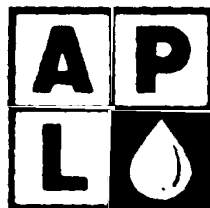


**THE  
ANDHRA PETROCHEMICALS  
LIMITED**



**36<sup>th</sup> Annual Report  
2019 - 20**

# THE ANDHRA PETROCHEMICALS LIMITED

## Board of Directors

Dr. P Kotaiah, Chairman  
Sri P Narendranath Chowdary, Managing Director  
Sri AA Krishnan  
Sri Mullapudi Thimmaraja  
Dr. (Smt.) D Manjulata  
Sri Solomon Arokiaraj, I.A.S.,  
(Nominee of APIDC Upto 5.10.2019)  
Smt. Y V Anuradha, I.A.S.,  
(Nominee of APIDC upto 18.4.2019)  
Dr. Rajat Bhargava, I.A.S.,  
(Nominee of APIDC from 2.11.2019)  
Sri Y S S Suresh  
(Nominee of APIDC from 2.11.2019)  
Sri Animesh Kumar Sinha  
(Nominee of IDBI Bank Ltd., Up to 19.09.2019)  
Sri Ravi Pendyala  
Dr. V N Rao  
Sri P Venkateswara Rao  
Sri M Gopalakrishna, I.A.S., (Retd.)  
(from 25.5.2019)  
Sri G S V Prasad  
(from 10.8.2020)

## 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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Updation of PAN, Bank & e-mail details,	



## 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: investors@andhrapetrochemicals.com

Website: www.andhrapetrochemicals.com

### NOTICE

NOTICE is hereby given that the Thirty Sixth Annual General Meeting of THE ANDHRA PETROCHEMICALS LIMITED will be held on Monday, the 28th day of September, 2020 at 3:00 p.m. at the ASL Meeting Hall, upstairs of canteen building of The Andhra Sugars Ltd., Venkatarayapuram, Tanuku - 534215, W.G.District, Andhra Pradesh, to transact the following business :

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements for the year ended 31st March, 2020 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 Financial Year 2020-21.

For the Financial Year 2020-21 the Board recommends Statutory Auditors remuneration Rs.3,30,000/- plus reimbursement of out-of-pocket expenses.

#### 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 of the Companies Act, 2013 and 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.1,40,000- (Rupees one lakh forty thousand only) plus taxes as applicable and reimbursement of actual travel and out-of-pocket expenses for the Financial Year 2020-21 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."

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 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. (Smt.) D Manjulata (DIN 02788338) be and is hereby appointed as Independent Director of the Company for a term of 5 consecutive years with effect from the conclusion of 36th 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 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 pursuant to Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 approval of the Members be and is hereby accorded to the continuation of Directorship of Dr. (Smt.) D Manjulata after she attains the age of 75 years, as an Independent Director of the Company.

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. V N Rao (DIN 00861884) be and is hereby appointed as Independent Director of the Company for a term of 5 consecutive years with effect from the conclusion of 36th 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 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 Dr. Rajat Bhargava, I.A.S., (DIN 08529091) who was appointed by the Board of Directors as Additional Director of the Company with effect from 2nd November, 2019 pursuant to Article 97 of the Articles of Association of the Company, holds office upto the date of the 36th Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 ("Act"), including any statutory modification(s) or any re-enactment(s) thereof, 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 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."

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

"RESOLVED THAT Sri Y S S Suresh (DIN 08589605) who was appointed by the Board of Directors as Additional Director of the Company with effect from 2nd November, 2019 pursuant to Article 97 of the Articles of Association of the Company, holds office upto the date of the 36th Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 ("Act"), including any statutory modification(s) or any re-enactment(s) thereof, 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 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."

**Venkatarayapuram  
20.6.2020**

**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.5,6,7, 8 and 9 is annexed hereto.
2. A Member entitled to attend and vote at the Meeting is entitled to appoint a 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 a appropriate resolution / authority, as applicable. A Proxy Form is sent herewith.
3. In line with the MCA General Circular dated May 5, 2020 and SEBI Circular dated May 12, 2020, the Notice of the AGM along with the Annual Report for the Year 2019-20 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 36th AGM and the Annual Report for the year 2019-20 have been uploaded on the website of the Company at [www.andhrapetrochemicals.com](http://www.andhrapetrochemicals.com) under 'Investors' section and may also be accessed on the website of the Stock Exchange i.e. BSE Limited at [www.bseindia.com](http://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 Saturday, the 19th September, 2020 to Monday, the 28th September, 2020 (both days inclusive).
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 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.
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.

## **The Andhra Petrochemicals Limited**

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., 21st September, 2020 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 of the Companies Act, 2013, the unclaimed amount of dividend declared for the year 2011-12 along with corresponding shares of the Company have 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 provisions specified under IEPF (Accounting, Audit, Transfer and Refund) Rules, 2017.

**Shareholders who have not encashed their Dividend Warrants issued in respect of dividend declared for the year 2018-19 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 shall 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.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.

His holding of Office of Directorship is in line with 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 in both technical and managerial areas in the fields of Chemicals, Petrochemicals, Cement and Refractories etc.

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.

Members at the 35th Annual General Meeting (AGM) held on 10.7.2019 accorded their consent by way of Special Resolution to Dr. V N Rao (who attained the age of 75 years at the time of his first appointment as Additional Director in the year 2016 and who has been Director since September, 2017) to hold his current tenure of Directorship till the conclusion of AGM wherein he retires by rotation. He retires by rotation in this AGM.

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 20.6.2020, 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.1,40,000/- plus taxes as applicable and reimbursement of actual travel and out-of-pocket expenses for the Financial Year 2020-21.

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 2020-21. 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.6 :**

Dr. (Smt) D Manjulata was appointed as Independent Director on 29.9.2015 whose first term of five years as Independent Director ends on the conclusion of 36th Annual General Meeting.

She holds a Doctorate in Telugu from Osmania University, Hyderabad. She is a Retd. Vice Chancellor of Potti Sreeramulu Telugu University, Hyderabad. She was a seasoned researcher as co-ordinator, Project Manager, Director & Administrator of a Research Institute and Vice Chancellor in the field of Education with over 37 years of work experience in different capacities.

The Board considered it advisable to continue to avail the benefit of her vast experience and expertise in the field of administration and as such recommends her appointment as Independent Director for a period of 5 years from the conclusion of 36th AGM.

She fulfils the criteria stipulated in the Companies Act, 2013 with regard to the appointment of Independent Director. She is Independent of the Management.

Other Directorships held:

Director - Sri Jayalakshmi Growth Fund Pvt. Ltd.,; The Andhra Sugars Ltd., and JOCIL Ltd.

Other Committeeships held:

Member - Stakeholders Relationship Committee of JOCIL Ltd.

Member - Nomination and Remuneration Committee of The Andhra Sugars Ltd.

She holds 612 shares in the Company.

As per Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, with effect from 1.4.2019, 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 thereof is indicated in the Explanatory Statement annexed to the Notice for such appointment. Considering that during the course of term of appointment of Dr. (Smt.) D Manjulata as Independent Director, she will be attaining the age of 75 years, it is necessary to approve continuation of her Directorship on the Board of Directors of the Company by way of a Special Resolution.

Her holding of office of Directorship is in line with SEBI order or any other Authority.

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

Except Dr. (Smt) D Manjulata, 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 her appointment as Independent Director is being made available for inspection by the Members 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.7:**

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 in both technical and managerial areas in the fields of Chemicals, Petrochemicals, Cement and Refractories etc.

Your Board considered it advisable to continue to avail the benefit of his vast experience and expertise in the field of Chemical Technology, Finance and Administration and as such recommends his appointment as Independent Director for a period of 5 years from the conclusion of 36th 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.

## **The Andhra Petrochemicals Limited**

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.

As per Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, with effect from 1.4.2019, 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 thereof 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. V N Rao (who is aged 78 years) as an Independent Director.

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

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.

A copy of the draft letter of appointment setting out the terms and conditions of his appointment as Independent Director is being made available for inspection by the members 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. Rajat Bhargava, I.A.S.**, is a Graduate in Physics and Law, Post Graduate in Geology and Business Administration and Ph.D from Andhra University.

He held various positions in State and Central Govt., i.e., Commissioner - Municipal Admin. Department; Collector & District Magistrate - Anantapur; Executive Director - Infrastructure Development Corp., Addl. D.G. - Ministry of Information & Broadcasting, All India Radio (AIR); OSD & Additional Commissioner - AP Bhavan, New Delhi; Joint Secretary - Ministry of Finance, Dept. of Economic Affairs; Joint Secretary - Ministry of Water Resources, River Development & Ganga Rejuvenation, New Delhi; Special Commissioner - AP Bhavan, Delhi.

Board of Directors, having regard to the recommendation of the Nomination and Remuneration Committee, co-opted him as Additional Director from 2.11.2019. He holds office upto the date of 36th Annual General Meeting.

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:

Additional Director - A.P.Gas Distribution Corporation Ltd., and Gangavaram Port Ltd.

Director - Avanti Feeds Ltd.

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

Other Committeeships held: Nil

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

Except Dr. Rajat Bhargava, 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.9:**

**Sri Y S S Suresh** did his Post Graduation in Business Administration. Presently he is working as Deputy Manager in APIDC Ltd.

Board of Directors, having regard to the recommendation of the Nomination and Remuneration Committee, co-opted him as Additional Director from 2.11.2019. He holds office upto the date of 36th Annual General Meeting.

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: Nil

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

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

**Venkatarayapuram  
20.6.2020**

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

**Registered Office:  
Venkatarayapuram  
TANUKU - 534215  
Andhra Pradesh**

**Addendum to the Notice dated 20.6.2020 convening 36th Annual General Meeting to be held on 28th September, 2020**

**SPECIAL BUSINESS**

**ITEM NO.10:**

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

"RESOLVED THAT Sri G S V Prasad (DIN 08797795) who was appointed as Additional Director of the Company with effect from 10th August, 2020 pursuant to Article 97 of the Articles of Association of the Company, holds office upto the date of the 36th Annual General Meeting (AGM) of the Company in terms of Section 161 of the Companies Act, 2013 ("Act") or any statutory modification(s) thereof or any re-enactment(s) 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 G S V Prasad be and is hereby appointed as Independent Director of the Company for a term of 5 consecutive years from the conclusion of 36th AGM, not liable to retire by rotation.

RESOLVED FURTHER THAT in the event of any amendment made by Ministry of Corporate Affairs or 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 authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution"

**Annexure to Addendum to Notice**

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

**ITEM NO.10:**

Sri G.S.V. Prasad is a Bachelor of Engineering (Mechanical). He joined Hindustan Petroleum Corporation Ltd (HPCL) in the year 1984 as Sales Officer. During his career spanning over three and a half decades in HPCL, he worked across various locations of HPCL including Solapur, Mumbai, Kolkata, Vizag, Hyderabad, Nagpur, Pune, Rajkot, and Madurai. He retired as Executive Director (Retail) of HPCL. He was the brain behind many new initiatives of Retail Strategic Business Unit (SBU) like launching of Power-99 (India's Highest Octane rated petrol), Talk to Us (an Artificial Retail SBU). He was responsible for making SBU as the most prominent business unit of HPCL accounting for 66% of the Company's turnover. Also, he was the only employee of HPCL in its history to head its vigilance twice - first as Deputy Chief Vigilance Officer (Chief Manager) and later as Deputy Chief Vigilance Officer (DGM). He was selected as India's Inspirational Business Leaders for the year 2018-19 conducted by World Consulting and Research Corporation (WCRC).

Board of Directors on the recommendation of the Nomination and Remuneration Committee, co-opted him as Additional Director from 10.8.2020. He holds office upto the date of the 36th Annual General Meeting. Having regard to his vast experience, and expertise in the field of Oil and Marketing of Petroleum Products the Board of Directors 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 holds 1,245 Nos. of shares in the Company.

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

Other Directorships held: NIL

Other Committeeships held: NIL

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

Except Sri G S V Prasad, 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 being made 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.

**Venkatarayapuram  
10.8.2020**

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

**Registered Office:  
Venkatarayapuram  
TANUKU - 534215  
Andhra Pradesh**



**The Andhra Petrochemicals Limited**

**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 Monday, the 28th September, 2020 at 3 p.m at the ASL Meeting Hall, upstairs of canteen building of The Andhra Sugars Ltd., Venkatarayapuram, Tanuku - 534215, W.G.District, Andhra Pradesh. 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 the Company website [www.andhrapetrochemicals.com](http://www.andhrapetrochemicals.com)

**THE INTRUCTIONS FOR SHAREHOLDRES FOR REMOTE E-VOTING ARE AS UNDER:**

- (i) The voting period begins on 25th September, 2020 from 9 a.m. and ends on 27th September, 2020 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, 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on "Shareholders" module.
- (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. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

OR

Alternatively, if you are registered for CDSL's **EASI/EASIEST** e-services, you can log-in at <https://www.cdslindia.com> from Login - Myeasi using your login credentials. Once you successfully log-in to CDSL's **EASI/EASIEST** e-services, click on e-Voting option and proceed directly to cast your vote electronically.

- (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 e-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:

PAN	For Shareholders holding shares in Demat Form and Physical Form Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)  Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
Dividend Bank Details OR Date of Birth (DOB)	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.  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 (v).

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
  - (ix) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders 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 shareholders 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 login 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". The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote 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](http://www.evotingindia.com) and register themselves in the "Corporates" module.
    - | 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.
    - | Alternatively Non-Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz, [investors@andhrapetrochemicals.com](mailto:investors@andhrapetrochemicals.com) (designated email address by company), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.
- If 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 Sixth Annual Report of the Company together with the Audited Accounts for the year ended 31<sup>st</sup> March, 2020.

**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.

**FINANCIAL RESULTS:**

Performance of the Company for the Financial Year ended 31<sup>st</sup> March, 2020 is summarised below:

(Rs. in lakhs)

	2019-20	2018-19
Net Sales (excl. GST)	45593.27	66586.22
Profit / (Loss) before Interest & Depreciation	3535.61	11140.39
Less: Interest	152.13	591.81
Depreciation	1281.17	1049.48
Profit / (Loss) after Interest and Depreciation before Extra-ordinary item	2102.31	9499.10
Exceptional items	--	--
Profit / (Loss) before Tax	2102.31	9499.10
Provision for:		
Current Tax	760.00	2071.12
Adjustment of Tax Expense for earlier years	(0.61)	27.18
Deferred Tax	(15.90)	417.44
Profit / (Loss) after Taxation	1358.82	6983.36
Other Comprehensive Income	(122.56)	(101.27)
Total Comprehensive Income for the period	1236.26	6882.09
Balance brought forward from previous year	9677.96	4332.83
Profit carried forward to next year	10914.22	11214.92

**OPERATIONAL AND FINANCIAL PERFORMANCE:**

During the Financial Year 2019-20, the Plant produced 66,850 MTs (previous year 82,791 MTs) of Oxo-Alcohols which works out to 91.58% (approx.) capacity utilisation. Sales during the year were 65,760 MTs (previous year 82,818 MTs). Company posted a Net Profit of Rs.12.36 crores during the Financial Year 2019-20 as compared to Net Profit of Rs. 68.82 crores during the previous year.

**DIVIDEND:**

As the Directors are 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 2019-20.

**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 31.3.2020 stood at Rs.138.50 crores against Rs. 141.51 crores in the previous year.

**MANAGEMENT DISCUSSION AND ANALYSIS:**

**INDUSTRY STRUCTURE AND DEVELOPMENTS:**

The year 2019-20 was reasonably a good year. Plant operated at 91.5% capacity. Capacity utilisation of the Plant was low due to short supply of Propylene from Hindustan Petroleum Corporation Ltd., (HPCL) and shutdown of the Plant from 26.03.2020 in view of the lockdown imposed by Government authorities due to COVID-19.

For the year Company posted a Net Profit of Rs.13.59 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. As such there are no constraints in the Company's production capability with HPCL able to meet full Propylene requirement. 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 2020/21, 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.

Moreover COVID -19 effect on the business environment is going to be a challenge.

**INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

As required by the provisions of the Companies Act, 2013, Internal Control Systems Report has been appended to Independent Auditor's Report given by Statutory Auditors regarding Financial Year 2019-20. The Company has internal control systems commensurate with the size and nature of the business operations. A Chartered Accountants firm is engaged to carry out internal audit covering the entire operations. The audit firm submits internal audit report periodically with their suggestions and /or corrections. Audit Committee critically deliberates and reviews such internal audit reports and ensures effectiveness of the control systems through necessary recommendations.

**MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS:**

In the area of Human Resources, the employees are being trained to meet the Plant requirements from time to time by motivating them in a positive way and the industrial relations continue to be cordial throughout the year.

The total number of employees employed as on 31.03.2020 is 297.

**FUTURE OUTLOOK:**

Company Performance is expected to be low due to the disrupted business environment due to the COVID-19 Pandemic. Though Company signed Natural Gas (NG) Term Sheet Agreement with GAIL, last year, the NG project got delayed due to some reasons.

As per GAIL's revised project schedule NG project is expected to be completed by Q3 of 2020-21 and NG is expected to be available from Q4 of 2020-21, which may likely to bring down cost of production. However, the cost benefit will be based on the NG prices which are going to be fixed once in every six months. Mainly, the Company's performance to a large extent is dependent on international supply and demand for these products and their prices which are influenced by crude prices, exchange fluctuations and dumping by sources other than that covered by Anti-Dumping Duty.

**RISKS AND CONCERNS:**

Due to the COVID-19 Pandemic, the business is not going to be smooth due to the disrupted business environment which is a real concern /challenge.

The Company is depending for its major raw material i.e., Propylene from a single source i.e., HPCL Refinery. However, the risk is built in the project evaluation. Crude prices, Exchange rate fluctuations and trade war between China & USA and COVID-19 effect on the global business are also of concern.

