

THE ANDHRA PETROCHEMICALS LIMITED



**39th Annual Report
2022 - 23**

THE ANDHRA PETROCHEMICALS LIMITED

Board of Directors

Dr. Pamidi Kotaiah, Chairman
Sri P Narendranath Chowdary, Managing Director
Sri Mullapudi Thimmaraja
Dr. (Smt.) D Manjulata
Sri R Karikal Valaven, I.A.S.
(Nominee of APIDC, upto 22.11.2022)
Sri C Rami Reddy
(Nominee of APIDC, from 20.5.2023)
Sri Y S S Suresh
(Nominee of APIDC)
Sri Ravi Pendyala
Dr. V N Rao
Sri P Venkateswara Rao
Sri M Gopalakrishna, I.A.S.,(Retd.)
Sri G S V Prasad
Sri M S R V K Ranga Rao
(from 8.6.2023)

Key Managerial Personnel

Sri K Narasappa
President
Sri G Adinarayana
Chief Financial Officer & Company Secretary

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
Plot No. 29, 2nd Floor,
Gafoor Nagar, Madhapur
Hyderabad - 500 081

Bankers

State Bank of India
Union Bank of India
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: investors@theandhrapetrochemicals.com
info.tnk@theandhrapetrochemicals.com
Website: www.theandhrapetrochemicals.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

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THE ANDHRA PETROCHEMICALS LIMITED

CIN: L23209AP1984PLC004635

Regd. Office: Venkatarayapuram, TANUKU - 534215

West Godavari District, Andhra Pradesh

Phone: 08819- 224755 & 220975, Fax: 08819-224168

E-mail: investors@theandhrapetrochemicals.com

Website:www.theandhrapetrochemicals.com

NOTICE

NOTICE is hereby given that the Thirty Ninth Annual General Meeting of the Members of THE ANDHRA PETROCHEMICALS LIMITED will be held on Wednesday, 2nd August, 2023 at 3.00 p.m. at the ASL Meeting Hall, upstairs of canteen building of The Andhra Sugars Ltd., 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 Financial Year ended 31st March, 2023 and the Reports of the Board of Directors and Auditors thereon.
2. To declare Dividend for the Financial Year 2022-23.
3. To appoint a Director in place of Sri Y S S Suresh (DIN 08589605) 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 Financial Year 2023-24.

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 the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 [including any statutory modification(s) or re-enactment(s) thereof for the time being in force] the remuneration of Rs.2,00,000/- (Rupees Two lakhs only) plus taxes as applicable and reimbursement of actual travel and out-of-pocket expenses for the Financial Year 2023-24 to be paid to M/s Narasimha Murthy & Co., (Regn. No. 000042), Cost Accountants, Hyderabad, appointed as the Cost Auditors by the Board of Directors of the Company to conduct the Audit of the Cost Accounting Records of the Company as approved by the Board of Directors 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 a Special Resolution:

"RESOLVED THAT pursuant to Section 196 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder [including any statutory modification(s) thereof or any re-enactment(s) thereof for the time being in force], 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 5th August, 2023 without any remuneration.

RESOLVED FURTHER THAT in the event of any amendment made by Ministry of Corporate Affairs, Govt. of India or SEBI or any Statutory Authority to the provisions concerning the said appointment, the Board at its 1st 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 1st General Meeting held after amendment for information and ratification.

RESOLVED FURTHER THAT the Board of Directors of the Company (including any Committee thereof) be and are hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

7. 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 [including any statutory modification(s) or re-enactment(s) thereof for the time being in force], Dr. Pamidi Kotaiah (DIN 00038420) be and is hereby appointed as Independent Director of the Company for the second term of 5 consecutive years with effect from the conclusion of the 39th Annual General Meeting (AGM), not liable to retire by rotation.

RESOLVED FURTHER THAT in the event of any amendment made by Ministry of Corporate Affairs, Govt. of India or SEBI or any Statutory Authority to the provisions concerning the said appointment, the Board at its 1st 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 1st General Meeting held after amendment for information and ratification.

