2018. He holds office upto the date of 35<sup>th</sup> Annual General Meeting. Having regard to his vast corporate experience, the Board considered it

advisable to appoint him as Independent Director to avail the benefit of his expertise and experience which would help the Company in consolidating the further growth of the Company. He fulfills the criteria stipulated in the Companies Act, 2013 with regard to the appointment of Independent Directors. He is independent of the Management.

He does not hold any shares in the Company.

His holding of Office of Directorship is in line with SEBI order or any other such authority.

Other Directorships held:

Director - JOCIL Ltd.,

Other Committeeships held : Nil

Your Board, therefore, on the recommendation of the Nomination and Remuneration Committee, recommends necessary Resolution for your approval.

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

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

**ITEM NO.8:**

**Dr. V N Rao** (who had attained the age of 75 years at the time of his first appointment as Additional Director) 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. 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.

He joined the Company in the year 1995 as Vice President (Technical). He was later elevated as Chief Executive. He retired on 25.10.2016 as Chief Executive & Chief Operating Officer of the Company. He was instrumental in implementing the Modernisation-cum-Optimisation Expansion Project within time and cost schedule.

Other Directorships held:

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

Other Committeeships held:

Member - Audit Committee of APGPCL

He does not hold any shares in the Company.

Your Board, therefore, on the recommendation of the Nomination and Remuneration Committee, recommends necessary Resolution for your approval.

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

The Special Resolution proposed for the approval of the Shareholders would enable Dr. V N Rao to hold his current tenure of Directorship which commenced on 28.9.2018 till the date of his retirement by rotation. This would enable the Company to avail the benefit of his expertise and guidance for further consolidation and growth.

**ITEM NO.9:**

**Sri A A Krishnan** was appointed as Independent Director on 12-9-2014 (even at that date he had attained the age of 75 years), whose first term of five years as Independent Director ends on the conclusion of 35<sup>th</sup> AGM. He has been the Director of the Company for more than two and half decades.

He 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 38 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 petrochemicals complex at Nagothane, Maharashtra. At present he acts as advisor for several chemical companies. He does not hold any Equity Shares in the Company.

The Board considered it advisable to continue to avail the benefit of his vast experience and expertise in the field of Chemical Technology and as such recommends his appointment as Independent Director for a period of 2 years from the conclusion of 35<sup>th</sup> AGM. He fulfills the criteria stipulated in the Companies Act, 2013 with regard to the appointment of Independent Director. He is Independent of the Management.

Other Directorships held: Nil

He does not hold any shares in the Company.

The special Resolution proposed would enable Sri A A Krishnan to hold his directorship to be in line with the provisions of SEBI Rules or any



## ***The Andhra Petrochemicals Limited***

other statutory order which would be beneficial to the Company to avail his experience and expertise for further consolidation and growth.

Your Board, therefore, on the recommendation of the Nomination and Remuneration Committee, recommends necessary Resolution for your approval.

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

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

### **ITEM NO.10**

**Sri M Gopalakrishna, I.A.S. (Retd)** is a Graduate in Science & Law. He joined Indian Administrative Service in the year 1962.

He served in various positions which include Secretary to Govt. of Assam - Health & Family Planning, Industries, Power, Mines and Minerals; Secretary - Dept. of Public Enterprises, Guwahati; Commissioner - Visakhapatnam Steel Plant; Managing Director - Nagarjuna Fertilizers & Chemicals Ltd., Godavari Fertilizers & Chemicals Ltd; Commissioner of Commercial Taxes, Govt. of Andhra Pradesh; Additional Secretary to Govt. of India, Ministry of Mines; Special Chief Secretary, Govt. of Andhra Pradesh; Director, Institute of Public Enterprises, Hyderabad; Chairman & Managing Director - Rural Electrification Corporation, New Delhi and Director - APGPCL, JOCIL Ltd.

Board of Directors, on the recommendation of the Nomination and Remuneration Committee, co-opted him as Additional Director from 25.5.2019. He holds office upto the date of 35<sup>th</sup> Annual General Meeting.

His vast corporate experience would be beneficial to the Company and therefore your Board considered it advisable to appoint him as Independent Director to avail his guidance for further consolidation and growth of the Company.

He fulfills the criteria stipulated in the Companies Act, 2013 with regard to the appointment of Independent Directors. He is independent of the Management.

Other Directorships held: Director - Nuziveedu Seeds Ltd., NSL Renewable Power Pvt Ltd., Avra Synthesis Pvt Ltd., NSL Textiles Ltd., Olectra Greentech Ltd., Avra Laboratories Pvt Ltd., Prabhat Agri Biotech Ltd., Suven Life Sciences Ltd., Pitti Engineering Ltd., BGR Energy Systems Ltd.