**CAUTIONARY STATEMENT:**

The statements describing the Company's outlook, estimates or predictions may be forward-looking statements based on certain assumptions of future events. Actual results may differ materially from those expressed or implied, since the Company's operations are influenced by external or internal factors. Your Company closely monitors all major developments likely to affect the operations and will respond to meet the potential threats and to gain from any possible opportunities.

**DEPOSITS:**

During the year under review, your Company did not accept any deposits within the meaning of provisions of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

**SAFETY, HEALTH AND ENVIRONMENT:**

Company has evolved Safety, Health and Environment Policy.

**Safety:**

- Company has completed 14.75 million accident free man-hours in the last 11 years.
- Total 22,184 man-hours used for conducting Safety PEP talks, Safety induction training and refresher trainings for employees including Contract / Contractor workmen and truck drivers.
- Safety of Human and Plant assets are of top priority to the Company. Continuous training of personnel at various levels on safety and strict compliance of regulations is ensured which resulted in another accident-free year.
- Company has been awarded with Winner (Golden Trophies) for lowest Average Frequency Rate (2015, 2016 and 2017) in National Safety Awards (NSA) presented by the Directorate General Factory Advice Services and Labour Institute (DGFASLI), Govt. of India, on 17.09.2019 at New Delhi.

**Health:**

Health monitoring of all employees including contract labour and canteen workers is done on regular basis.

**Environment:**

On line emission, Ambient air and effluent monitoring systems are in place. Data is being transmitted to CPCB and APPCB for monitoring.

**INSURANCE:**

All the insurable assets of the Company including Plant and Machinery, Buildings and Inventories are insured on reinstatement value basis.

**Land taken on Lease from Visakhapatnam Port Trust**

Company has taken on lease 75.00 Acres of land from Visakhapatnam Port Trust (VPT) on which Oxo-Alcohol Plant has been established. The land is located adjacent to HPCL, Visakha Refinery, which supplies major Raw Materials. In this connection, a Lease Agreement was entered into on June 27, 1989 with Visakhapatnam Port Trust for a period of 30 years which expired on June 26, 2019.

Company submitted Technical Bid on VPT website and Financial Bid in the year 2019. Also, on the advice of VPT, Company participated in E-Auction. VPT further advised the Company to submit the Manufacturing Process of the Company and the same was submitted to them. Company is awaiting approval letter from VPT. On receipt of approval from VPT, necessary steps will be taken to enter into a fresh Lease Agreement for a further period of 30 years in continuation of the Lease.

**LISTING:**

The Equity Shares of your Company are listed on the Bombay Stock Exchange. Listing fees has been paid.

## **The Andhra Petrochemicals Limited**

### **EXTRACT OF ANNUAL RETURN:**

The details forming part of the extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013, is included in this Report as Annexure - "A" and forms an integral part of this report.

### **DIRECTORS:**

Sri Animesh Kumar Sinha, Nominee of IDBI Bank Ltd., ceased to be Director, consequent upon his withdrawal with effect from 19.9.2019. Your Directors placed on record their commendable appreciation of the valuable guidance rendered by him during his tenure as Director of the Company.

Sri Solomon Arokiaraj, I.A.S., Nominee of APIDC Ltd., ceased to be Director, consequent upon his withdrawal with effect from 5.10.2019. Your Directors placed on record their commendable appreciation of the valuable guidance rendered by him during his tenure as Director of the Company.

Dr. Rajat Bhargava, I.A.S., Chairman & Managing Director of APIDC and Sri Y S S Suresh, Deputy Manager of APIDC, Nominee Directors of APIDC Ltd., were co-opted by the Board at its Meeting held on 2.11.2019 as Additional Directors. Their appointment is being placed for the approval of shareholders at the ensuing 36<sup>th</sup> AGM. The appointment of Dr. (Smt.) D. Manjulata as Independent Director for Second Term and appointment of Dr. V. N. Rao as Independent Director are being placed for the approval of Shareholders at the ensuing 36<sup>th</sup> AGM.

In accordance with the provisions of the Companies Act, 2013 and Articles of Association of the Company, Directors Sri Ravi Pendyala and Dr. V N Rao retire by rotation at the ensuing 36<sup>th</sup> AGM and being eligible offer themselves for reappointment. Their reappointment is being placed for the approval of shareholders at the ensuing 36<sup>th</sup> AGM.

### **KEY MANAGERIAL PERSONNEL:**

Details of Key Managerial Personnel of the Company are as under:

Sl No.	Name of the person	Designation
1.	Sri K Narasappa	President
2.	Sri P Ratna Rao	Senior General Manager (Finance) [CFO]
3.	Sri M V V S V Prasadu (w.e.f., 25.5.2019)	Deputy Secretary & Assistant Manager (Finance)

### **AUDIT COMMITTEE:**

Audit Committee comprises of Non-Executive Independent Directors, Sri AA Krishnan, Dr. P Kotaiah, and Dr. (Smt.) D Manjulata and Sri Ravi Pendyala, Non-Executive Non-Independent Director, as its members. Sri AA Krishnan is the Chairman of the Committee. To broad base and further strengthen the Audit Committee, Dr. V N Rao, Non-Executive Non-Independent Director, and Sri P Venkateswara Rao, Non-Executive Independent Director, were inducted as Members into Audit Committee with effect from 3.8.2019 and 2.11.2019 respectively.

### **SECRETARIAL AUDIT:**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and rules made thereunder, the Company has appointed Nekkanti S R V V S Narayana & Co., Company Secretaries (CP No.7839), Hyderabad, to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is included as Annexure - 'B' and forms an integral part of this report.

### **BOARD EVALUATION:**

Pursuant to the provisions of the Companies Act, 2013 and Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Board has carried out a formal process of evaluation of the Board, its Committees and the individual Directors.

The performance was evaluated based on the parameters such as effectiveness of Board / Committee process and functioning, contribution of Board / Committee members to overall effectiveness of the Board / Committee, avoiding conflict with Company's interest, bonafide discharge of responsibilities in the interest of the Company and upholding ethical standards, integrity and probity etc.

Independent Directors met 20.6.2020 wherein as per the report of lead Independent Director the performance evaluating the Chairman and the Non-Independent Directors was carried out by the Independent Directors. The evaluation process reflected valuable contribution of members of the Board / Committee thereof.

### **NUMBER OF MEETINGS OF THE BOARD:**

The details of the Number of Meetings of the Board held during the Financial Year 2019-20 are given in the Corporate Governance Report which forms part of this report.

### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS BY THE COMPANY:**

Your Company has not given any loans or guarantees covered under the provisions of Section 186 of the Companies Act, 2013. Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to financial statements.

### **WHISTLE BLOWER POLICY:**

As per the provisions of the Companies Act, 2013 and Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Company has established a Vigil Mechanism / Whistle Blower Policy for Directors and employees to report genuine concerns on unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct in prescribed manner.

The Policy provides adequate safeguards against victimisation of the complainant and direct access to the Chairman of the Audit Committee. The protected disclosures, if any, reported under this Policy will be appropriately and expeditiously investigated.

The Whistle Blower Policy may be accessed on the Company's website at the link: [http://www.andhrapetrochemicals.com/Whistle Blower Policy.pdf](http://www.andhrapetrochemicals.com/Whistle%20Blower%20Policy.pdf).

### **RISK MANAGEMENT:**

Your Board of Directors at its Meeting held on 27.3.2015 framed and adopted a Risk Management Policy of the Company to identify and mitigate the risks. The risk management framework defines the risk management approach of the Company and includes periodic review

## The Andhra Petrochemicals Limited

of such risks and also risk mitigation measures and reporting mechanism of such risks. Risk Management Policy of your Company can be viewed by entering the url <http://www.andhrapetrochemicals.com/POLICY ON CORPORATE RISK MANAGEMENT.pdf> in the web browser.

### CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE:

As per the provisions of Section 135 and Schedule VII of the Companies Act, 2013 and Company's CSR Policy, Company had spent an amount of Rs.73,53,700/- CSR expenditure for the Financial Year 2019-20. The report on CSR activities as required under Companies (CSR Policy) Rules, 2014 is set out as Annexure - "C" forming part of this report.

### Contribution to COVID-19

Your Directors are glad to report that as a part of Corporate Social Responsibility activity your Company contributed Rs.50.00 lakhs during the current Financial Year to Chief Minister's Relief Fund with a view to support the efforts of Govt. of Andhra Pradesh in tackling the unprecedented crisis arising from Covid-19.

### NOMINATION AND REMUNERATION COMMITTEE:

Nomination and Remuneration Committee comprises of Dr. (Smt.) D Manjulata, Independent Director, as Chairperson and Sri A A Krishnan, Independent Director, Sri Mullapudi Thimmaraja and Dr. V N Rao, Non-Independent Directors, as its members.

### NOMINATION AND REMUNERATION POLICY:

The Board of Directors of your Company has, on recommendation of the Nomination & Remuneration Committee, adopted a Nomination & Remuneration Policy which lays down the framework in relation to the criteria for selection and appointment of Board members and remuneration of Directors / Key Managerial Personnel and Senior Management of the Company. This Policy can be accessed on the Company's website at the link: <http://www.andhrapetrochemicals.com/NOMINATION REMUNERATION POLICY.pdf>.

### AUDITORS:

M/s C V Ramana Rao & Co., Chartered Accountants, Visakhapatnam, were appointed as Statutory Auditors of the Company for the five Financial Years from 2017-18 to 2021-22. Fixation of their remuneration payable for the Year 2020-21 is being placed at the ensuing 36<sup>th</sup> AGM for the approval of Members. The total fees paid by the Company for the year 2019-20 to the Statutory Auditors for all services rendered by them is Rs. 6.26 lakhs.

### COST AUDITORS:

M/s Narasimha Murthy & Co., Cost Accountants, Hyderabad, were appointed by the Board as Cost Auditors of the Company for the year ended 31<sup>st</sup> March, 2020. Cost Auditors' Report in respect of Financial Year 2018-19 has been filed with the Ministry of Corporate Affairs on 14<sup>th</sup> June, 2019, i.e., within the stipulated time.

### COST RECORDS:

Company has complied with the requirement with regard to maintenance of cost records as specified by the Central Government under Section 148(1) of the Companies Act, 2013.

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

Particulars prescribed under Section 134 (3) (m) of the Companies Act, 2013 read with the Rule 8 (3) of Companies (Accounts) Rules, 2014 are given below:

#### I) CONSERVATION OF ENERGY

##### 1. Steps taken or impact on conservation of energy:

- In sea water lines of E142, E168, E172 and E193 heat exchangers, control valves have been provided to control (Auto Mode) the sea water temperature (to avoid sub-cooling) to reduce the steam consumption in the columns. Expected steam savings per year due to above changes is around Rs.1.2 crores.
- MP/LP condensate recovery project done to save steam/condensate and energy. Expected savings from the above project would be around Rs.3 crores/year.

##### 2. Steps taken by the Company for utilising alternate sources of energy.

Company could not take up any steps in this regard in view of the non-viability.

##### 3. Capital investment on Energy conservation equipments: Rs.17 lakhs.

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

- Efforts made & Benefits:** Technology has been fully absorbed and various innovative ideas enable the Company to operate the Plant even above 105% load.
- Imported Technology:** NIL
- Expenditure incurred on R & D:** NIL

#### III) Foreign Exchange earning and outgo: (On cash basis) (Rs. in lakhs)

	For the year ended 31.3.2020	For the year ended 31.3.2019
i. Earnings	--	--
ii. Outgo	500.79	775.84

### PARTICULARS OF EMPLOYEES:

There is no employee of your Company drawing a remuneration requiring disclosure under Section 197 (12) of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended from time to time.

None of the employees holds (by himself or along with his spouse and dependent children) more than 2% of the Equity Shares of the Company.

### DEMATERIALISATION OF SHARES:

As on 31<sup>st</sup> March, 2020, out of the total number of 8,49,71,600 Equity Shares, 8,07,70,099 Equity Shares constituting 95.06% stand dematerialised.

## **The Andhra Petrochemicals Limited**

### **RELATED PARTY TRANSACTIONS:**

As per the provisions of Regulation 23 of Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Company has established a Policy on materiality of Related Party Transactions and on dealing with Related Party Transactions.

The Policy on Related Party Transactions as approved by the Board of Directors is available on the website of the Company. The weblink of the same is [http://www.andhrapetrochemicals.com/POLICY\\_ON\\_RELATED\\_PARTY\\_TRANSACTIONS.pdf](http://www.andhrapetrochemicals.com/POLICY_ON_RELATED_PARTY_TRANSACTIONS.pdf).

All transactions entered with Related Parties for the year under review were on arm's length basis and in the ordinary course of business.

All Related Party Transactions are placed before the Audit Committee and the Board for approval. Omnibus approval is granted by the Audit Committee on yearly basis for transactions which are repetitive in nature. A statement giving details of all Related Party Transactions are placed before the Audit Committee and the Board for review and ratification on a quarterly basis.

### **DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:**

Your Company has in place a Prevention of Sexual Harassment Policy in line with the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. In compliance with the provisions of the said Act, an Internal Complaints Committee (ICC) was set up to redress complaints received regarding sexual harassment. During the year 2019-20, there were no complaints received by the ICC.

### **PARTICULARS OF REMUNERATION:**

The information required under Section 197 of the Act and the Rules made thereunder in respect of employees of the Company, is as follows:-

**(a) the ratio of the remuneration of each director to the median remuneration of the employees of the company for the Financial Year:**

Our Directors draw remuneration only by way of sitting fees. The details of the same are provided in Corporate Governance which forms an Annexure to this report. No other remuneration is drawn by them. Managing Director does not draw any remuneration. Hence, the ratio of remuneration of each Director to the median remuneration is not required to be given.

**(b) the percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary or Manager, if any, in the Financial Year:**

At present Company is paying sitting fees of Rs. 20,000/- for attending each meeting of Board and Rs. 15,000/- for attending each meeting of Committee of the Board (as approved by the Board of Directors at its meeting held on 5.11.2018). Other details are as follows:

Name of the Person	% increase in remuneration
Sri K Narasappa, President	10.00%
Sri P Ratna Rao, Senior General Manager (Finance) (CFO)	10.00%
Sri M V V S V Prasadu, Deputy Secretary & Assistant Manager (Finance)	Not Applicable

(c) the percentage increase in the median remuneration of employees in the Financial Year: 1.49%

(d) the number of permanent employees on the rolls of Company: 297

(e) average percentile increase already made in the salaries of employees other than the managerial personnel in the last Financial Year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration

The average increase in salaries of employees other than managerial personnel in 2019-20 was 1.49%. Percentage increase in the managerial remuneration for the year was NIL.

**(f) affirmation that the remuneration is as per the remuneration Policy of the Company:**

The Company's Remuneration Policy is driven by the success and performance of the individual employees and the Company. Through its compensation package, the Company endeavours to attract, retain, develop and motivate a high performance staff. The Company follows a compensation mix of fixed pay, benefits and performance based variable pay. Individual performance pay is determined by business performance and the performance of the individuals measured through the annual appraisal process. The Company affirms remuneration is as per the Remuneration Policy of the Company.

### **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS:**

There are no significant and material orders passed by the Regulators / Courts that would impact the going concern status of the Company and its future operations.

Bombay Stock Exchange (BSE) imposed a penalty of Rs.2,14,760/- for discrepancy in constitution of Audit Committee. The Company put forth its contention to the effect that there is no violation on the part of Company with regard to Listing Regulations and as such paid the amount Under Protest.

### **DIRECTORS' RESPONSIBILITY STATEMENT:**

To the best of knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 134(3)(c) of the Companies Act, 2013:

- that in the preparation of the Annual Accounts for the year ended 31<sup>st</sup> March, 2020, the applicable Accounting Standards have been followed along with proper explanation relating to material departures, if any;
- that Accounting Policies have been selected and applied consistently and that judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2020 and of the profit of the Company for the year ended on that date;

***The Andhra Petrochemicals Limited***

- iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the annual accounts have been prepared on a going concern basis;
- v) that the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- vi) that the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**REPORT ON CORPORATE GOVERNANCE:**

As required under Regulation 34(3) of Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the report on Corporate Governance and the Auditors' Certificate on the compliance of Corporate Governance are annexed and form part of the Directors' Report (Annexure "D").

**ACKNOWLEDGEMENTS:**

Your Directors acknowledge the co-operation and continued valuable support received from Central and State Government authorities, the Promoters - The Andhra Sugars Limited and Andhra Pradesh Industrial Development Corporation Ltd., (APIDC), Financial Institutions, Banks, Shareholders, Customers, Hindustan Petroleum Corporation Ltd., (HPCL), Gas Authority of India Ltd., (GAIL) and other Suppliers. Your Directors also wish to place on record their deep sense of appreciation of the valuable contribution made by the employees at all levels.