RESOLVED FURTHER THAT the Board of Directors of the Company (including any Committee thereof) be and are hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

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

"RESOLVED THAT Sri Mullapudi Thimmaraja (DIN 00016711), a Director who is liable to retire by rotation, be not reappointed as Director of the Company since he has not offered himself for reappointment.

RESOLVED FURTHER THAT the vacancy so caused on the Board of the Company, be not filled."

9. To consider, and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:
"RESOLVED THAT Sri C Rami Reddy (DIN 10166720) who was appointed by the Board of Directors as Additional Director of the Company with effect from 20th May, 2023 pursuant to Article 97 of the Articles of Association of the Company, holds office upto the date of the 39th Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 ("Act") and the Rules made thereunder [including any statutory modification(s) or any re-enactment(s) thereof for the time being in force], be and is hereby appointed as Director of the Company, liable to retire by rotation.
RESOLVED FURTHER THAT in the event of any amendment made by Ministry of Corporate Affairs, Govt. of India or SEBI or any Statutory Authority to the provisions concerning the said appointment, the Board at its 1st 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 1st General Meeting held after amendment for information and ratification.
RESOLVED FURTHER THAT the Board of Directors of the Company (including any Committee thereof) be and are hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."
10. To consider, and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:
"RESOLVED THAT Sri M S R V K Ranga Rao (DIN 00031720) who was appointed by the Board of Directors as Additional Director of the Company with effect from 8th June, 2023 pursuant to Article 97 of the Articles of Association of the Company, holds office upto the date of the 39th Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 ("Act") and the Rules made thereunder [including any statutory modification(s) or any re-enactment(s) thereof for the time being in force], be and is hereby appointed as Director of the Company, liable to retire by rotation.
RESOLVED FURTHER THAT in the event of any amendment made by Ministry of Corporate Affairs, Govt. of India or SEBI or any Statutory Authority to the provisions concerning the said appointment, the Board at its 1st 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 1st General Meeting held after amendment for information and ratification.
RESOLVED FURTHER THAT the Board of Directors of the Company (including any Committee thereof) be and are hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

Place : Venkatarayapuram
Date : 8.6.2023

By Order of the Board
P Narendranath Chowdary
Managing Director

Registered Office:
Venkatarayapuram
TANUKU - 534 215
Andhra Pradesh

NOTES:

1. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, in respect of Item Nos. 5 to 10 is annexed hereto.
2. A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy 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. In line with the Securities and Exchange Board of India (SEBI) Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/4 dated 5.1.2023, the Notice of the AGM along with the Annual Report for the Year 2022-23 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories. Members may please note that the Notice convening the 39th AGM and the Annual Report for the year 2022-23 have been uploaded on the website of the Company at www.theandhrapetrochemicals.com under 'Financial Results' section and may also be accessed on the website of the Stock Exchange i.e., BSE Limited at www.bseindia.com
4. Your Company provides Electronic Voting facility and its particulars and instructions are enclosed and form part of this Notice.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, 26.7.2023 to Wednesday, 2.8.2023 (both days inclusive).
6. 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 26.7.2023. 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 25.7.2023 as per the details furnished by the Depositories for this purpose.
7. Remittance of Dividend through NACH / DCF
Members, holding Shares in physical form, desirous of receiving Dividend by direct electronic deposit through National Automated Clearing House (NACH) / Direct Credit Facility (DCF) arrangements with the Banker, to their Bank Accounts may authorise the Company by giving details of their NACH Mandate. For more details, kindly write to the Company's Registrar & Transfer Agent (RTA) M/s XL Softech Systems Ltd.

The Andhra Petrochemicals Limited

8. Bank details for Electronic / Demat Shareholding

While opening Accounts with Depository Participants (DPs), Members may have given their Bank Account details, which were used by the Company for ECS / printing on Dividend Warrants for remittance of Dividend. However, remittance of Dividend through ECS / NECS has been replaced by NACH. In order to facilitate the Company to remit the Dividend amount through NACH, Members are requested to furnish their new Bank Account Number allotted to them by their Bank to their DPs, along with photocopy of cheque pertaining to their Bank Account.