Other Committeeships held : Nil

He does not hold any shares in the Company.

The Special Resolution proposed would enable Sri M Gopalakrishna, I.A.S., (Retd) to hold his Directorship to be in line with the provisions of SEBI Rules or any other statutory order which would be beneficial to the Company to avail his experience and expertise for further consolidation and growth.

Your Board, therefore, on the recommendation of the Nomination and Remuneration Committee, recommends necessary Resolution for your approval.

Except Sri M Gopalakrishna, I.A.S., (Retd), no other Director, Key Managerial Personnel and their relatives is or are deemed to be interested or concerned in the Resolution.

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.

**Hyderabad  
25.5.2019**

**By Order of the Board  
P Narendranath Chowdary  
Managing 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 (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 Wednesday, the 10<sup>th</sup> July, 2019 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 S Narayana, Practising Company Secretary (CP No.7839) of M/s Nekkanti S R 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 7<sup>th</sup> July, 2019 from 9 a.m. and ends on 9<sup>th</sup> July, 2019 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 3<sup>rd</sup> July, 2019 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
- For CDSL: 16 digits beneficiary ID,
  - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - 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:

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"> <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>
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"> <li>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).</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 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.



***The Andhra Petrochemicals Limited***

(xix) 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 linked in the login 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.

(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](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 Fifth Annual Report of the Company together with the Audited Accounts for the year ended 31<sup>st</sup> March, 2019.

**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 Venkatarayapuram, Tanuku - 534 215, W.G.Dist.

**FINANCIAL RESULTS:**

Performance of the Company for the Financial Year ended 31<sup>st</sup> March, 2019 is summarised below:

(Rs. in lakhs)

	<b>2018-19</b>	<b>2017-18</b>
Net Sales (excl. Excise Duty)	<b>66586.22</b>	51820.00
Profit / (Loss) before Interest & Depreciation	<b>11140.39</b>	6861.79
Less: Interest	<b>591.81</b>	1186.54
Depreciation	<b>1049.48</b>	949.27
Profit / (Loss) after Interest and Depreciation before Extra-ordinary item	<b>9499.10</b>	4725.98
Exceptional items	--	--
Profit / (Loss) before Tax	<b>9499.10</b>	4725.98
Provision for:		
Current Tax	<b>2071.12</b>	1000.28
Adjustment of Tax Expense for earlier years	<b>27.18</b>	--
Deferred Tax	<b>417.44</b>	(924.37)
Profit / (Loss) after Taxation	<b>6983.36</b>	4650.07
Other Comprehensive Income	<b>(101.27)</b>	(231.42)
Total Comprehensive Income for the period	<b>6882.09</b>	4418.65
Balance brought forward from previous year	<b>4332.83</b>	(85.82)
Profit carried forward to next year	<b>11214.92</b>	4332.83

**OPERATIONAL AND FINANCIAL PERFORMANCE:**

During the Financial Year 2018-19, the Plant produced 82,791 MTs (previous year 76,257 MTs) of Oxo Alcohols which works out to 113.4% (approx.) capacity utilization. Sales during the year were 82,818 MTs (previous year 78,049 MTs). Company posted a Net Profit of Rs.68.82 crores during the Financial Year 2018-19 as compared to Net Profit of Rs.44.19 crores during the previous year.

**DIVIDEND:**

Your Directors are pleased to inform that the Board of Directors has recommended a Dividend of Rs.1.50 paise [Normal Dividend Re.1/- and Special Dividend 50 paise in view of completion 25 years of production] per share (@15% Dividend on 8,49,71,600 Equity Shares of Rs.10/- each)] for the Year 2018-19 commensurate with the Profit earned. The outflow towards payment of Dividend would amount to Rs.15.36 crores inclusive of tax thereon. Dividend, if approved by the shareholders, will be paid to all the eligible shareholders.

**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 31.3.2019 stood at Rs.141.51 crores against Rs. 72.69 crores in the previous year.

**MANAGEMENT DISCUSSION AND ANALYSIS:**

**INDUSTRY STRUCTURE AND DEVELOPMENTS:**

The year 2018-19 was reasonably a good year as Plant could operate at more than 113% capacity and Company could market products at a reasonably good price.

For the year Company posted a Net Profit of Rs.69.83 crores (after Tax).

**OPPORTUNITIES AND THREATS:**

Estimated demand of Oxo-Alcohols at 2,50,000 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. With Hindustan Petroleum Corporation Limited (HPCL) able to meet full Propylene requirement it is expected that there will be no constraints in the Company's production capability. Sales realisation is also expected to improve on account of Anti-Dumping Duties imposed by Govt. of India on imports from certain countries.

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

However commissioning of BPCL Oxo-Alcohols plant at Cochin in 2019/2020, 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.