**Venkatarayapuram  
20.6.2020**

**On behalf of the Board  
Dr. P Kotaiah  
Chairman**



**ANNEXURE - "A"**

**Form No. MGT-9**

**EXTRACT OF ANNUAL RETURN**

**As on the financial year ended on 31/03/2020 of THE ANDHRA PETROCHEMICALS LIMITED**

*[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]*

**I. REGISTRATION AND OTHER DETAILS:**

1	CIN	:	L23209AP1984PLC004635
2	Registration Date	:	18/04/1984
3	Name of the Company	:	The Andhra Petrochemicals Ltd
4	Category / sub category of the Company	:	Company limited by shares / Indian Non-govt. Company
5	Address of the Regd Office and contact details	:	VENKATARAYAPURAM, TANUKU 534215 West Godavari District, Andhra Pradesh Tel: 08819-224075
6	Whether listed Company	:	Yes
7	Name, address & contact details of the Register and Transfer Agent, if any	:	XL Softech Systems Ltd., 3, Sagar Society, Road No.2 Banjara Hills, HYDERABAD 500034 Tel: 040-23545913 / 914 /915

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl.No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	2 Ethyl Hexanol	20116	77%
2	Butanols	20116	23%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -**

[ No. of Companies for which information is being filled]

Sl.No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING / SUBSIDIARY / ASSOCIATE	% of shares held	Applicable Section
	NIL				

**IV. SHARE HOLDING PATTERN**

(Equity Share Capital Breakup as percentage of Total Equity)

**i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year 1.4.2019				No. of Shares held at the end of the year 31.3.2020				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/	--	--	--	--	--	--	--	--	--
b) Central Govt	--	--	--	--	--	--	--	--	--
c) State Govt(s)	--	--	--	--	--	--	--	--	--
d) Bodies Corp.	38274594	5800	38280394	45.05	38274594	--	38274594	45.04	-0.02
e) Banks / FI	--	--	--	--	--	--	--	--	--
f) Any other	--	--	--	--	--	--	--	--	--
Sub Total (A)(1)	38274594	5800	38280394	45.05	38274594	--	38274594	45.04	-0.02
(2) Foreign	--	--	--	--	--	--	--	--	--
a) NRIs - Individuals	--	--	--	--	--	--	--	--	--
b) Other - Individuals	--	--	--	--	--	--	--	--	--
c) Bodies corporate	--	--	--	--	--	--	--	--	--
d) Banks / FI	--	--	--	--	--	--	--	--	--
e) Any other	--	--	--	--	--	--	--	--	--
Sub Total (A)(2)	--	--	--	--	--	--	--	--	--
<b>Total shareholding of Promoter (A) = (A)(1) + (A)(2)</b>	38274594	5800	38280394	45.05	38274594	--	38274594	45.04	-0.02

<b>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Funds UTI includes	--	33200	33200	0.04	--	20500	20500	0.02	-50
b) Banks / FI	300	437	737	0	300	187	487	0	0
c) Central Govt	--	--	--	--	--	--	--	--	--
d) State Govt(s)	1000	--	1000	0	1000	--	1000	0	0
e) Venture Capital Funds	--	--	--	--	--	--	--	--	--
f) Insurance Companies	--	--	--	--	--	--	--	--	--
g) FIs	--	10500	10500	0.01	--	1200	1200	0	-100
h) Foreign Venture Capital Funds	--	--	--	--	--	--	--	--	--
i) Others (specify)	--	--	--	--	--	--	--	--	--
<b>Sub-total (B)(1):-</b>	1300	44137	45437	0.05	1300	21887	23187	0.03	-40
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	3428044	68000	3496044	4.11	3062153	43046	3105199	3.65	-11.19
ii) Overseas	--	--	--	--	--	--	--	--	--
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	15899403	6513054	22412457	26.38	16100658	3824526	19925184	23.45	-11.11
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	18318059	105063	18423122	21.68	21323749	80837	21404586	25.19	16.19
NRI	1050003	4800	1054803	1.24	1028226	700	1028926	1.21	-2.42
Clearing Members	44110	--	44110	0.05	66844	--	66844	0.08	60.00
HUF	964960	5004	969964	1.14	899854	2957	902811	1.06	-7.02
Trusts	5001	200	5201	0.01	1	200	201	0	-100
Directors & their relatives	12720	227348	240068	0.28	12720	227348	240068	0.28	0
c) Others (specify)	--	--	--	--	--	--	--	--	--
<b>Sub-total (B)(2):-</b>	39722300	6923469	46645769	54.90	42494205	4179614	46673819	54.93	0.05
Total Public Shareholding (B)=(B)(1)+(B)(2)	39723600	6967606	46691206	54.95	42495505	4201501	46697006	54.96	0.02
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	--	--	--	--	--	--	--	--	--
<b>Grand Total (A+B+C)</b>	77998194	6973406	84971600	100	80770099	4201501	84971600	100	

**The Andhra Petrochemicals Limited**

**ii. Shareholding of Promoters**

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered	
1	The Andhra Sugars Ltd	28086613	33.05	NIL	28086613	33.05	NIL	0
2	Andhra Pradesh Industrial Development Corporation Ltd	9180000	10.80	NIL	9180000	10.80	NIL	0
3	JOCIL Ltd.	1007981	1.19	NIL	1007981	1.19	NIL	0
4	APIDC Venture Capital Ltd.	5800	0.01	NIL	0	0	0	-100

**iii. Change in Promoters' Shareholding (please specify, if there is no change)**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	<b>THE ANDHRA SUGARS LTD.</b> At the beginning of the year holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): At the End of the year	28086613 0 28086613	33.05 0 33.05	0 0 0	0 0 0
2	<b>ANDHRA PRADESH INDUSTRIAL DEVELOPMENT</b> At the beginning of the year holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): At the End of the year	9180000 0 9180000	10.80 0 10.80	0 0 0	0.00 0 0.00
3	<b>JOCIL LTD.</b> At the beginning of the year holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): At the End of the year	1007981 0 1007981	1.19 0 1.19	0 0 0	0 0 0
4	<b>APIDC Venture Capital Ltd.</b> At the beginning of the year Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): At the End of the year	5800 0 0	0.01 0 0	0 0 0	0 -100 -100

**iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

S.No	Name of the top 10 Share holders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No of shares	% of the shares of the Company	No of shares	% of the total shares of the Company
1	K L J Plasticizers Ltd	939612	1.11	939612	1.11
2	Sri Bolla Ramesh Kumar	2812018	3.31	2812018	3.31
3	Sri Chakor Navinchandra Shah	527407	0.62	527407	0.62
4	Sri Kanhaiya Lal Jain	911219	1.07	1071235	1.26
5	Ms Pushp Jain	771340	0.91	771340	0.91
6	Subhbijay Trade comm Pvt Ltd	497293	0.59	497293	0.59
7	Sri Uday Ananth Nayak	933333	1.10	933334	1.10
8	Sri Lakshminarayanan T	6096115	7.17	5863375	6.90
9	Arpana Niteen Jadhav	538900	0.63	538900	0.63
10	Sri Ketan I Doshi (HUF)	432700	0.51	436700	0.51

v. Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	<b>Dr. P Kotaiah, Chairman</b>				
	At the beginning of the year	0	0.00	0	0.00
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
	At the End of the year	0	0.00	0	0.00
2	<b>Sri P Narendranath Chowdary, Managing Director</b>				
	At the beginning of the year	4216	0.00	0	0.00
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
	At the End of the year	4216	0.00	0	0.00
3	<b>Sri A A Krishnan, Director</b>				
	At the beginning of the year	0	0.00	0	0.00
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
	At the End of the year	0	0.00	0	0.00
4	<b>Sri Solomon Arokiaraj, I.A.S. (Upto 5.10.2019)</b>				
	At the beginning of the year	0	0.00	0	0.00
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
	At the End of the year	0	0.00	0	0.00
5	<b>Dr. Rajat Bhargava, I.A.S. (w.e.f. 2.11.2019)</b>				
	At the beginning of the year	0	0	0	0
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
	At the End of the year	0	0.00	0	0.00
6	<b>Sri Mullapudi Thimmaraja, Director</b>				
	At the beginning of the year	1630	0.00	0	0.00
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
	At the End of the year	1630	0.00	0	0.00
7	<b>Sri Y S S Suresh (w.e.f. 2.11.2019)</b>				
	At the beginning of the year	0	0.00	0	0.00
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
	At the End of the year	0	0.00	0	0.00
8	<b>Dr. (Smt.) D Manjulatha, Director</b>				
	At the beginning of the year	612	0.00	0	0.00
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
	At the End of the year	612	0.00	0	0.00
9	<b>Sri M Gopalakrishna, I.A.S. (Retd), Director (w.e.f. 25.5.2019)</b>				
	At the beginning of the year	0	0.00	0	0.00
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
	At the End of the year	0	0.00	0	0.00
10	<b>Sri Ravi Pendyala, Director</b>				
	At the beginning of the year	1020	0.00	0	0.00
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
	At the End of the year	1020	0.00	0	0.00
11	<b>Dr. V N Rao, Director</b>				
	At the beginning of the year	0	0.00	0	0.00
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
	At the End of the year	0	0.00	0	0.00

**The Andhra Petrochemicals Limited**

12	<b>Sri P Venkateswara Rao, Director</b> At the beginning of the year  Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): At the End of the year	0 0 0	0.00 0 0.00	0 0 0	0.00 0 0.00
13	<b>Sri Animesh Kumar Sinha, Director (upto 19.9.2019)</b> At the beginning of the year  Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): At the End of the year	0 0 0	0.00 0 0.00	0 0 0	0.00 0 0.00
14	<b>Sri K Narasappa, President, KMP</b> At the beginning of the year  Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): At the End of the year	100 0 100	0.00 0 0.00	0 0 0	0.00 0 0.00
15	<b>Sri P Ratna Rao, Senior General Manager (Finance) [CFO], KMP</b> At the beginning of the year  Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): At the End of the year	0 0 0	0.00 0 0.00	0 0 0	0.00 0 0.00
16	<b>Sri M V V S V Prasadu, Deputy Secretary &amp; Asst. Manager (Finance), KMP</b> At the beginning of the year  Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): At the End of the year	0 0 0	0.00 0 0.00	0 0 0	0 0 0.00

**V. INDEBTEDNESS**

*Indebtedness of the Company including interest outstanding/accrued but not due for payment*

(Rs. In lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	1428.60	--	--	1428.60
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	0.72	--	--	0.72
<b>Total (i+ii+iii)</b>	1429.32	--	--	1429.32
<b>Change in Indebtedness during the financial year</b>				
* Addition	162.01	--	--	162.01
* Reduction	964.17	--	--	964.17
<b>Net Change</b>	-802.16	--	--	-802.16
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	626.95	--	--	626.95
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	0.21	--	--	0.21
<b>Total (i+ii+iii)</b>	627.16	--	--	627.16

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration to Managing Director, Whole-time Directors and / or Manager:**

(Rs.)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
		P Narendranath Chowdary, Managing Director	----	----	---	
						NIL
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	NIL				NIL
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961					
	(c) Profits in lieu of salary under section 17(3) of the Income- tax Act, 1961					
2	Stock Option					
3	Sweat Equity					
4	Commission- as % of profit- others, specify...					
5	Others, please specify					
	Total (A)	NIL				NIL
	Ceiling as per the Act					8400000

**B. Remuneration to other Directors:**

(Rs.)

Sl. no.	Particulars of Remuneration	Name of Directors						Total Amount
		Dr P Kotaiah	Sri A A Krishnan	Sri M Gopalakrishna	Dr (Smt) D Manjulatha	Sri P Venkateswara Rao		
1	Independent Directors							
	Fee for attending board / committee meetings	140000	85000	60000	200000	75000		560000
	Commission	0	0	0	0	0		0
	Others, please specify	0	0	0	0	0		0
	Total (1)	140000	85000	60000	200000	75000		560000
	Other Non-Executive Directors	Dr Rajat Bhargava	Sri Animesh Kumar Sinha	Sri Ravi Pendyala	Sri Mullapudi Thimmaraja	Dr V N Rao	Sri Y S S Suresh	
	Fee for attending board / committee meetings	0	20000	155000	0	155000	40000	330000
	Commission	0	0	0	0	0	0	0
	Others, please specify	0	0	0	0	0	0	0
	Total (2)	0	20000	155000	0	155000	40000	370000
	Total (B)=(1+2)							0
	Total Managerial Remuneration							930000
	Overall Ceiling as per the Act							8400000

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

(Rs.)

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		President	Company Secretary	CFO	Total
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	7304150	1213369	3831416	12348935
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	33113	0	0	33113
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961				
2	Stock Option				
3	Sweat Equity				
4	Commission - as % of profit others, specify...				
5	Others, please specify				
	Total	7337263	1213369	3831416	12382048

**The Andhra Petrochemicals Limited**

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

(Rs.)

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>		<b>NIL</b>			
Penalty	SEBI (LODR) Regulations, 2015	Discrepancy in constitution of Audit Committee	2,14,760.00	Bombay Stock Exchange	
Punishment					
Compounding					
<b>B. DIRECTORS</b>		<b>NIL</b>			
Penalty					
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>		<b>NIL</b>			
Penalty					
Punishment					
Compounding					

**Annexure-'B'**

**Form No. MR-3**

**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To  
The Members,  
The Andhra Petrochemicals Limited,  
Venkatarayapuram,  
Tanuku - 534215,  
West Godavari District,  
Andhra Pradesh.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. The Andhra Petrochemicals Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on our verification of M/s The Andhra Petrochemicals Limited's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2020 ("Audit Period") complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. The Andhra Petrochemicals Limited ("the Company") for the financial year ended on 31st March, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (Not applicable to the Company during the Audit Period);
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not applicable to the Company during the Audit Period);
  - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (Not applicable to the Company during the Audit Period);
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the Audit Period);
  - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the Audit Period); and
  - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the Audit Period);
  - i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We have also examined compliance with the applicable clauses of the following:

- i) Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meetings
- ii) Listing Agreement entered into by the Company with the Bombay Stock Exchange.



**The Andhra Petrochemicals Limited**

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except with the guidelines of BSE pertaining to rounding off to higher number in respect of composition of the Audit Committee.

We further report that, having regard to the compliance system prevailing in the company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws applicable specifically to the Company:

- a) The Hazardous Wastes (Management, Handling and Transboundary Movement) Rule, 2008
- b) The Legal Metrology Act, 2009 and rules made thereunder
- c) The Andhra Pradesh Electricity Act
- d) The Environmental Protection Act, 1986
- e) The Indian Electricity Act
- f) The Indian Explosives Act
- g) The Petroleum Act
- h) The Indian Telegraph Act
- i) The Andhra Pradesh Petroleum Products Order, 1980
- j) The Andhra Pradesh Panchayat Raj Act, 1994

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non- Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the Board Meetings, as represented by the management, were taken unanimously.

We further report that, as per the explanations given to us and the representations made by the Management and relied upon by us, there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that, during the audit period, there were no other specific events / actions in pursuance of the above referred laws, rules, regulations, guidelines etc. having major bearing on the Company's affairs.

**For NEKKANTI S.R.V.V.S. NARAYANA & CO.**

**Company Secretaries**

**(NEKKANTI S.R.V.V.S. NARAYANA)**

**Proprietor**

**M.No.F7157, C.P.No.7839**

**Date : 20th June, 2020**

**Place : Venkatarayapuram, Tanuku**

**Note :**

This report is to be read with our letter of even date which is annexed as *Annexure-A* and forms an integral part of this report.

*ANNEXURE - A*

To  
The Members,  
The Andhra Petrochemicals Limited,  
Venkatarayapuram,  
Tanuku - 534215,  
West Godavari District,  
Andhra Pradesh.

Our report of even date is to be read along with this letter:

1. Maintenance of secretarial records is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**Date : 20th June, 2020**  
**Place : Venkatarayapuram, Tanuku**

**For NEKKANTI S.R.V.V.S. NARAYANA & CO.**  
**Company Secretaries**  
**(NEKKANTI S.R.V.V.S. NARAYANA)**  
**Proprietor**  
**M.No.F7157, C.P.No.7839**

**ANNEXURE - "C"**

**CSR Activities:**

1. A brief outline of the Company's CSR Policy including overview of the projects or programmes proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programmes:  
The CSR Policy was approved by the Board of Directors at its Meeting held on 20.7.2014 and has been uploaded on the Company's website. The web-link is [http://www.andhrapetrochemicals.com/csr\\_policy.pdf](http://www.andhrapetrochemicals.com/csr_policy.pdf)
2. The Composition of the CSR Committee:  
Corporate Social Responsibility (CSR) Committee comprises of Sri P Narendranath Chowdary, Managing Director, as Chairman of the Committee with Directors, Sri A A Krishnan and Sri Mullapudi Thimmaraja as its Members.
3. Average Net Profit of the Company for the last three Financial Years:  
The average Net Profit for the last 3 Financial Years is Rs.36,11,42,173/-.
4. Prescribed CSR expenditure (2% of the amount as in Item No. 3 above)  
The Company is required to incur Rs.72,22,843/- towards CSR expenditure for the Financial Year 2019-20.
5. Details of CSR expenditure incurred during the Financial Year
  - a) Total amount to be spent for the Financial Year: Rs. 72,22,843/-
  - b) Amount unspent if any: Not Applicable
  - c) Manner in which the amount was spent during the Financial Year:  
In accordance with the Company's CSR Policy and in compliance with Companies (CSR) Rules, 2014, your Company had identified promoting Education and Sanitation as CSR Project. The Details are as under:

(Amount in Rupees)

Sl No.	CSR project or activity identified	Sector in which the project is covered	Projects or programmes (1) Local area or other (2) Specify the State and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects programs sub-heads: (1) Direct expenditure on projects (2) overheads	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through implementing agency
1.	Sanitation	Construction of Toilets in Greater Visakhapatnam Municipal Corporation Balyam Schools in 5 locations	Visakhapatnam, Andhra Pradesh	25,00,000/-	25,00,000/-	25,00,000/-	25,00,000/-
2.	Promoting Education	175 Nos. Tables & 831 Nos. Chairs to Balyam School of Greater Visakhapatnam Municipal Corporation (GVMC) (61 Nos. Schools)	Visakhapatnam, Andhra Pradesh	13,53,700/-	13,53,700/-	13,53,700/-	13,53,700/-
3.	Promoting Education	Z.P. High School, Mindi Village, playground preparation	Mindi, Visakhapatnam District, Andhra Pradesh	3,00,000/-	3,00,000/-	3,00,000/-	3,00,000/-
4.	Promoting Education	Sree Mullapudi Venkataraya Memorial Polytechnic, Timmarajupuram, Tanuku	Tanuku, Andhra Pradesh	20,00,000/-	20,00,000/-	20,00,000/-	20,00,000/-
5.	Promoting Healthcare	Sree Mullapudi Venkatarayamma Memorial Hospital, Venkatarayapuram, Tanuku	Venkatarayapuram, Tanuku Andhra Pradesh	12,00,000/-	12,00,000/-	12,00,000/-	12,00,000/-
			Total	73,53,700/-	73,53,700/-	73,53,700/-	73,53,700/-

7. Responsibility Statement: The Responsibility Statement of the CSR Committee of the Board of Directors of the Company is reproduced below:

Date: 20.6.2020
<b><u>RESPONSIBILITY STATEMENT</u></b>
We confirm that the implementation and monitoring of Corporate Social Responsibility (CSR) Policy is in compliance with CSR objectives and Policy of the Company.
<b>Sd/- (P Narendranath Chowdary) Managing Director Chairman - CSR Committee</b>

**Annexure - "D" to the Directors' Report:**  
**REPORT ON CORPORATE GOVERNANCE**

**A) MANDATORY REQUIREMENTS:**

**1. Company's philosophy on Corporate Governance:**

Your Company affirms that adoption of the good Corporate Governance practices in all its dealings, operations and actions is sine qua non for enhancement of overall shareholder value and protection of interests of all its stakeholders including customers, employees, lenders, suppliers, government and the community in which it operates.