9. Bank details for Physical Shareholding

In order to provide protection against fraudulent encashment of Dividend Warrants, the Members are requested to provide, if not provided earlier, their Bank Account Number, Name and Address of the Bank along with original cancelled cheque leaf of the Saving / Current Account in which the credit of Dividend is desired, quoting Folio Number(s) to the Company's RTA M/s XL Softech Systems Ltd., to incorporate the same on the Dividend Warrants.

10. 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.
11. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID numbers on the Attendance Slip for easy identification of attendance at the Meeting.
12. Shareholders holding shares in Physical Mode are requested to intimate their change of address, if any, to the RTA viz., M/s 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 Depository Participant (DP) (and not to the Company / RTA) with whom they have Demat Account.
13. 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., 25.7.2023 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.cdsllindia.com
14. Pursuant to provisions of Section 124 of the Companies Act, 2013, the unclaimed amount of Dividend declared for the year 2011-12 along with corresponding shares of the Company has been transferred to the Investors Education and Protection Fund (IEPF) established by the Central Government. Members who wish to claim Dividend and shares from IEPF are required to comply with the provisions specified under IEPF (Accounting, Audit, Transfer and Refund) Rules, 2017.
15. Pursuant to the 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, along with the corresponding Shares, by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government. Details of Unclaimed Dividend and due dates for transfer to the IEPF are as under:

| Dividend for the Financial Year | Due date for transfer to IEPF |
|---------------------------------|-------------------------------|
| 2018-19 | 17.7.2026 |
| 2020-21 | 3.10.2028 |
| 2021-22 (Interim Dividend) | 4.3.2029 |
| 2021-22 (Final Dividend) | 28.9.2029 |

Shareholders who have not encashed their Dividend Warrants issued in respect of Dividend declared for the years 2018-19, 2020-21 and Interim / Final Dividend declared for the year 2021-22 are requested to write to the Regd. Office of the Company and register their KYC if not registered earlier, in order to enable the Company to proceed with their requests in case the Dividend Warrants remain unencashed.

Dividend

- (i) Pursuant to changes introduced by the Finance Act, 2020 in the provisions of the Income Tax Act, 1961, with effect from 1st April, 2020 dividend income is taxable in the hands of the Shareholders (resident as well as non-resident). Accordingly, Company is required to deduct Tax at Source ("TDS") at the prescribed rates on dividend paid after 1st April, 2020.
- (ii) Shareholders are requested to update their Residential Status, PAN, Category as per the Income Tax Act with their Depository Participant (if shares are held in electronic / demat form), or, with the Company / RTA, i.e., M/s XL Softech Systems Ltd., (if the shares are held in physical form).
- (iii) No tax shall be deducted at source on the Dividend payable to a resident individual if the total Dividend to be received by the said individual from the Company during the Financial Year 2023-24 does not exceed Rs.5,000/-.
- (iv) In cases where the Shareholders provide Form 15G (applicable to any person other than a company or a firm), or, Form 15H (applicable to an individual who is 60 years and older), they can avail the benefit of non-deduction of Tax at Source, subject to conditions specified in the Income Tax Act.
- (v) For resident individuals, tax shall be deducted at source under Section 194 of the Income Tax Act as follows:

| | |
|--------------------------------------------------------------------------------------------------------|-----|
| If valid PAN of Shareholder is available with the Company / its RTA | 10% |
| If PAN of the Shareholder is not available with the Company / its RTA, or the PAN available is invalid | 20% |
| If PAN is inoperative, i.e., it is not linked with Aadhar | 20% |