**2. Board of Directors:**

a) As on 31.3.2020 the Board consisted of 11 Directors.

Composition and category of Directors is as follows:

Non-Executive and Independent Directors	Promoter and Executive Directors	Promoters, Non-Executive & Non-Independent Directors
Dr P Kotaiah Chairman  Sri A A Krishnan  Dr. (Smt.) D Manjulata  Sri P Venkateswara Rao  Sri M Gopalakrishna, I.A.S. (Retd) (With effect from 25.5.2019)	Sri P Narendranath Chowdary Managing Director	Sri Mullapudi Thimmaraja  Sri Solomon Arokiaraj, I.A.S. (Upto 5.10.2019)  Dr. Rajat Bhargava, I.A.S. (With effect from 2.11.2019)  Sri Y S S Suresh (With effect from 2.11.2019)  Sri Animesh Kumar Sinha (Upto 19.9.2019)  Sri Ravi Pendyala  Dr. V N Rao

b) Non-Executive Directors' Remuneration: Please refer to Point No.6.

c) During the Financial Year 2019-20, four Board Meetings were held.

Dates on which they were held: (i) 25.5.2019, (ii) 3.8.2019, (iii) 2.11.2019 and (iv) 1.2.2020

d) Attendance of each Director at the Board Meetings, last Annual General Meeting and number of other Directorships and Chairmanships / Membership of Committees of each Director in various companies:

Name of the Director	Attendance Particulars		Directorship, Committee Membership and Chairmanship in other companies			
	Board Meetings	Last AGM	Directorship	Chairmanship	Committee Membership*	Committee Chairmanship*
Dr. P Kotaiah	4	No	7	--	6	3
Sri P Narendranath Chowdary	4	Yes	8	5	4	2
Sri A A Krishnan	2	No	None	None	None	None
Sri Solomon Arokiaraj, I.A.S. (Upto 5.10.2019)	1	No	7	1	None	None
Dr. Rajat Bhargava, I.A.S. (With effect from 2.11.2019)	--	N.A.	4	1	None	None
Sri Y S S Suresh (With effect from 2.11.2019)	2	N.A.	None	None	None	None
Dr.(Smt.) D Manjulata	4	No	2	None	1	None
Sri Animesh Kumar Sinha (Upto 19.9.2019)	1	No	None	None	None	None
Sri Mullapudi Thimmaraja	4	Yes	2	None	3	None
Sri Ravi Pendyala	4	Yes	None	None	None	None
Dr. V N Rao	4	Yes	1	None	1	None
Sri P Venkateswara Rao	3	No	1	None	None	None
Sri M Gopalakrishna, I.A.S., (Retd.) (With effect from 25.5.2019)	3	No	6	None	8	2

\* Represents Membership / Chairmanship of Audit Committees and stakeholders relationship Committees of other public limited companies.

## **The Andhra Petrochemicals Limited**

Sri A A Krishnan, Chairman of the Audit Committee, could not attend the Annual General Meeting due to unavoidable circumstances. Sri Ravi Pendyala, Member of the Audit Committee, attended the Annual General Meeting to answer queries of the shareholders.

Names of listed entities where the person is a Director and Category of Directorship

Name of Director	Name of Listed Company	Category of Directorship
Dr. P Kotaiah	The Andhra Sugars Ltd	Non-Executive, Independent Director
Sri P Narendranath Chowdary	The Andhra Sugars Ltd JOCIL Ltd	Promoter / Executive Director Non-Executive, Non-Independent Director
Dr (Smt) D Manjulata	The Andhra Sugars Ltd JOCIL Ltd	Non-Executive, Independent Director Non-Executive, Independent Director
Sri Solomon Arokiaraj, I.A.S.	Srikalahasthi Pipes Ltd	Nominee Director Non-Executive, Non-Independent Director
	Avanti Feeds Ltd	Nominee Director Non-Executive, Non-Independent Director
Sri Mullapudi Thimmaraja	The Andhra Sugars Ltd JOCIL Ltd	Promoter / Executive Director Non- Executive, Non-Independent Director
Sri P Venkateswara Rao	JOCIL Ltd	Non-Executive, Independent Director
Dr. Rajat Bhargava, I.A.S.	Avanti Feeds Ltd	Nominee Director Non-Executive, Non-Independent Director
Sri M Gopalakrishna, I.A.S., (Retd)	Pitti Engineering Ltd Olectra Greentech Ltd BGR Energy Systems Ltd Suven Life Sciences Ltd	Non-Executive, Independent Director Non-Executive, Independent Director Non-Executive, Independent Director Non-Executive, Independent Director

### **Information given to the Board:**

The Company provides the information as set out in Regulation 17(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the Board and Board Committees to the extent it is applicable and relevant. Such information is submitted either as part of agenda papers in advance of the meeting or by way of presentations and disclosures during the meeting.

### **Post Meeting Mechanism:**

The Important decisions taken at the Board / Board Committee Meetings are communicated to the concerned departments.

### **Familiarisation Programme for Directors:**

The newly appointed Director is explained in detail the compliance required under the provisions of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other relevant regulations and his / her affirmation is taken with respect to the same. The Managing Director also has one-to-one discussion with the newly appointed Director to familiarise him / her with the Company's operations. The details of the familiarisation programmes undertaken by the Company are provided in the website of the Company at the weblink: <http://www.andhrapetrochemicals.com/FAMILIARISATION%20PROGRAMME.pdf>.

### **Independent Directors:**

The Non-Executive Independent Directors fulfill the conditions of the independence specified in Section 149(6) of the Companies Act, 2013 and the rules made thereunder, meet with the requirement of Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are independent of management. A formal letter of appointment as provided in the Companies Act, 2013 and the Regulations has been issued to each Independent Director and placed on the website of the Company. These appointment letters can be accessed at the web link: <http://www.andhrapetrochemicals.com/idal.pdf>

Orientation programme to Independent Directors was organised at the Plant premises to familiarize them about the Plant operations of the Company. All the Directors participated in the programme and acquainted themselves with the entire operations of the Company.

**The Andhra Petrochemicals Limited**

The following skills / expertise / competencies have been identified by the Board for the effective functioning of the Company and are currently available with the Board:

1	<b>Policy</b>	Policy development	Ability to identify key issues and opportunities for the Company within the industry, and develop appropriate policies to define the parameters within which the organisation should operate.
2	<b>Finance</b>	Financial performance	Qualifications and experience in accounting and/or finance and the ability to: <ul style="list-style-type: none"> <li>▪ analyse key financial statements;</li> <li>▪ critically assess financial viability and performance;</li> <li>▪ contribute to strategic financial planning;</li> <li>▪ oversee budgets and the efficient use of resources; and oversee funding arrangements and accountability.</li> </ul>
3	<b>Risk</b>	Risk and compliance oversight	Ability to identify key risks to the organization in a wide range of areas including legal and regulatory compliance, and monitor risk and compliance management frameworks and systems.
4	<b>Leadership</b>		Extended leadership, <b>entrepreneurial / administrative</b> experience for a significant enterprise, resulting in a practical understanding of organization's <b>operations, systems, processes, technology</b> , strategic planning, and risk management. Demonstrated strengths in developing talent, planning succession, and driving change and long-term growth.
5	<b>Board service and governance</b>		Service on the Boards of <b>other</b> public companies to develop insights about maintaining board and management accountability, protecting shareholder interests, and observing appropriate governance practices.
6	<b>Sales and Marketing</b>		Experience in developing strategies to grow sales and market share, build brand awareness and equity, and enhance enterprise reputation.

While all members of the Board possess skills identified, their area(s) of core expertise is(are) given below:

Name of the Director	Area(s) of expertise
<b>Dr P Kotaiah</b>	Finance, Policy and Risk Management
<b>Sri P Narendranath Chowdary</b>	Enterprenureship, Administration, Strategic Planning & Finance, Policy Development, Leadership
<b>Sri A A Krishnan</b>	Petrochemical Technology
<b>Sri Mullapudi Thimmaraja</b>	Enterprenureship, Administration, Strategic Planning & Finance, <b>Sales &amp; Marketing</b>
<b>Dr (Smt) D Manjulata</b>	Policy Development, Board Service and Governance
<b>Sri Ravi Pendyala</b>	Enterprenureship, Administration & Finance
<b>Dr V N Rao</b>	Petrochemical Technology, Leadership, Administration & Finance
<b>Sri P Venkateswara Rao</b>	Chemical Technology, Sales & Marketing
<b>Sri M Gopalakrishna, I A S (Retd)</b>	Policy Development, Board Service and Governance, Administration, Finance and Leadership
<b>Sri Rajat Bharghava, I A S</b>	Administration, Board service & Finance
<b>Sri Y S S Suresh</b>	Administration

**3. Code of Conduct:**

The Board of Directors has adopted the Code of Conduct for Board Members and Senior Management Personnel of the Company. The said Code has been communicated to the Directors and the Senior Managers from whom the necessary affirmation has been received with regard to the compliance of the Code. A declaration in this regard by the Managing Director is furnished at the end of the report. The Code has been placed on the Company's website - [www.andhrapetrochemicals.com](http://www.andhrapetrochemicals.com)

Code of Conduct for Directors also contains their duties approved by the Board to be in line with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the same has been placed on the Company's website at the link: [http:// www.andhrapetrochemicals.com/CODE OF CONDUCT FOR DIRECTORS.pdf](http://www.andhrapetrochemicals.com/CODE_OF_CONDUCT_FOR_DIRECTORS.pdf)

**4. Audit Committee:**

A qualified and independent Audit Committee, meeting the requirements of Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013, has been constituted.

Audit Committee comprised of (i) Sri A A Krishnan, Chairman (ii) Dr. P Kotaiah (iii) Dr. (Smt.) D Manjulata, Non-Executive Independent Directors and one Non-Executive, Non-Independent Director Sri Ravi Pendyala. However, to further strengthen the Audit Committee, Dr. V.N. Rao, Non-Executive, Non-Independent Director and Sri P Venkateswara Rao, Non-Executive, Independent Director were inducted as Members of the Audit Committee w.e.f., 3.8.2019 & 2.11.2019 respectively. Members of the Audit Committee have considerable experience and expertise in the field of Industrial, Financial and Corporate Business Management.

Sri M V V S V Prasadu, Deputy Secretary & Assistant Manager (Finance) acts as the Secretary to the Audit Committee.

Statutory, Internal and Cost Auditors, Key Managerial Personnel and Senior Executives attend the meetings to answer the queries raised by the Committee.

During the Financial Year 2019-20, four Audit Committee Meetings were held on:

(i) 25.5.2019, (ii) 3.8.2019, (iii) 2.11.2019 and (iv) 1.2.2020

The necessary quorum was present at these Meetings.

**Attendance particulars of Directors at the Audit Committee Meetings:**

Name of the Director	Position	Category	No. of Meetings attended
Sri A A Krishnan	Chairman	Non-Executive, Independent	2
Dr. P Kotaiah	Member	Non-Executive, Independent	4
Sri Ravi Pendyala	Member	Non-Executive, Non-Independent	4
Dr. (Smt.) D Manjulata	Member	Non-Executive, Independent	4
Dr. V N Rao (With effect from 3.8.2019)	Member	Non-Executive, Non-Independent	1
Sri P Venkateswara Rao (With effect from 2.11.2019)	Member	Non-Executive, Independent	1

**Broad terms of reference of the Audit Committee are as under:**

- i. the recommendation for appointment, remuneration and terms of appointment of auditors of the company;
  - ii. review and monitor the auditor's independence and performance, and effectiveness of audit process;
  - iii. examination of the financial statement and the auditors' report thereon;
  - iv. approval or any subsequent modification of transactions of the company with related parties;
  - v. scrutiny of inter-corporate loans and investments;
  - vi. valuation of undertakings or assets of the company, wherever it is necessary;
  - vii. evaluation of internal financial controls and risk management systems;
  - viii. monitoring the end use of funds raised through public offers and related matters.
- ❖ The Audit Committee also reviews the following information as and when required:
- Management Discussion & Analysis of financial condition and results of operations
  - Statement of significant Related Party Transactions (as defined by the Audit Committee)
  - Management letters / letters of internal control weaknesses issued by the Statutory Auditors
  - Internal Audit Reports relating to internal control weaknesses

**5. Nomination and Remuneration Committee:**

**Composition:**

Nomination and Remuneration Committee comprises of Dr. (Smt.) D Manjulata, Non-Executive Independent Director as Chairperson and Sri A A Krishnan, Non-Executive Independent Director, Sri Mullapudi Thimmaraja and Dr. V N Rao, Non-Executive, Non-Independent Directors, as Members. The composition of this Committee is pursuant to the provisions of Section 178 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.



**The Andhra Petrochemicals Limited**

**Meeting and attendance:**

The Nomination and Remuneration Committee met 3 times during the year 2019-20 on 25.5.2019, 2.11.2019 and 1.2.2020. The necessary quorum was present at all the meetings.

Attendance particulars of Directors at the Nomination and Remuneration Committee Meetings:

Sl. No.	Name of the Director	Position	Category	No. of meetings attended
1.	Dr. (Smt.) D Manjulata	Chairperson	Non-Executive, Independent	3
2.	Sri A A Krishnan	Member	Non-Executive, Independent	1
3.	Sri Mullapudi Thimmaraja	Member	Non-Executive, Promoter	3
4.	Dr. V N Rao	Member	Non-Executive, Non-Independent	3

Broad terms of reference of Nomination and Remuneration Committee are as under:

- identify persons who are qualified to be Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal
- carry out evaluation of every Director's performance
- formulate the criteria for determining qualifications, positive attributes and independence of a Director and
- recommend to the Board a Policy relating to the remuneration for the Directors, Key Managerial Personnel (KMP) and employees one level below the KMP.

While formulating the said Policy the Committee should ensure that

- the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully
- relationship of remuneration to performance is clear and meets appropriate performance bench marks and
- remuneration to Director, Key Managerial Personnel and employees one level below the KMP involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

**6. Remuneration:**

**Nomination and Remuneration Policy:**

Remuneration to Non-Executive Directors:

The Non-Executive Directors are paid remuneration by way of sitting fees. They are paid sitting fees for attending each meeting of the Board or Committee thereof. Details of sitting fees paid to them during the year 2019-20:

Dr. P Kotaiah - 1,40,000/- ; Sri A A Krishnan - Rs.85,000/-; Sri Solomon Arokiaraj, I.A.S. - Nil; Dr. Rajat Bhargava, I.A.S., - Nil, Sri Y S S Suresh - Rs.40,000/- (as these Directors are the nominees of APIDC Ltd., sitting fees payable to them was paid to APIDC Ltd.); Dr. (Smt.) D Manjulata - Rs. 2,00,000/-; Sri Ravi Pendyala - Rs.1,55,000/-, Sri Animesh Kumar Sinha - Rs.20,000/- (as he is the nominee of IDBI Bank Ltd., sitting fees payable to him was paid to IDBI Bank Ltd.); Dr. V N Rao - Rs.1,55,000/-; Sri P Venkateswara Rao - Rs.75,000/- . Sri P Narendranath Chowdary, Managing Director and Sri Mullapudi Thimmaraja, Director, did not draw any remuneration including sitting fees from the Company.

There were no pecuniary relationship or transactions of the Non-Executive Directors vis-à-vis the Company during the Financial Year ended 31.3.2020.

**Remuneration to Managing Director:**

Managing Director does not draw any remuneration from the Company.

**Performance Evaluation:**

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out the annual evaluation of its own performance, performance of the Directors individually as well as the evaluation of working of its Committees.

The performance evaluation of Chairman and the Non-Independent Directors was carried out by the Independent Directors. The Board of Directors expressed its satisfaction over its own performance, performance of its Committees and all the Directors individually.

The criteria for nomination of Directors, KMP, Senior Management Personnel and their remuneration including criteria for promotion is described in Nomination and Remuneration Policy of the Company which can be accessed at the weblink: [http://www.andhrapetrochemicals.com/NOMINATION\\_REMUNERATION\\_POLICY.pdf](http://www.andhrapetrochemicals.com/NOMINATION_REMUNERATION_POLICY.pdf)

**7. Subsidiaries:**

The Company has no subsidiary.

**8. Details of Equity Shares of the Company held by Non-Executive Directors as on 31<sup>st</sup> March, 2020:**

Name of the Non-Executive Director	No. of shares of Rs.10/- each
Sri Mullapudi Thimmaraja	1630
Dr.(Smt.) D Manjulatha	612
Sri Ravi Pendyala	1020

**9. MANAGEMENT:**

Management Discussion & Analysis forms part of the Annual Report.

**10. CEO/CFO CERTIFICATION:**

In accordance with the requirements of the Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Board of Directors of the Company, the Audit Committee and the Auditors have been furnished with the requisite Compliance Certificate from President and Chief Financial Officer.