- (vi) Shareholders may also submit any other document / certificate as prescribed under the Income Tax Act to claim a lower / Nil withholding tax.
- (vii) In the case of non-resident shareholders, tax is required to be deducted at source @ 20% (plus applicable surcharge and cess). However, they have the option to be governed by the provisions of the Double Tax Avoidance Agreement (DTAA) between India and the country of their residence, if they are more beneficial to them. For availing the beneficial rates, they are required to submit necessary documents, i.e., No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document / certificate as may be prescribed to avail the DTAA benefits.
- (viii) The aforementioned documents, duly completed and signed, are required to be sent to the Company's e-mail IDs i.e., investors@theandhrapetrochemicals.com or info.tnk@theandhrapetrochemicals.com on or before 25.7.2023 in order to enable the Company to determine and deduct appropriate TDS /withholding Tax.
- (ix) Forms, Declarations and Documents which are incomplete and / or unsigned or which are received after 25.7.2023, will not be considered by the Company.
- (x) The formats of necessary Forms / Declarations, i.e., Forms 15G /15H /10F in this regard can be downloaded from the website of the Company www.theandhrapetrochemicals.com
- (xi) In terms of Rule 37BA of the Income Tax Rules, 1962 ("the Rules"), if Dividend income on which tax has to be deducted at source is assessable in the hands of a person other than the deductee, then, such deductee should file, on or before 25.7.2023, a Declaration with the Company in the manner prescribed by the Rules.

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., M/s XL Softech Systems Ltd.

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

As per the Regulation 40 of the SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialised form with effect from 1st April, 2019, except in case of request received for Transmission or Transposition of securities. Subsequently, SEBI vide its Circular dated 2nd December, 2020 had fixed 31st March, 2021 as the cut-off date for re-lodgement of transfer deeds and the Shares that are re-lodged for transfer shall be issued only in demat mode.

Further, SEBI has, effective 24th January, 2022, mandated to issue Shares in demat form only after processing the requests in prescribed Form ISR-4 received for issue of Duplicate Share Certificate, Transmission, Transposition, Renewal / Exchange of Share Certificate, Endorsement, Sub-division / Splitting of Certificate, Consolidation of Certificates, etc. The RTA will after processing such requests issue a Letter of Confirmation to the concerned Shareholders for submission to their DP within 120 days from the date of issue of the Letter of Confirmation for dematerialisation of the Shares. In case shareholder fails to submit the demat request within the aforesaid period, the RTA shall credit the shares to Suspense Escrow Demat Account of the Company.

In view of this and in order to eliminate the risks associated with physical Shares and for ease of portfolio management, Members holding Shares in physical form are requested to consider converting their holdings into dematerialised form. Members can contact the Company by sending an email at investors@theandhrapetrochemicals.com or to the Company's Registrar & Transfer Agent, M/s XL Softech Systems Ltd.. for any assistance in this regard.

Members holding Shares in physical form, in identical order of names, in more than one Folio, are requested to send to the Company or RTA, the details of such Folios together with the Share Certificates for consolidating their holdings in one Folio. A consolidated Letter of Confirmation will be issued to such Members after making requisite changes for submission to DP for dematerialising the same. This would also result in savings as demat charges are payable per Certificate.

Dematerialisation of Shares

Shareholders presently holding Shares in physical form are requested to convert their physical holding into demat holding.

The Andhra Petrochemicals Limited

Nomination facility

Shareholders should register their Nominations in Form SH-13 in case of physical Shares with the Company's RTA M/s XL Softech Systems Ltd. In case of dematerialised shares, Nomination should be registered by the Shareholders with their DP. Nomination would help the Nominees to get the Shares transmitted in their favour in a smooth manner without much documentation / legal requirements. For change / cancellation of Nomination, Form SH-14 shall be filed with the RTA in case of physical Shares and with DP in case of shares held in demat form. The said Forms can be downloaded from the website of the Company www.theandhrapetrochemicals.com.