**11. Stakeholders Grievance / Relationship Committee:**

- a) Stakeholders Grievance / Relationship Committee comprises of Sri Mullapudi Thimmaraja, Non-Executive Non-Independent Director as Chairman and Dr. (Smt.) D Manjulata, Non-Executive Independent Director, Sri Ravi Pendyala, Non-Executive Non-Independent Director as Members. The Committee looks into the redressal of the shareholders' complaints like transfer of shares, non-receipt of Annual Report and declared Dividend and other matters.
- b) Investor complaints received and redressed during the year ended 31.3.2020:

SI No.	Nature of Complaint	Complaints received and redressed
1	Non-receipt of dividend	18
2	Non-receipt of shares sent for transfer	2
3	Non-receipt of Annual Report	6
	Total	26

**12. Corporate Social Responsibility (CSR) Committee:**

CSR Committee comprises of Sri P Narendranath Chowdary as Chairman and Sri A A Krishnan and Sri Mullapudi Thimmaraja as Members.

The terms of reference of the CSR Committee broadly comprises:

- To formulate and recommend to the Board, a Corporate Social Responsibility (CSR) Policy indicating activities to be undertaken by the Company in compliance with provisions of the Companies Act, 2013 and rules made thereunder
- To recommend the amount of expenditure to be incurred on the CSR activities
- To monitor the implementation of the CSR Policy of the Company from time to time

**Meeting and attendance:**

The CSR Committee met one time during the year on 1.2.2020. The necessary quorum was present at the Meeting.

The Company formulated CSR Policy which is placed on the website of the Company (weblink: [http://www.andhrapetrochemicals.com/csr\\_policy.pdf](http://www.andhrapetrochemicals.com/csr_policy.pdf))

**13. Independent Directors Meeting:**

**Independent Directors Meeting was held on 20.6.2020. Lead Independent Director Dr. P Kotaiah informed the Board that the following matters were discussed:**

- Evaluation of performance of Non-Independent Directors and the Board as a whole.
- Evaluation of performance of the Chairman of the Company, taking into account the view of the Executive and Non-Executive Directors
- Evaluation of the quality, content and timeliness of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties. Details of familiarisation programme for Independent Directors is placed at weblink: <http://www.andhrapetrochemicals.com/FAMILIARISATION%20PROGRAMME.pdf>

He further informed the Non-Executive Directors, Committees & Board as a whole performed effectively.

**14. Details of General Body Meetings:**

**Annual General Meetings:**

- i) Particulars of the last three Annual General Meetings held at the Regd. Office, Venkatarayapuram, Tanuku.

Year	Date & Time
2017	27 <sup>th</sup> September, 2017, 3:00 p.m.
2018	28 <sup>th</sup> September, 2018, 3:00 p.m.
2019	10 <sup>th</sup> July, 2019, 3:00 p.m.

**The Andhra Petrochemicals Limited**

ii) Special Resolutions passed at the last three Annual General Meetings:

Year	Subject Matter
2017	NIL
2018	1. According consent to the appointment of Sri P Narendranath Chowdary as Managing Director for a period of five years with effect from 5.8.2018 without remuneration 2. According consent to the appointment of Dr. P Kotaiah as Independent Director
2019	1. According consent to the appointment of Sri P Venkateswara Rao as Independent Director 2. According consent to the holding of directorship by Dr. V N Rao till the end of his current tenure 3. According consent to the appointment of Sri A A Krishnan as Independent Director 4. According consent to the appointment of Sri M Gopalakrishna, I.A.S., (Retd) as Independent Director

- iii) No Special Resolution was passed in the last year through Postal Ballot  
iv) No Special Resolution requiring Postal Ballot was passed in the last Annual General Meeting and no Special Resolution requiring Postal Ballot is being proposed at the ensuing Annual General Meeting.  
v) No Special Resolution is proposed to be conducted through Postal Ballot

**15. Affirmations and Disclosures:**

i) **Compliance with governance frame work:**

The Company has complied with the applicable mandatory requirements specified in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

ii) **Related Party Transactions:**

All transactions entered into with the Related Parties as defined under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the Financial Year were in the ordinary course of business and on arm's length basis and do not attract the provisions of the Section 188 of the Companies Act, 2013. There were no materially significant transactions with the Related Parties during the Financial Year. Related Party Transactions have been disclosed under the Note No.2.39 of the Financial Statements in accordance with Accounting Standard-24. A statement in summary form of transactions with related parties in the ordinary course of business and on arm's length basis, is periodically placed before the Audit Committee for review and recommendation to the Board for their ratification.

As required under Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company formulated a Policy for dealing with Related Party Transactions. The Policy is available on the website of the Company (weblink: <http://www.andhrapetrochemicals.com/POLICY ON RELATED PARTY TRANSACTIONS.pdf> )

None of the transactions with Related Parties was in conflict with the interest of the Company. All the transactions are in the normal course of business and on an arm's length basis or fair value.

iii) Details of Non-compliance by the Company, penalties and strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets during the last three years:

Bombay Stock Exchange (BSE) imposed a penalty of Rs.2,14,760/- for discrepancy in constitution of Audit Committee. The Company put forth its contention to the effect that there is no violation on the part of Company with regard to Listing Regulations and as such paid the amount Under Protest.

iv) Whistle Blower Policy:

Pursuant to Section 177(9) and (10) of the Companies Act, 2013 and Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated Whistle Blower Policy for vigil mechanism for Directors and employees to report to the management about the unethical behaviour, fraud or violation of Company's Code of Conduct. The mechanism provides for adequate safeguards against victimisation of employees and Directors who use such mechanism and makes provision for direct access to the Chairperson of the Audit Committee in exceptional cases.

v) Disclosure of Accounting Treatment:

In the preparation of the financial statements, the Company has followed the Accounting Standards referred to in Section 133 of the Companies Act, 2013. The significant Accounting Policies which are consistently applied are set out in the Notes to the Financial Statements.

vi) Risk Management

Board periodically reviews the compliance of all laws, rules & regulations applicable to, and various risks affecting, the Company. Various Risk Management Systems adopted to mitigate the risks are also reviewed by the Board. Risk Management Policy approved by the Board can be accessed at the weblink: <http://www.andhrapetrochemicals.com/POLICY ON CORPORATE RISK MANAGEMENT.pdf>

**16. Means of Communication:**

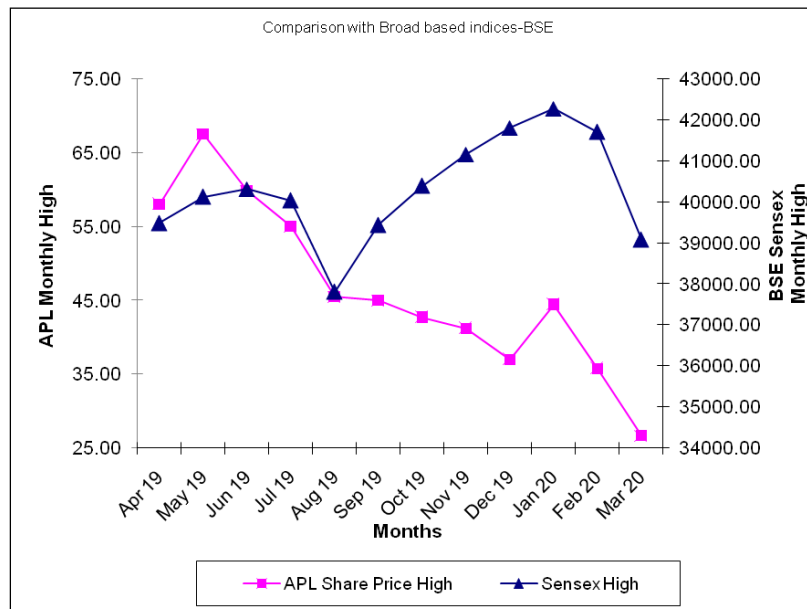
- i) Quarterly financial results are published in "The Hindu Business Line" (English) and "Andhra Bhoomi" (Telugu). The results are displayed on the Website of the Company, i.e., [www.andhrapetrochemicals.com](http://www.andhrapetrochemicals.com)  
ii) The Company has not issued any press release or made any presentations to the institutional investors or analysts about its financial results during the year.

**17. General Shareholder Information:**

- i) Annual General Meeting
  - Date and Time : Monday, 28<sup>th</sup> day, September, 2020 at 3:00 p.m.
  - Venue : ASL Meeting Hall, upstairs of canteen building of The Andhra Sugars Ltd., Venkatarayapuram, Tanuku - 534215, W.G.District, Andhra Pradesh
- ii) Financial Year : 1<sup>st</sup> April to 31<sup>st</sup> March
- iii) Dates of Book Closure : 19.9.2020 to 28.9.2020 (both days inclusive)
- iv) Listing on Stock Exchange and Stock Code : The Bombay Stock Exchange Ltd.  
Physical Stock Code: 12  
Demat Stock Code: 500012  
ISIN: INE714B01016
- v) Market Price Data : High / low price of Company's Equity Shares quoted on The Bombay Stock Exchange Ltd., Mumbai during each month of the Financial Year 2019-20.

Month	High		Low	
	Rs.	Ps.	Rs.	Ps.
April, 2019	58.00		53.10	
May, 2019	67.50		48.55	
June, 2019	59.80		51.50	
July, 2019	55.00		39.20	
August, 2019	45.50		36.00	
September, 2019	45.00		37.05	
October, 2019	42.70		36.90	
November, 2019	41.20		31.40	
December, 2019	37.00		29.05	
January, 2020	44.45		33.55	
February, 2020	35.75		21.95	
March, 2020	26.70		14.70	

- vi) Performance in comparison to BSE sensex :



## The Andhra Petrochemicals Limited

vii) Registrars and Share Transfer Agent : XL Softech Systems Ltd.  
No.3, Sagar Society, Road No.2  
Banjara Hills, Hyderabad - 500 034  
Tel: 040-23545 913 / 914 /915  
E-mail: [xlfield@gmail.com](mailto:xlfield@gmail.com)

viii) Share Transfer System : Effective 1.4.2019, transfer of shares of a listed Company can only be effected in dematerialised form in terms of SEBI (LODR) Regulations, 2015. Shareholders holding shares in the certificate form are therefore requested to dematerialise their shares in their own interest. However, transfer deeds which were lodged with the Company on or before 31.3.2019 but were returned due to any deficiency, will be processed upon re-lodgement. The Company obtains through its Registrars and Share Transfer Agent from a Practising Company Secretary half-yearly certificate of compliance with the Share Transfers, Transmissions and Issue of Duplicate Share certificates formalities as required under Regulation 40(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and files through electronic filing a copy of the said certificate with the Stock Exchange.

ix) a) Shareholding pattern as on 31<sup>st</sup> March, 2020:

Sl No.	Category	No. of shares	% of holding
1	Promoters, Directors, Relatives and Associate Companies	38514662	45.33
2	Financial Institutions	17100	0.02
3	Mutual Funds	3400	0.00
4	Banks	487	0.00
5	Foreign Institutional Investors	1200	0.00
6	Non-Resident Indians	1028926	1.21
7	Bodies Corporate	3105199	3.65
8	Indian Public	42300626	49.79
<b>Total</b>		<b>84971600</b>	<b>100.00</b>

b) Distribution of shareholding as on 31<sup>st</sup> March, 2020:

Shareholding of Nominal value of Rs.	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Upto 5000	45541	87.37	6814379	8.02
5001 - 10000	3265	6.26	2736469	3.22
10001 - 20000	1497	2.87	2335013	2.75
20001 - 30000	550	1.06	1432879	1.69
30001 - 40000	242	0.46	875959	1.03
40001 - 50000	272	0.52	1293399	1.52
50001 - 100000	389	0.75	2848215	3.35
100001 & above	370	0.71	66635287	78.42
<b>Total</b>	<b>52126</b>	<b>100.00</b>	<b>84971600</b>	<b>100.00</b>

x) As of 31<sup>st</sup> March, 2020, 8,07,70,099 shares constituting 95.055% of paid-up capital have been dematerialised

	<b>No. of shares</b>	<b>% of paid-up capital</b>
National Securities Depository Ltd. :	3,64,23,454	42.865
Central Depository Services (India) Ltd. :	4,43,46,645	52.190
<b>Total</b>	<b>8,07,70,099</b>	<b>95.055</b>

Dematerialisation of shares is attended by M/s XL Softech Systems Ltd., Hyderabad.

### Reconciliation of Share Capital Audit Report:

As stipulated by SEBI, a qualified Practising Chartered Accountant carries out Secretarial Audit to reconcile the total admitted capital with National Securities Depository Ltd., (NSDL) and Central Depository Services (India) Ltd., (CDSL) and the total Issued and Listed Capital. This audit is carried out on quarterly basis and the report thereon is submitted to the Stock Exchange where the Company's shares are listed. The audit confirms that the total Listed and Paid-up Capital is in agreement with the aggregate of the total number of shares in dematerialised form (held with NSDL and CDSL) and total number of shares in physical form.

xi) Plant location : Opp: Naval Dockyard  
VISAKHAPATNAM - 530014  
Andhra Pradesh

xii) Address for correspondence : The Andhra Petrochemicals Limited  
Venkatarayapuram, TANUKU - 534215  
West Godavari District, Andhra Pradesh  
Phone Nos. 08819-220975 (Shares Dept.) /  
08819-224755 Fax: 08819-224168  
CIN: L23209AP1984PLC004635  
Website: www.andhrapetrochemicals.com  
E-mail: investors@andhrapetrochemicals.com

**B) NON-MANDATORY / DISCRETIONARY REQUIREMENTS:**

The Company has complied with the following non-mandatory / discretionary requirements of Regulation 27(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations:

**i) Separate posts of Chairman and CEO**

Dr. P Kotaiah is the Chairman and Sri P Narendranath Chowdary is the Managing Director.

**ii) Reporting of Internal Auditor**

Internal Auditors directly report to the Audit Committee.

**iii) Audit qualification**

The Financial Statements of the Company are free from any qualification by the Auditors.

The other non-mandatory / discretionary requirements will be adopted as and when considered necessary.

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**CEO'S DECLARATION ON COMPLIANCE  
WITH THE COMPANY'S CODE OF CONDUCT**

As provided in Regulation 34(3) of and Para D of Schedule V to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all Board Members and Senior Management Personnel have affirmed the compliance of the Company's Code of Conduct for the Board Members and Senior Management Personnel, as applicable, for the year ended 31<sup>st</sup> March, 2020.

**Place: Venkatarayapuram  
Date: 20.6.2020**

**Sd/-  
(P Narendranath Chowdary)  
Managing Director**

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**AUDITORS' CERTIFICATE**

To  
The Members of  
The Andhra Petrochemicals Limited,  
Tanuku

We have examined the compliance of conditions of Corporate Governance by The Andhra Petrochemicals Limited, Tanuku for the year ended 31<sup>st</sup> March, 2020 as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and paras C and D of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the "Listing Agreement" of the said company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**Place :Visakhapatnam  
Date : 20.6.2020**

**For C V RAMANA RAO & CO.,  
Chartered Accountants  
Firm Regn No.002917S  
(Katyayani K)  
Partner  
Membership No.225030**

**The Andhra Petrochemicals Limited**

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**  
**(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI**  
**(Listing Obligations and Disclosure Requirements) Regulations, 2015)**

To  
The Members of  
The Andhra Petrochemicals Limited  
Venkatarayapuram  
Tanuku - 534215  
West Godavari District  
Andhra Pradesh

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of The Andhra Petrochemicals Limited having CIN L23209AP1984PLC004635 and having registered office at Venkatarayapuram, Tanuku, West Godavari District, Andhra Pradesh - 534215 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India and the Ministry of Corporate Affairs, or any such other Statutory Authority :

Sl No.	Name of Director	DIN	Date of appointment in Company
1.	Pendyala Narendranath Chowdary	00015764	8 <sup>th</sup> August, 1996
2.	Mullapudi Thimmaraja	00016711	24 <sup>th</sup> August, 1992
3.	Pamidi Kotaiah	00038420	4 <sup>th</sup> August, 2018
4.	Ayilur Akileswaraiyer Krishnan	00086374	19 <sup>th</sup> October, 1992
5.	Gopala Krishna Muddusetty	00088454	25 <sup>th</sup> May, 2019
6.	Vellanki Narayana Rao	00861884	26 <sup>th</sup> October, 2016
7.	Dasari Manjulata	02788338	27 <sup>th</sup> March, 2015
8.	Pendyala Ravi	03375555	12 <sup>th</sup> November, 2011
9.	Parvataneni Venkateswara Rao	06387165	5 <sup>th</sup> November, 2018
10.	Rajat Bhargava	08529091	2 <sup>nd</sup> November, 2019
11.	Syama Sundara Suresh Yekula	08589605	2 <sup>nd</sup> November, 2019

Ensuring the eligibility of, for the appointment/continuity of, every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For NEKKANTI S.R.V.V.S. NARAYANA & CO.**  
**Company Secretaries**  
**(NEKKANTI S.R.V.V.S. NARAYANA)**  
**Proprietor**  
**M.No.F7157, C.P.No.7839**