Common and Simplified Norms for updation of PAN and KYC details

SEBI has, vide Circular dated 3rd November, 2021, introduced Common and Simplified Norms for furnishing PAN, KYC details and Nomination by the Shareholders, according to which all Shareholders holding shares in physical form are mandatorily required to furnish PAN (compulsorily linked with Aadhar), Nomination, Contact details, Bank Account details and Specimen Signature to RTA. Further, effective 1st October, 2023, it is mandated that the RTA shall not process any service request or complaint of Shareholders till PAN, KYC and Nomination document / details are received. In case any of the aforesaid documents are not available on or after 1st October, 2023, the Folios shall be frozen by the RTA. Further, if the Folios continue to remain frozen as on 31st December, 2025, due to non-submission of the required documents by the holders of Physical Shares, the RTA / Company shall refer the frozen Folios to the Administering Authority under the Benami Transactions (Prohibition) Act, 1988 and / or Prevention of Money Laundering Act, 2002.

Shareholders holding Shares in physical form are therefore requested to provide following Forms for updation of their Signatures, PAN, Nomination as the case may be. The said Forms can be downloaded from the website of the Company www.theandhrapetrochemicals.com:
weblink : <https://theandhrapetrochemicals.com/corporate-governance/>

- (i) Form ISR-1: PAN and KYC details;
- (ii) Form ISR-2: Updation of signature;
- (iii) Form ISR-3: Declaration for opting out of Nomination;
- (iv) Form SH-13: Nomination Form;
- (v) Form SH-14: Cancellation/variation of Nomination;

To comply with the above requirements, your Company has sent a Notice to all the Shareholders on 30th May, 2023, as per SEBI Guidelines, whose Shares are in physical mode in respect of whom Form Nos. ISR-1, ISR-2 & SH-13 were not received. In this regard we request the Shareholders, who have not complied with the above requirement, to send us the required documents immediately to ensure that the Shares are not frozen.

Receipt of Balance Sheet / other documents through Electronic mode

As servicing of documents to Shareholders, including Notice of Annual General Meeting, Balance Sheet, Statement of Profit and Loss, etc. is permitted through electronic mail, the Company will send the Annual Report and other documents in electronic form to those Shareholders whose e-mail Ids are registered with the Company's RTA M/s XL Softech Systems Ltd., or made available by the Depositories.

In terms of the requirements of the Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India (ICSI) and approved & notified by the Central Government, Route Map for the location of the aforesaid Meeting is enclosed.

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 Y S S Suresh has been the Director since 2nd November, 2019. He did his Post Graduation in Business Administration. Presently he is working as Assistant General Manager in Andhra Pradesh Industrial Development Corporation Ltd., (APIDC).

Other Directorships held: Director - Andhra Pradesh Heavy Machinery & Engineering Ltd.

Membership / Chairmanship of other Committees held: Nil

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.

ANNEXURE TO NOTICE

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

ITEM NO.5:

The Board at its Meeting held on 20th May, 2023, having regard to the recommendation of Audit Committee, has approved the appointment of M/s Narasimha Murthy & Co., Cost Accountants, to conduct Audit of Cost Accounting Records of the Company on a remuneration of Rs.2,00,000/- plus taxes as applicable and reimbursement of actual travel and out-of-pocket expenses for the Financial Year 2023-24.

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 Members of the Company.

Accordingly, consent of the Members is sought by way of an Ordinary Resolution as set out in Item No.5 of the Notice for the 39th AGM for ratification of the remuneration payable to the Cost Auditors for the Financial Year 2023-24. 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, financially or otherwise, in the said Resolution.

ITEM NO. 6

The present tenure of Sri P Narendranath Chowdary as Managing Director of the Company will be completed by 4th August, 2023. He 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 Kovvur and Saggonda. As Chairman & Managing Director he is in overall charge of the affairs of The Andhra Sugars Ltd. The Andhra Sugars Limited received an award for Best Energy Conservation in the Chloro-Alkali Industry instituted by Department of Power, Government of India.

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.; and A.P. Gas Power Corpn. Ltd.