**Date : 20th June, 2020**  
**Place : Venkatarayapuram, Tanuku**

**INDEPENDENT AUDITOR'S REPORT**

**TO  
THE MEMBERS OF  
THE ANDHRA PETROCHEMICALS LIMITED, Tanuku**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the accompanying financial statements of **THE ANDHRA PETROCHEMICALS LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sl. No.	Key Audit Matter	How our audit addressed the Key Audit Matter
1	Adoption of Ind AS 116 "Leases"	
	<p>Accuracy of identification, classification, measurement, presentation and disclosures of lease transactions in view of adoption of Ind AS 116 "Leases"</p> <p>The application of the above new accounting standard involves certain key judgements relating to identification of contracts which contains lease, classification of leases, the appropriateness of the basis used to measure the right of use asset and lease liability at the date of initial application.</p> <p>Refer: Note 2.41 to the Financial Statements</p>	<p>We assessed the various Company's process and contracts entered with various property owners to identify the impact of adoption of the new accounting standard.</p> <p>Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ul style="list-style-type: none"> <li>■ Evaluated the design of internal controls relating to implementation of the new accounting standard.</li> <li>■ We have gone through the terms of the lease contracts of continuing and new contracts and tested the operating effectiveness of the internal controls relating to identification, classification and measurement of lease contracts.</li> <li>■ We evaluated the methodology and assumptions used by management, including reasonableness of the lease term, lease rentals, discount rate applied by comparing it with the incremental borrowing rate for a similar period.</li> <li>■ We tested the calculation of the right of use assets and lease obligations based on the assumptions applied.</li> </ul> <p>Conclusion: Based on the work performed, we found management's assessment to be reasonable based on available evidence.</p>
2	Valuation of Investments in Unquoted Equity Shares of Andhra Pradesh Gas Power company Ltd (APGPCL)	
	<p>The valuation of the investments involves judgement and continues to be an area of inherent risk because quoted prices are not readily available.</p> <p>As per the MOU between the APGPCL and its shareholders, each shareholder is entitled to receive power generated in proportion to its shareholding at cost of generation plus 20% of its overheads which is substantially lower than the price charged by DISCOMs.</p>	<p>We assessed the managements' approach to valuation for these investments by performing the following procedures:</p> <ul style="list-style-type: none"> <li>■ We have verified data inputs used in the valuation models based on historical trends.</li> <li>■ We evaluated the methodology and assumptions used by management, including reasonableness of the discounted cash flows, growth rate and discount rate applied by comparing it with the Indian Government Bond rate for a similar period.</li> </ul>



## The Andhra Petrochemicals Limited

	<p>In the absence of any transfer of shares of APGPCL during the year under audit the fair value of the shares has been determined by using "discounted cash flow" method in respect of savings in cost of power in future years.</p> <p>Refer: Note 3.2 to the Financial Statements</p>	<ul style="list-style-type: none"> <li>■ We tested the calculation of the fair value based on the assumptions applied.</li> <li>■ We found the disclosures in the financial statements to be appropriate.</li> </ul> <p>Conclusion: Based on the work performed and the evidence obtained, we consider the methodology and assumptions used by management to be appropriate.</p>
<p>3 Estimation of decommissioning and restoration provisions</p>		
	<p>The determination and valuation of provision is highly judgmental by its nature, as they are calculated based on assumptions that are impacted by future activities and the legislative environment in which the company operates.</p> <p>Refer: Note 2.37 to the Financial Statements</p>	<p>Our audit procedures to assess the decommissioning provision included the following:</p> <ul style="list-style-type: none"> <li>■ We assessed the valuation methodology</li> <li>■ We evaluated the reasonableness of key assumptions applied by the management to calculate new and existing provisions.</li> <li>■ We tested the calculation of the provisions.</li> <li>■ We checked the accuracy and relevance of the input data used.</li> <li>■ We found the disclosures in the financial statements to be appropriate.</li> </ul> <p>Conclusion: Based on the work performed, we found management's assessment to be reasonable based on available evidence.</p>

### Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this "other information", we are required to report that fact. We have nothing to report in this regard.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure- A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

The company has neither paid nor provided any remuneration to any of the Directors of the company. Accordingly, the question of reporting under the provisions of section 197(16) of the Act does not arise.
  - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
    - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
    - iii. There is no delay in amount which is required to be transferred to the Investor Education and Protection Fund by the company.

**For C V RAMANA RAO & CO.,**  
Chartered Accountants  
Firm Reg. No. 002917S  
**(KATYAYANI K)**  
Partner  
Membership No.225030

Place: Tanuku  
Date: 20th June, 2020

**ANNEXURE-A TO THE INDEPENDENT AUDITORS' REPORT**

The **Annexure A** referred to in our Independent Auditor's report of even date, to the members of THE ANDHRA PETROCHEMICALS LIMITED, TANUKU, for the year ended 31 March 2020. We report that:

- i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) The fixed assets have been physically verified by the management during the year. According to the information furnished to us, no material discrepancies have been noticed on such verification.
- c) The title deeds in respect of all immovable properties are held in the name of the company.
- ii) Physical verification of inventory has been conducted during the year by the management at reasonable intervals. The discrepancies noticed on such verification between the physical stocks and the book records were not material.
- iii) The Company has not granted any loans, secured or unsecured, to Companies, Firms, Limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Consequently, clauses 3 (iii) (a), (b) and (c) of the Order are not applicable.
- iv) The company has neither given any loans to the directors or any other persons in whom the director(s) is interested nor given/provided any guarantee/security in connection with any loan taken by directors or such other persons as per the provisions of section 185 of the Companies Act, 2013. The investment made by the company in an earlier year does not exceed the limits prescribed under section 186 of the Companies Act, 2013.
- v) The Company has not accepted any deposits from the public. Consequently, the clause 3(v) of the order is not applicable to the Company.
- vi) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
  - a) According to the information and explanations given to us and on the basis of examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts are payable in respect of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax or cess and other material statutory dues which were in arrears as at 31st March 2020 for a period of more than six months from the date they became payable.
  - b) As at 31st March 2020, there have been no disputed dues, which have not been deposited with the respective authorities in respect of Income tax, Service tax, duty of customs, duty of excise, value added tax and Cess.
- viii) The Company has not defaulted in repayment of any loan installments in respect of term loans from financial institutions and banks.
- ix) In our opinion, the Term Loans obtained in earlier years have been applied for the purposes for which they were raised.
- x) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.
- xi) The company has neither paid nor provided for any managerial remuneration during the financial year under report. Consequently, the clause 3(xi) of the order is not applicable.
- xii) In our opinion, the company is not a Nidhi Company. Consequently, the clause 3(xii) of the order is not applicable.
- xiii) According to the information and explanations given to us and on overall examination of the records of the Company, we report that all transactions with related parties are in compliance with the provisions of sections 177 and 188 of the Companies Act, 2013 and the related party disclosures as required by relevant Indian Accounting Standards are disclosed in the financial statements.
- xiv) The Company has not made any preferential allotment or private placement of shares or fully/partly convertible debentures during the year under review. Consequently, the clause 3(xiv) of the order is not applicable.
- xv) The Company has not entered into any noncash transactions with the directors or persons connected with them during the year under report. Consequently, the clause 3(xv) of the order is not applicable.
- xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Consequently, the clause 3(xvi) of the order is not applicable.

**For C V RAMANA RAO & CO.,**  
Chartered Accountants  
Firm Reg. No. 002917S  
**(KATYAYANI K)**  
Partner  
Membership No.225030

Place: Tanuku  
Date: 20th June, 2020

**ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT**

**Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of THE ANDHRA PETROCHEMICALS LIMITED ("the Company") as of 31st March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial controls**

The Board of directors of the company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by ICAI and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company.
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For C V RAMANA RAO & CO.,**  
Chartered Accountants  
Firm Reg. No. 002917S  
**(KATYAYANI K)**  
Partner  
Membership No.225030

Place: Tanuku  
Date: 20th June, 2020

## **Notes to the Financial Statements**

### **1. Company Overview and Significant Accounting Policies**

#### **1.1 Company overview**

The Andhra Petrochemicals Limited (APL) is a leading manufacturer of Oxo Alcohols employing the state-of-the-art technology "Selector-30" provided by M/s Davy Process Technology, London, United Kingdom. The Government of Andhra Pradesh with an investment through Andhra Pradesh Industrial Development Corporation Limited (APIDC) along with The Andhra Sugars Limited (ASL) promoted APL, under Joint Sector Project and at present is under Assisted Sector Project.

The Company is a public limited company incorporated and domiciled in India and has its registered office at Venkatarayapuram P.O., Tanuku Mandal, West Godavari District, Andhra Pradesh. The Company has its primary listings on the BSE Limited. The Company is having its manufacturing facilities at opposite to Naval Dockyard, Naval Base P.O., Visakhapatnam.

The financial statements for the year ended March 31, 2020 were approved by the Board of Directors and authorized for issue on June 20, 2020.

#### **1.2 Basis of preparation of financial statements**

##### **1.2.1 Statement of Compliance with Ind AS**

These financial statements are the standalone financial statements prepared by the Company complying in all material aspects with the Indian Accounting Standards (Ind AS) notified under the provisions of the Companies Act, 2013 (Act) (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, Companies (Indian Accounting Standards) Amendment Rules, 2016, Companies (Indian Accounting Standards) Amendment Rules, 2017, Companies (Indian Accounting Standards) Amendment Rules, 2018, Companies (Indian Accounting Standards) Second Amendment Rules, 2018, Companies (Indian Accounting Standards) Amendments Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, 2019.

##### **1.2.2 Recent Accounting Pronouncements -Standards issued but not yet effective**

Ministry of Corporate Affairs has not issued any notifications for new standards or amendments to the existing standards which will be effective from the reporting periods beginning on or after 1st April 2020.

##### **1.2.3 Basis of Preparation**

These financial statements are prepared under historical cost convention on accrual basis except for the following -

- Certain financial instruments which are measured at fair values,
- Assets held for sale measured at fair value less cost to be incurred to sell, and
- Defined benefit plans - plan assets measured at fair value.

Accounting policies have been consistently applied except where a newly issued Accounting Standard is initially adopted or a revision to an existing Accounting Standard requires a change in the accounting policy hitherto in use.

#### **1.3 Use of Estimates:**

The preparation of financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies, the reported amount of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amount of revenues and expenses during the reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed in **Note 4**. Accounting estimates could change from period to period. Actual results could differ from the estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

#### **1.4 Current versus Non-current classification**

All assets and liabilities in the balance sheet are presented based on current/ non-current classification.

An asset is treated as current when it is:

- expected to be realised or intended to be sold or consumed in normal operating cycle
- held primarily for the purpose of trading
- expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is treated as current when it is:

- expected to be settled in normal operating cycle
- held primarily for the purpose of trading
- due to be settled within twelve months after the reporting period, or

- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The company has identified twelve months as its operating cycle.

#### **1.5 Revenue recognition:**

Revenue is recognised as and when the entity satisfies a performance obligation by transferring a promised goods or services (i. e an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset. Revenue is measured at the transaction price which is determined based on the terms of contract and entity's customary practice. Amounts disclosed as revenue are inclusive of excise and duties, but exclusive of Goods and Service Tax (GST), which the company pays as principal and net of returns, trade allowances, rebates and taxes collected on behalf of the government.

#### **1.6 Property, Plant and Equipment:**

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and impairment loss, if any. Historical cost includes all costs directly attributable to bringing the asset to the location and condition necessary for its intended use and initial estimation of dismantling and site restoration costs. Subsequent costs relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced.

Expenditure during construction/erection period is included under Capital Work-in-Progress and allocated to the respective fixed assets on completion of construction/erection.

Property, Plant and Equipment are componentized and are depreciated separately over their estimated useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

Depreciation on buildings and plant and machinery is charged under straight line method and on the remaining assets under the diminishing balance method. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

#### **1.7 Inventories:**

Inventories are valued at the lower of the cost (net of eligible input tax credits) or net realisable value (except by-products, waste and scrap which are valued at estimated net realisable value).

Costs incurred in bringing each product to its present location and condition, are accounted for as follows:

- Raw materials: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis.
- Finished goods and work in progress: Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs. Cost is determined on monthly weighted average basis.
- Stores and spares: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on moving weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

#### **1.8 Non-Derivative Financial Instruments:**

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument.

##### **1.8.1 Initial Recognition-**

All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are added/ deducted to/from the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

##### **1.8.2 Subsequent measurement-**

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

###### **(i) Debt instruments at amortised cost**

A debt instrument is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

## **The Andhra Petrochemicals Limited**

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The amortisation of EIR is included in finance income in the profit or loss. The impairment losses and gain/loss on derecognition are recognised in the profit or loss.

### **(ii) Debt instruments at fair value through other comprehensive income**

A debt instrument is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments under this category are measured at fair value at each reporting date. Fair value movements are recognized in the other comprehensive income (OCI). However, the company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the profit & loss. On derecognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

### **(iii) Debt instruments, derivatives and equity instruments at fair value through profit or loss**

Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL (residual category).

In addition, the company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The company has not designated any debt instrument as at FVTPL.

All equity instruments in scope of Ind AS 109 are measured at fair value by the Company. Equity investments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at FVTOCI or FVTPL. The classification is made on initial recognition and is irrevocable.

Financial instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

### **(iv) Equity instruments measured at fair value through other comprehensive income**

The Company has made an irrevocable election to present the subsequent fair value changes in 'other comprehensive income' for its investments in equity instruments that are not held for trading. Fair value changes on the instrument, impairment losses & reversals and foreign exchange gain or loss are recognized in the OCI. Dividends are recognised in the Profit & Loss. There is no recycling of the amounts from OCI to Profit & Loss, even on sale of investment. However, the company may transfer the cumulative gain or loss within equity.

Financial liabilities are classified in two measurement categories:

- Financial liability measured at amortised cost
  - Financial liability measured at fair value through profit or loss
- (i) Financial liabilities measured at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. The company has not designated any financial liability as at fair value through profit and loss.
- (ii) Financial liability measured at amortised cost

All other financial liabilities are subsequently carried at amortized cost using effective interest rate (EIR) method, thereby resulting in amortisation of transaction costs and interest expenses through Profit & Loss over the life of the instrument. The EIR amortisation is included as finance costs in the statement of profit and loss.

### **1.8.3 Reclassification of financial assets-**

The company reclassifies its financial assets only when there is a change in entity's business model for managing its financial assets.

### **1.8.4 Derecognition of financial instruments-**

The company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind. AS 109. A financial liability (or a part of a financial liability) is derecognized when the obligation specified in the contract is discharged or cancelled or expires.

### **1.8.5 Impairment of financial assets-**

The Company applies expected credit losses (ECL) model for measurement and recognition of loss allowance on the following:

- a. Trade receivables
- b. Financial assets measured at amortized cost (other than trade receivables)
- c. Financial assets measured at fair value through other comprehensive income.

In case of trade receivables, the Company follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognized as loss allowance.

In case of other assets, the Company determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has not increased significantly, an amount equal to 12-month ECL is measured and recognized as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognized as loss allowance.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the Statement of Profit and Loss under the head 'Other expenses'.

#### **1.8.6 Offsetting of financial instruments-**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention either to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

#### **1.8.7 Fair Value of Financial instruments-**

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized. For trade and other receivables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

#### **1.9 Employee Benefits include:**

##### **(i) Short term employee benefits-**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

The company recognises a liability and an expense for bonus only when it has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of obligation can be made.

##### **(ii) Long term employee benefits -**

Liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

##### **(iii) Post employment benefits-**

The company operates the following post-employment schemes:

- (a) Defined benefit plans such as gratuity: and
- (b) Defined contribution plans such as provident and pension funds.

**Defined Benefit Plans** - The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method. Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income.

**Defined Contribution Plans** - The Company pays provident fund contributions to publicly administered provident funds as per local regulations. It has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

#### **1.10 Leases**

The company has applied Ind AS 116 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under Ind AS 17.

##### **As a lessee**

The company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, company's incremental borrowing rate. Generally, the company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments.
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.



## **The Andhra Petrochemicals Limited**

- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the company is reasonably certain to exercise, lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, or if company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

### **Short-term leases and leases of low-value assets**

The company has elected not to recognise right-of-use assets and lease liabilities for short term leases of real estate properties that have a lease term of 12 months. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

### **Under Ind AS 17**

In the comparative period, leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease unless the payments are structured to increase in line with the expected general inflation to compensate for the lessors expected inflationary cost increases.

### **1.11 Non-Current Assets held for Sale:**

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of de-recognition.

### **1.12 Foreign Currency Transactions:**

The functional currency of the company is the Indian rupee and the financial statements are presented in Indian rupee rounded off to the nearest lakhs except where otherwise indicated.

Transactions in foreign currency are initially accounted at the exchange rate prevailing on the date of the transaction, and adjusted appropriately, with the difference in the rate of exchange arising on actual receipt/payment during the year.

At each Balance Sheet date

- Foreign currency denominated monetary items are translated into the relevant functional currency at exchange rate at the balance sheet date. The gains and losses resulting from such translations are included in net profit in the statement of profit and loss.
- Foreign currency denominated non-monetary items are reported using the exchange rate at which they were initially recognized.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in statement of profit and loss.

### **1.13 Provisions:**

A provision is recognized if, as a result of a past event, the company has a present legal or constructive obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources embodying economic benefits or the amount of such obligation cannot be measured reliably.

When there is a possible obligation or a present obligation in respect of which, in the likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made.

### **1.14 Cash flow statement:**

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

### **Cash and cash equivalents:**

Cash and cash equivalents include cash on hand and at bank, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash which are subject to an insignificant risk of changes in value and are held for meeting short-term cash commitments. Equity investments and bank borrowings are excluded from cash equivalents. However, bank overdrafts which are repayable on demand are included as a component of cash and cash equivalents.

### **1.15 Impairment of assets:**

The company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs of disposal and value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

**1.16 Income Taxes:**

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

**1.17 Earnings Per Share:**

Basic earnings per share is computed by dividing the net profit for the period attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects all dilutive potential equity shares.