Membership / Chairmanship of other Committees held:

| SI No. | Name of the Company | Name of the Committee | Chairman / Member |
|--------|-----------------------------|-------------------------------------------|-------------------|
| 1 | The Andhra Sugars Ltd | Corporate Social Responsibility Committee | Chairman |
| | -do- | Stakeholders Relationship Committee | Member |
| 2 | JOCIL Ltd | Nomination and Remuneration Committee | Member |
| | -do- | Corporate Social Responsibility Committee | Chairman |
| | -do- | Stakeholders Relationship Committee | -do- |
| 3 | Sree Akkamamba Textiles Ltd | Stakeholders Relationship Committee | Chairman |

He holds 4,216 Equity Shares in the Company.

His holding of Office of Directorship is in line with Order of SEBI or any other such Authority.

As per the provisions of Section 196(3)(a) of the Companies Act, 2013, Company shall not appoint or continue the employment of any person as Managing Director, who has attained the age of 70 years unless a Special Resolution is passed and the Explanatory Statement annexed to Notice for such motion shall indicate the justification for appointing such person. Accordingly, this Special Resolution is for according consent of the Members to the re-appointment of Sri P Narendranath Chowdary (who is aged 75 years) as Managing Director for a further term of 5 years from 5th August, 2023.

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.7:

Dr. Pamidi Kotaiah was appointed as Independent Director by the Shareholders at the 34th Annual General Meeting held on 28th September, 2018 whose first term of five consecutive years as Independent Director ends on the conclusion of 39th Annual General Meeting.

Dr Pamidi Kotaiah is a Post Graduate in Economics and holds 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. He has vast and diversified experience spanning over five decades in Banking and Industrial Fields.

The Board considered it advisable to continue to avail the benefit of his vast experience and expertise in the fields of finance, banking and administration and as such recommends his appointment as Independent Director for a further period of 5 years from the conclusion of 39th AGM.

He fulfils the criteria stipulated in the Companies Act, 2013 with regard to the appointment of Independent Director. He is Independent of the Management. His holding of office of Directorship is in line with Order of the SEBI or any other such Authority.

His appointment would be beneficial to the Company.

Other Directorships held:

Director - The Andhra Sugars Ltd., Blossom Industries Ltd., Pridhvi Asset Reconstruction And Securitisation Company Ltd., Mandava Holdings Pvt Ltd; Nuziveedu Seeds Ltd., and Sadhikaratha Foundation.

Membership / Chairmanship of other Committees held:

The Andhra Petrochemicals Limited

| SI No. | Name of the Company | Name of the Committee | Chairman / Member |
|--------|-------------------------------------------------------------|-------------------------------------------|-------------------|
| 1 | The Andhra Sugars Ltd | Audit Committee | Chairman |
| 2 | Blossom Industries Ltd | Audit Committee | Member |
| | - do - | Nomination and Remuneration Committee | Member |
| | - do - | Corporate Social Responsibility Committee | Member |
| 3 | Pridhvi Asset Reconstruction and Securitisation Company Ltd | Corporate Social Responsibility Committee | Member |
| | | Nomination and Remuneration Committee | Member |
| 4 | Nuziveedu Seeds Ltd | Audit Committee | Chairman |
| | - do - | Nomination and Remuneration Committee | Member |
| | - do - | Corporate Social Responsibility Committee | Member |

He does not hold any Shares in the Company.

As per Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, with effect from 1st April, 2019, no listed Company shall appoint or continue the directorship of a Non-Executive Director who has attained the age of 75 years, unless a Special Resolution is passed to that effect and justification is indicated in the Explanatory Statement annexed to the Notice for such appointment. Accordingly, this Special Resolution is for according consent of Members to the appointment of Dr. Pamidi Kotaiah (who is aged 85 years) as an Independent Director for the second term of 5 consecutive years commencing from the conclusion of the 39th AGM.

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

Except Dr. Pamidi Kotaiah, 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.

ITEM NO. 8:

Sri Mullapudi Thimmaraja has been the Director of the Company since 1992. He is also the Chairman of Stakeholder' Relationship Committee, and Member of Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Risk Management Committee.