## Balance Sheet as at 31st March, 2020

(₹ in lakhs)

Sl. No.	Particulars	Note No.	As at 31 March, 2020	As at 31 March, 2019
1	2	3	4	5
	<b>ASSETS</b>			
<b>1</b>	<b>Non-current assets</b>			
	a Property, plant and equipment	2.01	16500.15	17214.89
	b Capital work-in-progress	2.02	41.22	--
	c Right-of-use asset	2.03	8210.38	--
	d Other Intangible assets	2.04	34.79	31.20
	e Financial assets:			
	i - Investments	2.05	308.75	446.28
	ii - Others	2.06	440.57	440.62
	f Other non-current assets	2.07	5.52	5.52
<b>2</b>	<b>Current assets</b>			
	a Inventories	2.08	3510.82	1907.14
	b Financial assets:			
	i - Investments	2.09	2865.81	1628.08
	ii - Trade receivables	2.10	603.19	3561.04
	iii - Cash and cash equivalents	2.11	395.40	295.41
	iv - Other Financial Assets	2.12	23.13	24.83
	c Current Tax Assets (Net)	2.25	133.68	--
	d Others current assets	2.13	649.14	514.41
	<b>Total Assets</b>		<b>33722.55</b>	<b>26069.42</b>
	<b>EQUITY AND LIABILITIES</b>			
	<b>Equity</b>			
	a Equity Share capital	2.14	8497.16	8497.16
	b Other equity	2.15	13850.22	14150.92
	<b>LIABILITIES</b>			
<b>1</b>	<b>Non-current liabilities</b>			
	a Financial liabilities:			
	i - Borrowings	2.16	--	558.50
	ii - Other financial liabilities	2.17	5.00	5.00
	b Lease liabilities	2.41	7110.81	--
	c Provisions	2.18	430.28	219.61
	d Deferred tax liabilities (Net)	2.19	744.71	362.99
<b>2</b>	<b>Current liabilities</b>			
	a Financial liabilities			
	i - Borrowings	2.20	63.13	64.48
	ii - Trade payables	2.21	941.08	486.82
	iii - Other financial liabilities	2.22	640.19	817.31
	b Lease liabilities	2.41	731.15	--
	c Other current liabilities	2.23	547.70	494.50
	d Provisions	2.24	161.12	294.87
	e Current Tax Liabilities (Net)	2.25	--	117.26
	<b>Total Equity and Liabilities</b>		<b>33722.55</b>	<b>26069.42</b>

See accompanying notes to the financial statements

**Per our report of even date  
For C V Ramana Rao & Co.,  
Chartered Accountants  
Firm Regn. No.: 002917S  
Katyayani K  
Partner  
Membership No.: 225030**

**For and on behalf of the Board  
P. Narendranath Chowdary, Managing Director  
Ravi Pendyala, Director  
P. Ratna Rao, Senior General Manager (Finance)  
M.V.V.S.V. Prasadu, Dy. Secy., & A.M (F)**

**Place: Tanuku  
Date : 20.06.2020**

**Tanuku  
20.06.2020**

Statement of Profit and Loss for the year ended 31st March, 2020

(₹ in lakhs)

Sl. No.	Particulars	Note No.	This Year	Previous Year
1	2	3	4	5
<b>I</b>	<b>Revenue from operations</b>	<b>2.26</b>	<b>45593.27</b>	66586.22
<b>II</b>	<b>Other income</b>	<b>2.27</b>	<b>332.90</b>	271.95
<b>III</b>	<b>Total Income (I + II)</b>		<b>45926.17</b>	66858.17
<b>IV</b>	<b>Expenses</b>			
	Cost of materials consumed	<b>2.28</b>	<b>34790.40</b>	46395.00
	Changes in inventories of finished goods and work in progress	<b>2.29</b>	<b>(1387.48)</b>	(41.17)
	Employee benefit expense	<b>2.30</b>	<b>2106.05</b>	1926.70
	Finance cost	<b>2.31</b>	<b>152.13</b>	591.81
	Depreciation and amortisation expense	<b>2.32</b>	<b>1281.17</b>	1049.48
	Other expense	<b>2.33</b>	<b>6881.59</b>	7437.25
	<b>Total expenses (IV)</b>		<b>43823.86</b>	57359.07
<b>V</b>	<b>Profit before exceptional items and tax (III-IV)</b>		<b>2102.31</b>	9499.10
<b>VI</b>	Exceptional items		--	--
<b>VII</b>	<b>Profit before tax (V-VI)</b>		<b>2102.31</b>	9499.10
<b>VIII</b>	<b>Tax expense</b>			
	(1) Current Tax	<b>2.34</b>	<b>760.00</b>	2071.12
	(2) Adjustment of Tax expense for earlier years		<b>(0.61)</b>	27.18
	(3) Deferred tax	<b>2.34</b>	<b>(15.90)</b>	417.44
<b>IX</b>	<b>Profit for the year from continuing operations (VII-VIII)</b>		<b>1358.82</b>	6983.36
<b>X</b>	<b>Profit/ (Loss) from discontinued operations</b>		--	--
<b>XI</b>	<b>Tax expense of discontinued operations</b>		--	--
<b>XII</b>	<b>Profit/ (Loss) from discontinuing operations (after tax)</b>		--	--
<b>XIII</b>	<b>Profit for the Year</b>		<b>1358.82</b>	6983.36
<b>XIV</b>	<b>Other comprehensive income</b>			
	A Items that will not be reclassified to profit or loss:			
	(i) Remeasurement gains/(losses) on the defined benefit plans		<b>23.01</b>	(16.36)
	Income tax effect on the above		<b>(8.04)</b>	5.72
	(ii) Gains/(losses) on sale of Equity Instruments measured at FVTOCI		--	--
	(iii) Gains/(losses) on restatement of Equity Instruments measured at FVTOCI		<b>(137.53)</b>	(90.63)
	Income tax effect on above		--	--
	B Items that will be reclassified to profit or loss:			
	Income tax relating to items that will be reclassified to profit or loss		--	--
<b>XV</b>	<b>Total comprehensive income for the period (XIII+XIV)</b>		<b>1236.26</b>	6882.09
	<i>(Comprising of Profit/ loss &amp; other comprehensive income)</i>			
<b>XVI</b>	<b>Earnings per equity share (for continuing operations)</b>	<b>2.40</b>		
	a) Basic		<b>1.60</b>	8.22
	b) Diluted		<b>1.60</b>	8.22
<b>XVII</b>	<b>Earnings per equity share (for discontinued operations)</b>			
	a) Basic		--	--
	b) Diluted		--	--
<b>XVIII</b>	<b>Earnings per equity share (for discontinued &amp; continuing operations)</b>			
	a) Basic		<b>1.60</b>	8.22
	b) Diluted		<b>1.60</b>	8.22

See accompanying notes to the financial statements.

Per our report of even date  
For C V Ramana Rao & Co.,  
Chartered Accountants  
Firm Regn. No.: 002917S  
Katyayani K  
Partner  
Membership No.: 225030

Place: Tanuku  
Date : 20.06.2020

For and on behalf of the Board  
P. Narendranath Chowdary, Managing Director  
Ravi Pendyala, Director  
P. Ratna Rao, Senior General Manager (Finance)  
M.V.V.S.V. Prasadu, Dy. Secy., & A.M (F)

Tanuku  
20.06.2020

## The Andhra Petrochemicals Limited

### Note 2.01 Property, Plant and Equipment

(₹ in Lakhs)

Fixed Assets	Gross Block				Depreciation				Net Block	
	Balance as at 01.04.2019	Additions	(Disposals)	Balance as at 31.03.2020	Upto 01.04.2019	For the year	On disposals	Total upto 31.03.2020	Balance as at 31.03.2020	Balance as at 31.03.2019
Land	9.07	--	--	9.07	--	--	--	--	9.07	9.07
Buildings *	1700.27	--	--	1700.27	1046.23	29.79	--	1076.02	624.25	654.04
Plant and Equipment	45141.87	484.33	298.74	45327.46	28655.12	1001.37	151.33	29505.16	15822.30	16486.75
Furniture and Fixtures	68.52	--	0.11	68.41	64.53	0.37	0.10	64.80	3.61	3.99
Office equipment	147.68	6.52	1.58	152.62	95.61	24.45	1.50	118.56	34.06	52.07
Vehicles	68.13	0.04	--	68.17	59.16	2.15	--	61.31	6.86	8.97
<b>Total</b>	47135.54	490.89	300.43	47326.00	29920.65	1058.13	152.93	30825.85	16500.15	17214.89
Previous year	46983.55	152.21	0.22	47135.54	28873.51	1047.35	0.21	29920.65	17214.89	18110.04

\* Buildings of the value of Rs. 1677.64 lakhs constructed on Leasehold Land.

#### Note: 2.01 a : Disclosure about carrying amount of temporarily idle property, plant and equipment

Due to the wide spread of COVID-19 pandemic throughout the World including India, Nationwide Lockdown has been announced with effect from 24th March, 2020. Since the products of the Company are not essential goods as per the Government relaxations, the Company was in-operative from 26th March, 2020 to 05th May, 2020. So, the Company's property, plant & equipment were kept idle during the period.

#### Note 2.02 Capital work-in-progress

Particulars	As at 31-03-2020		As at 31-03-2019	
	Details	₹ in Lakhs	Details	₹ in Lakhs
Capital work in progress		41.22		--
<b>Total</b>		41.22		--

#### Note 2.03 Right-of-Use assets

Particulars	As at 31-03-2020		As at 31-03-2019	
	Details	₹ in Lakhs	Details	₹ in Lakhs
Leasehold Land-Factory		8207.40		--
Building - Office		2.98		--
<b>Total</b>		8210.38		--

#### Note 2.04 Other intangible assets

(₹ in Lakhs)

Fixed Assets	Gross Block				Depreciation				Net Block	
	Balance as at 01.04.2019	Additions	(Disposals)	Balance as at 31.03.2020	Upto 01.04.2019	For the year	On disposals	Total upto 31.03.2020	Balance as at 31.03.2020	Balance as at 31.03.2019
Computer Software	33.33	12.00	--	45.33	2.13	8.41	--	10.54	34.79	31.20
<b>Total</b>	33.33	12.00	--	45.33	2.13	8.41	--	10.54	34.79	31.20
Previous year	--	33.33	--	33.33	--	2.13	--	2.13	31.20	--

#### Note 2.05 Non-current Financial Assets -Investments

Particulars	As at 31-03-2020		As at 31-03-2019	
	Details	₹ in lakhs	Details	₹ in lakhs
<b>Investments at Fair Value through Other Comprehensive Income</b>				
Unquoted Equity instruments		308.75		446.28
<b>Total</b>		308.75		446.28

#### Reasons for Investments designated to measure at FVTOCI:

The Company has elected an irrevocable option of classifying at Fair Value Through Other Comprehensive Income as they are not held primarily for trading.

#### Note 2.06 Non current Financial Assets -Others

Particulars	As at 31-03-2020		As at 31-03-2019	
	Details	₹ in lakhs	Details	₹ in lakhs
<b>Security Deposits Recoverable</b> (Unsecured, considered good)		440.57		440.62
<b>Total</b>		440.57		440.62

**Note 2.07 Other Non Current Assets**

Particulars	As at 31-03-2020		As at 31-03-2019	
	Details	₹ in lakhs	Details	₹ in lakhs
Other Deposits Recoverable (Unsecured, considered good)		5.52		5.52
<b>Total</b>		<b>5.52</b>		<b>5.52</b>

**Note 2.08 Inventories**

Particulars	As at 31-03-2020		As at 31-03-2019	
	Details	₹ in lakhs	Details	₹ in lakhs
a. Raw Materials	452.65		310.71	
Goods-in transit	42.88	495.53	148.66	459.37
b. Work-in-process		851.69		142.81
c. Finished goods		984.56		305.96
d. Stores and spares		1179.04		999.00
Method of valuation is stated in Accounting Policies vide Note No.1.7				
<b>Total</b>		<b>3510.82</b>		<b>1907.14</b>

**Note 2.09 Current Financial Assets -Investments**

Particulars	As at 31-03-2020		As at 31-03-2019	
	Details	₹ in lakhs	Details	₹ in lakhs
<b>Investments at Fair Value through Profit &amp; Loss</b>				
<b>Investments in Mutual Funds</b>				
- SBI Mutual Fund		2058.91		954.25
- HDFC Mutual Fund		806.90		673.83
<b>Total</b>		<b>2865.81</b>		<b>1628.08</b>

**Note 2.10 Trade Receivables**

Particulars	As at 31-03-2020		As at 31-03-2019	
	Details	₹ in lakhs	Details	₹ in lakhs
<b>Trade receivables</b>				
Unsecured, considered good and due for less than six months		603.19		3561.04
<b>Total</b>		<b>603.19</b>		<b>3561.04</b>

**Note 2.11 Cash and Cash Equivalents**

Particulars	As at 31-03-2020		As at 31-03-2019	
	Details	₹ in lakhs	Details	₹ in lakhs
a. Balances with banks	390.71		226.93	
This includes:		390.71		226.93
Earmarked Balances (Unpaid Dividend accounts - less than seven	81.78		25.76	
b. Margin money deposits		0.13		0.71
c. Cheques, drafts in transit		--		66.07
d. Cash on hand		4.56		1.70
<b>Total</b>		<b>395.40</b>		<b>295.41</b>

**Note 2.12 Other Current Financial Assets**

Particulars	As at 31-03-2020		As at 31-03-2019	
	Details	₹ in lakhs	Details	₹ in lakhs
Interest receivable		21.36		23.72
Others		1.77		1.11
<b>Total</b>		<b>23.13</b>		<b>24.83</b>

**Note 2.13 Other Current Assets**

Particulars	As at 31-03-2020		As at 31-03-2019	
	Details	₹ in lakhs	Details	₹ in lakhs
<b>Unsecured, considered good</b>				
Prepaid Expenses		43.38		51.53
Advances to Suppliers		359.51		447.65
Advances to staff		0.11		0.10
Income tax Refund Receivable		11.11		13.82
AP Vat Paid Under Protest		--		--
CST Paid Under Protest		--		--
Service Tax Paid Under Protest		--		--
GST paid-in-Advance (Input Tax Credit)		235.03		1.31
<b>Total</b>		<b>649.14</b>		<b>514.41</b>



**The Andhra Petrochemicals Limited**

**Note 2.14: Equity**

**a. Equity Share Capital**

Particulars	As at 31-03-2020		As at 31-03-2019	
	Number	₹ in lakhs	Number	₹ in lakhs
<b>Authorised</b> Equity Shares of ₹10 each	125000000	12500.00	125000000	12500.00
<b>Issued</b> Equity Shares of ₹ 10 each	84971600	8497.16	84971600	8497.16
<b>Subscribed &amp; Paid up</b> Equity Shares of ₹ 10 each fully paid	84971600	8497.16	84971600	8497.16
<b>Total</b>	<b>84971600</b>	<b>8497.16</b>	<b>84971600</b>	<b>8497.16</b>

**Terms/ rights attached to equity shares**

Equity shares have a par value of INR 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts.

**b. Equity Shares in the company held by each shareholder holding more than 5 percent shares specifying the number of shares held.**

Particulars	As at 31-03-2020		As at 31-03-2019	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
The Andhra Sugars Limited	28086613	33.05	28086613	33.05
Andhra Pradesh Industrial Development Corporation Ltd.,	9180000	10.80	9180000	10.80

**c. The company paid for the year ended 31.03.2019 a dividend of Rs.1.50 (15 percent) per Equity Share out of the retained earnings available for distribution in accordance with the provisions of the Act.**

**Note 2.15: Other Equity**

Particulars	As at 31-03-2020		As at 31-03-2019	
	Details	₹ in lakhs	Details	₹ in lakhs
a) Capital Reserve		23.37		23.37
b) Securities Premium		412.63		412.63
c) General Reserve		2500.00		2500.00
d) Retained Earnings		11151.72		11329.86
<b>e) Other Comprehensive Income</b>		--		--
Equity Instruments through Other Comprehensive Income		(217.56)		(80.03)
Re-measurement of Defined benefit plans		(19.94)		(34.91)
<b>Total</b>		<b>13850.22</b>		<b>14150.92</b>

a) **Capital Reserve** : Capital reserve represents incentives given by the FFIs for onetime settlement of the foreign currency loan.

b) **Securities premium** : Securities premium represents premium received on issue of shares. The reserve is utilised in accordance with the provisions of Companies Act, 2013.

c) **General reserve** : The general reserve is created by way of transfer of part of the profits before declaring dividend pursuant to the provisions of Companies Act, 1956.

d) **Retained earnings** : Retained earnings generally represents the undistributed profit amount of accumulated earnings of the company.

**e) Other Comprehensive Income:**

Other Comprehensive Income (OCI) represents the balance in equity for items to be accounted under OCI and comprises of:

items that will not be reclassified to profit and loss

a. The Company has made an irrevocable election to present the subsequent fair value changes of investments in OCI. This reserve represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value including tax effects. The company transfers restated fair value amounts from this reserve to retained earnings when the relevant financial instruments are disposed.

b. The actuarial gains and losses along with tax effects arising on defined benefit obligations are recognised in OCI.