In terms of Section 152 of the Companies Act, 2013 and Article 111 of the Articles of Association of the Company, Sri Mullapudi Thimmaraja is due to retire by rotation at this Meeting. However, he has not offered himself for reappointment owing to his pre-occupation. This has resulted in a vacancy in the Board. The Board has resolved, subject to the approval of Shareholders, that the vacancy in the Board so caused shall not be filled.

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, financially or otherwise, in the said Resolution.

ITEM NO.9:

Sri C Rami Reddy is a Graduate in Mechanical Engineering from Tirupati University. He did his M.B.A. in Materials Management from the Indian Institute of Materials Management, Mumbai and Graduate Diploma in Materials Management, Logistics, Materials and Supply Chain Management from the Indian Institute of Materials Management, Chennai. At present he is the Joint Director, Industries Department, Govt. of Andhra Pradesh.

Board of Directors, having regard to the recommendation of the Nomination and Remuneration Committee, co-opted him as Additional Director from 20.5.2023 as Nominee of Andhra Pradesh Industrial Development Corporation Ltd (APIDC). He holds office upto the date of 39th Annual General Meeting.

He does not hold any Shares in the Company.

His holding of Office of Directorship is in line with Order of SEBI or any other such Authority.

Other Directorships held: Nil

Membership / Chairmanship of other Committees held: Nil

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

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

ITEM NO.10:

Sri Mullapudi Sree Ramachandra Venkata Krishna Ranga Rao was co-opted as Additional Director on the Board of the Company with effect from 8th June, 2023.

Sri M S R V K Ranga Rao is a Graduate in Chemical Engineering from Manipal Institute of Technology, Manipal. At present he is the Managing Director of M/s Sree Akkamamba Textiles Ltd., Venkatarayapuram, Tanuku.

Sri M S R V K Ranga Rao is the grandson of Late Dr. Mullapudi Harischandra Prasad and Late Sri Pendyala Venkata Krishna Ranga Rao, who were the Promoters of The Andhra Sugars Ltd., Group of Companies.

In the year 1991, Sri M S R V K Ranga Rao has taken over the charge of Sree Akkamamba Textiles Ltd., a spinning industry established in the year 1954, which produces 100% cotton and blended yarns. He is striving hard for continuous development of the Company.

Further, he served as a Member of Sub-Committee of Technical Textiles, Southern India Mills Association (SIMA) and Confederation of India Textiles Industry (CITI), Southern Region, New Delhi.

He holds 634 Equity Shares in the Company.

His holding of Office of Directorship is in line with Order of the SEBI or any other such Authority.

Other Directorships held:

| SI No. | Name of the Company |
|--------|----------------------------------------------------|
| 1 | Sree Venkataraya Investment and Fin. Co. Ltd |
| 2 | Weldorf Infra Projects Ltd |
| 3 | Sree Venkataraya Threads Pvt Ltd |
| 4 | VSM Spinning Mills Pvt Ltd |
| 5 | Sree Venkataraya Printers & Packers Pvt Ltd |
| 6 | Sree Venkataraya Developers and Securities Pvt Ltd |
| 7 | Sree Venkataraya Agro Business Pvt Ltd |
| 8 | Sree Venkataraya Builders Pvt Ltd |
| 9 | Sree Venkataraya Center of Learning Pvt Ltd |
| 10 | Sree Venkataraya Farms Pvt Ltd |
| 11 | MVR Infracon (India) Pvt Ltd |
| 12 | Rangaraya Textile Park Pvt Ltd |
| 13 | Wishwa Seva Pvt Ltd |
| 14 | Ramya Developers Pvt Ltd |

Membership / Chairmanship of other Committees held:

Member - Audit Committee and Stakeholder Relationship Committee of Sree Akkamamba Textiles Ltd.

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

Except Sri M S R V K Ranga Rao no other Director, Key Managerial Personnel and their relatives is or are deemed to be interested or concerned in the Resolution.

Place : Venkatarayapuram

Date : 8.6.2023

**Registered Office:
Venkatarayapuram
TANUKU - 534 215
Andhra Pradesh**

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