**Note 2.16: Non-Current Financial Liabilities - Borrowings**

Particulars	As at 31-03-2020		As at 31-03-2019	
	Details	₹ in lakhs	Details	₹ in lakhs
<b>Secured</b>				
<b>(a) Working Capital Term Loans</b>				
IDBI Bank Limited		--		346.90
State Bank of India		--		100.32
Andhra Bank		--		111.28
(Secured by the hypothecation of raw materials, work in process, finished goods, stores and spares and book debts by paripassu Charge with Working Capital Lenders and further secured by paripassu Charge, by mortgage of the Company's immovable properties and hypothecation of movable plant and machinery, present and future. Further, The Andhra Sugars Limited, Promoter of the Company has given an undertaking to the bankers to pledge to them its investment in the equity of the Company, in the event of default by the Company).				
Terms of Repayment: Repayable in 16 equal quarterly instalments commencing from April 1, 2017.				
<b>Total</b>		--		558.50

**Note 2.17 Non-Current Financial Liabilities - Others**

Particulars	As at 31-03-2020		As at 31-03-2019	
	Details	₹ in lakhs	Details	₹ in lakhs
Deposits Refundable		5.00		5.00
<b>Total</b>		5.00		5.00

**Note 2.18 Non-Current Provisions**

Particulars	As at 31-03-2020		As at 31-03-2019	
	Details	₹ in lakhs	Details	₹ in lakhs
<b>(a) Provision for employee benefits:</b>				
Compensated Absences		356.41		181.11
<b>(b) Provision for Decommissioning Liability</b>		73.87		38.50
<b>Total</b>		430.28		219.61

**Note 2.19 Deferred Tax Liability (Net)**

Particulars	As at 31-03-2020		As at 31-03-2019	
	Details	₹ in lakhs	Details	₹ in lakhs
Major components of Deferred Tax Liabilities and Assets arising on account of timing difference are:				
<b>Liabilities:</b>				
Difference between tax and book depreciation	3954.79		4064.21	
Difference between Lease rentals charged to Statement of Profit & Loss and claimed for tax purposes	128.73		--	
Unamortised transaction costs	1.96	4085.48	5.17	4069.38
<b>Assets:</b>				
Expenditure charged to Statement of Profit & Loss in the current year but allowed for tax purposes on payment basis	195.31		183.71	
Provision for decommissioning cost	25.81	221.12	13.45	197.16
Deferred Tax Liability (net)		3864.36		3872.22
MAT credit entitlement		3119.65		3509.23
<b>Total</b>		744.71		362.99

**The Andhra Petrochemicals Limited**

**Note 2.20 Current Financial Liabilities - Borrowings**

Particulars	As at 31-03-2020		As at 31-03-2019	
	Details	₹ in lakhs	Details	₹ in lakhs
<b>Secured</b>				
<b>Loans repayable on demand:</b>				
From banks (Secured by hypothecation of raw materials, work in process, finished goods, stores and spares and book debts and collaterally secured by Second Charge on the fixed assets, both present and future, of the Company).		63.13		64.48
<b>Total</b>		<b>63.13</b>		<b>64.48</b>

The carrying amounts of financial and non-financial assets pledged as security for current and non-current borrowings are disclosed in Note 2.36

**Note 2.21 Current Financial Liabilities - Trade Payables**

Particulars	As at 31-03-2020		As at 31-03-2019	
	Details	₹ in lakhs	Details	₹ in lakhs
(A) Total outstanding dues of Micro and Small Enterprises		151.06		--
(B) Total outstanding dues of creditors other than Micro and Small Enterprises		790.02		486.82
<b>Total</b>		<b>941.08</b>		<b>486.82</b>
<b>Dues to Small and Medium Enterprises:</b>				
(a) Principal amount and interest due thereon remaining unpaid		151.06		--
(b) Interest paid in terms of Section 16 of MSMED Act, 2006		--		--
(c) Interest due and payable for the period of delay excluding interest specified		--		--
(d) Interest accrued and remaining unpaid at the end of the year		--		--
(e) Further interest due and payable in terms of section 23 of MSMED Act,		--		--

**Note 2.22 Current Financial Liabilities - Others**

Particulars	As at 31-03-2020		As at 31-03-2019	
	Details	₹ in lakhs	Details	₹ in lakhs
(a) Current maturities of long-term debt		558.20		790.83
(b) Interest accrued but not due on borrowings		0.21		0.72
(c) Unpaid dividends		81.78		25.76
<b>Total</b>		<b>640.19</b>		<b>817.31</b>

**Note 2.23 Other Current Liabilities**

Particulars	As at 31-03-2020		As at 31-03-2019	
	Details	₹ in lakhs	Details	₹ in lakhs
(a) Advances received from Customers		292.62		54.10
(b) Other Liabilities		255.08		440.40
<b>Total</b>		<b>547.70</b>		<b>494.50</b>

**Note 2.24 Current Provisions**

Particulars	As at 31-03-2020		As at 31-03-2019	
	Details	₹ in lakhs	Details	₹ in lakhs
<b>Provision for employee benefits</b>				
Gratuity (Funded)		161.12		153.82
Compensated Absences		--		141.05
<b>Total</b>		<b>161.12</b>		<b>294.87</b>

**Note 2.25(a) Current Tax Liabilities (Net)**

Particulars	As at 31-03-2020		As at 31-03-2019	
	Details	₹ in lakhs	Details	₹ in lakhs
Provision for Income Tax (Net of Prepaid Taxes)		--		117.26
<b>Total</b>		<b>--</b>		<b>117.26</b>

**Note 2.25(b) Current Tax Assets (Net)**

Particulars	As at 31-03-2020		As at 31-03-2019	
	Details	₹ in lakhs	Details	₹ in lakhs
Prepaid Taxes (Net of provision for tax)		133.68		--
<b>Total</b>		<b>133.68</b>		<b>--</b>

**Note 2.26 Revenue from Operations**

Particulars	This Year		Previous Year	
	Details	₹ in lakhs	Details	₹ in lakhs
Sale of products (Oxo-Alcohols)		45593.27		66586.22
<b>Total</b>		<b>45593.27</b>		<b>66586.22</b>

**Note: 2.26 (A) Revenue disaggregation by industry vertical is as follows:**

Particulars	₹ in lakhs	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Fixed price manufacturing contracts	45593.27	66586.22
<b>Total</b>	<b>45593.27</b>	<b>66586.22</b>

**Note: 2.26 (B) Revenue disaggregation by geography is as follows:**

Revenue earned from states in India (*)	₹ in lakhs	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Andhra Pradesh	953.85	1071.51
Bihar	20.95	26.22
Chhattisgarh	4.17	8.18
Dadra And Nagar Haveli	17946.76	24093.21
Daman And Diu	180.05	279.75
Delhi	51.74	34.61
Gujarat	4124.97	8401.81
Haryana	75.52	180.93
Jammu And Kashmir	1913.94	5079.56
Jharkhand	3.57	3.21
Karnataka	278.52	525.70
Kerala	80.11	136.97
Madhya Pradesh	760.90	914.32
Maharashtra	14780.10	19339.83
Puducherry	10.24	24.11
Rajasthan	2808.68	3670.15
Tamil Nadu	694.57	1652.08
Telangana	382.07	580.16
Uttar Pradesh	384.51	446.66
West Bengal	106.18	117.25
Himachal Pradesh	0.13	--
Punjab	31.74	--
<b>Total</b>	<b>45593.27</b>	<b>66586.22</b>

(\*) Company earns revenue only from INDIA & Geographical revenue is allocated based on the goods sent to the location of the customers.

**Note: 2.26 (C) Reconciliation of revenue recognized with the contracted price is as follows:**

Particulars	₹ in lakhs	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Contracted price with customers	46459.80	67291.43
Less: Amounts adjusted for Discounts, rebates, refunds etc	866.53	705.21
<b>Revenue recognised in the Statement of Profit and Loss</b>	<b>45593.27</b>	<b>66586.22</b>

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Note:2.26 (D) Changes in advances received from customers (Contract liability) are as follows:

Particulars	₹ in lakhs	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Balance at the beginning of the year	54.10	200.56
Add: Amounts received during the year	269.72	17.81
Less: Revenue recognised during the year	31.19	164.27
<b>Balance at the end of the year (Net)</b>	<b>292.63</b>	<b>54.10</b>

Note: 2.26 (E) The details in respect of percentage of revenues generated from top customers are as follows:

Particulars	(In %)	(In %)
	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from top customer	30.52	27.95
Revenue from 2nd top customer	14.71	9.43
Revenue from 3rd top customer	8.17	8.31
Revenue from 4th top customer	8.15	7.64
Total of other customers generating more than 10% revenue	--	--

The Company deals with largest corporates in India and the company believes 100% reliance of recovery of its receivables.

Note 2.27 Other Income

Particulars	This Year		Previous Year	
	Details	₹ in lakhs	Details	₹ in lakhs
<b>Interest income from:</b>				
Financial assets at amortised cost	23.93		26.42	
Financial assets measured at fair value	63.91		93.28	
Others	0.44	88.28	0.24	119.94
<b>Other non-operating income:</b>				
Net gains on sale of financial assets measured at FVTPL		147.09		95.03
Net gains (losses) on fair value changes - - Investments classified at FVTPL		24.37		5.77
Miscellaneous Receipts		53.79		25.94
Insurance Claims Received		0.25		--
Net gain on disposal of property, plant and equipment		0.07		--
Unclaimed credit balance & excess provisions made in earlier years written		17.37		22.74
Grants Received under PMRPY Scheme		1.68		2.53
<b>Total</b>		<b>332.90</b>		<b>271.95</b>

Note 2.28 Cost of Materials Consumed

Particulars	This Year		Previous Year	
	Details	₹ in lakhs	Details	₹ in lakhs
<b>Raw Materials Consumed</b>				
Opening Stock		310.71		237.31
Add: Purchases		34932.34		46468.40
		35243.05		46705.71
Less: Closing Stock		452.65		310.71
<b>Total</b>		<b>34790.40</b>		<b>46395.00</b>

Details of Raw materials consumed:

Particulars	This Year		Previous Year	
	Details	₹ in lakhs	Details	₹ in lakhs
i) Propylene		24701.86		32858.75
ii) Naphtha		10088.54		13536.25
<b>Total</b>		<b>34790.40</b>		<b>46395.00</b>

Note 2.28a: The write down of inventories value during the year amounted to Rs. 36,21,994/- (Previous year: Nil) and the same have been included in the cost of material consumed.

**Note 2.29 Changes in Inventories of Finished Goods and Work-in-Process**

Particulars	This Year		Previous Year	
	Details	₹ in lakhs	Details	₹ in lakhs
<b>A) Closing Stock</b>				
Finished Goods		984.56		305.96
Work-in-process		851.69		142.81
Total (A)		1836.25		448.77
<b>B) Opening Stock</b>				
Finished Goods		305.96		312.21
Work-in-process		142.81		95.39
Total (B)		448.77		407.60
(Increase)/Decrease in stocks (B-A)		(1387.48)		(41.17)
<b>Total</b>		(1387.48)		(41.17)

**Note 2.30 Employee Benefit Expense**

Particulars	This Year		Previous Year	
	Details	₹ in lakhs	Details	₹ in lakhs
Salaries and Allowances		1760.86		1654.08
Company's Contribution to Provident and other Funds		113.60		107.15
Contribution to Gratuity Fund		74.93		32.29
Workmen and Staff Welfare Expenses		156.66		133.18
<b>Total</b>		2106.05		1926.70

Employee benefit plans:

As per Indian Accounting Standard 19 "Employees' Benefits" the disclosures of Employee Benefits as defined in the Standard are given hereunder:

Defined Contributions Plans:

Contributions to Defined Contribution plans, recognized as expense for the year, are as under:

Particulars	₹ in lakhs	
	2019-20	2018-19
Employer's Contributions to Provident and Pension Funds	113.60	107.15

Defined Benefit Plans:

A. The company provides for gratuity to the employees as per Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity is payable on retirement/resignation. The gratuity plan is a funded plan and the company makes contributions to recognised funds in India.

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using "Projected Unit Credit Method" on the additional amount expected to be paid/availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

B. The employees' gratuity fund scheme managed by a Trust is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the "Projected Unit Credit Method" which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for compensated absences is recognized in the same manner as gratuity.

I. Reconciliation of opening and closing balances of Defined Benefit obligation:

(₹ in lakhs)

Particulars	Gratuity (Funded)		Compensated absences	
	This year	Previous year	This year	Previous year
Defined Benefit obligation at beginning of the year	450.51	426.14	322.15	300.05
Interest Cost	34.05	32.53	23.63	22.72
Current Service Cost	23.62	20.78	34.85	29.83
Benefits paid	(10.77)	(38.80)	(26.57)	(32.14)
Actuarial loss / (gain) on obligation	18.30	9.86	2.34	1.69
Defined Benefit obligation at year end	515.71	450.51	356.40	322.15

II. Reconciliation of opening and closing balances of fair value of plan assets

(₹ in lakhs)

Particulars	Gratuity (Funded)	
	This year	Previous year
Fair value of plan assets at beginning of the year	296.70	269.29
Interest Income	24.08	21.03
Contributions	46.95	50.00
Benefits paid	(10.77)	(38.80)
Remeasurements - Return on Assets (Excluding Interest Income)	(2.37)	(4.82)
Fair value of plan assets as at the end of the year	354.59	296.70

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III. Reconciliation of fair value of assets and obligations as at 31.3.2020

(₹ in lakhs)

Particulars	Gratuity (Funded)	
	31 March, 2020	31 March, 2019
Fair value of plan assets	354.59	296.70
Present value of obligation	515.71	450.51
Amount recognized as liability in Balance Sheet	161.12	153.81

Particulars	Compensated absences	
	31 March, 2020	31 March, 2019
Fair value of plan assets	--	--
Present value of obligation	356.41	322.15
Amount recognized as liability in Balance Sheet	356.41	322.15

Company is maintaining the planned assets through a group policy with Life Insurance Corporation of India.

IV. Expenses recognized during the year in the Statement of Profit & Loss under employee benefit expenses

(₹ in lakhs)

Particulars	Gratuity (Funded)		Compensated absences	
	This year	Previous year	This year	Previous year
Current Service Cost	23.62	20.78	34.85	29.83
Interest Cost	34.05	32.53	23.63	22.72
Expected return on plan assets	(24.08)	(21.03)	--	--
Actuarial (gain)/ loss	--	--	--	--
Expenses recognized in the Statement of Profit & Loss	33.59	32.28	58.48	52.55

V. Amount to be recognized in statement of other comprehensive income

(₹ in lakhs)

Particulars	Gratuity (Funded)		Compensated absences	
	This year	Previous year	This year	Previous year
Remeasurements of the net defined benefit liability/ (asset)				
Actuarial (gains) / losses	18.30	9.86	2.34	1.69
(Return)/loss on plan assets excluding amounts included in the net interest on	2.37	4.82	--	--
Expenses recognized in the statement of Other Comprehensive Income	20.67	14.68	2.34	1.69

(₹ in lakhs)

Particulars	Gratuity (Funded)		Compensated absences	
	This year	Previous year	This year	Previous year
(Gain)/loss from change in demographic assumptions	--	--	--	--
(Gain)/loss from change in financial assumptions	25.33	13.17	7.04	2.46
(Gain)/loss from change in experience adjustments	(4.66)	1.51	(4.70)	(0.77)

VI. Significant estimates: actuarial assumptions

Particulars	Gratuity (Funded)	
	31 March, 2020	31 March, 2019
<i>Discount Rate:</i>		
Gratuity (Funded)	6.74%	7.65%
Compensated absences (Unfunded)	6.74%	7.65%
<i>Salary Escalation Rate:</i>		
Gratuity (Funded)	7.00%	7.00%
Compensated absences (Unfunded)	7.00%	7.00%
<i>Withdrawal/Attrition Rate:</i>		
Gratuity (Funded)	5% to 15%	5% to 15%
Compensated absences (Unfunded)	5% to 15%	5% to 15%

VII. Maturity Profile of Defined Benefit Obligations:

(₹ in lakhs)

Particulars	Gratuity (Funded)		Compensated absences	
	This year	Previous year	This year	Previous year
Expected outflow in year1	53.02	37.37	148.09	140.21
Expected outflow in year2	88.42	48.00	83.14	56.02
Expected outflow in year3	68.93	80.73	38.94	54.50
Expected outflow in year4	72.49	61.65	31.07	27.50
Expected outflow in year5	65.74	65.90	26.52	24.22
Expected outflow in year6	50.74	59.58	18.80	20.98
Expected outflow in year7	64.92	45.80	19.00	14.15
Expected outflow in year8	40.17	58.62	11.81	13.82
Expected outflow in year9	35.76	36.47	9.66	9.16
Expected outflow in year10	18.58	32.06	6.49	7.20

VIII. Significant estimates : Sensitivity analysis

Discount rate, Salary Escalation Rate and Attrition/Withdrawal rate are significant actuarial assumptions. The change in Present value of Defined Benefit Obligation for a change of 100 Basis Points from the assumed assumption is given below:

(₹ in lakhs)

Particulars	Change of assumption (+increase/ - decrease)	Effect on Gratuity Valuation	
		This year	Previous year
Impact on present value of defined benefit obligation if discount rate increase by	+1%	537.69	427.40
Impact on present value of defined benefit obligation if discount rate decrease by	-1%	494.82	476.07
Impact on present value of defined benefit obligation if salary increase by	+1%	516.92	471.07
Impact on present value of defined benefit obligation if salary decrease by	-1%	514.36	430.76
Impact on present value of defined benefit obligation if withdrawal/attrition increase by	+1%	490.59	452.43
Impact on present value of defined benefit obligation if withdrawal/attrition decrease by	-1%	543.56	448.40

(₹ in lakhs)

Particulars	Change of assumption (+increase/ - decrease)	Effect on Compensated Absences			
		Leave Encashment		Sick leave benefit	
		This year	Previous year	This year	Previous year
Impact on present value of defined benefit obligation if discount rate increase by	+1%	250.91	205.75	116.61	109.53
Impact on present value of defined benefit obligation if discount rate decrease by	-1%	232.68	219.44	114.13	110.11
Impact on present value of defined benefit obligation if salary increase by	+1%	241.10	220.69	114.70	111.07
Impact on present value of defined benefit obligation if salary decrease by	-1%	241.19	204.42	115.92	108.57
Impact on present value of defined benefit obligation if withdrawal/attrition increase by	+1%	233.67	212.48	115.20	109.22
Impact on present value of defined benefit obligation if withdrawal/attrition decrease by	-1%	249.12	212.19	115.60	110.42

IX. Other Disclosures

(₹ in lakhs)

Particulars	Gratuity	
	This year	Previous year
a) Best Estimate Contribution during the next year	161.12	76.91
b) Discontinuance liability	543.42	493.72



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(₹ in lakhs)

Particulars	Effect on Compensated Absences			
	Leave Encashment		Sick leave benefit	
	This year	Previous year	This year	Previous year
a) Best Estimate Contribution during the next year	--	106.17	--	54.91
b) Discontinuance liability	<b>246.74</b>	224.19	--	--

As per the enterprise's accounting policy actuarial gains and losses are recognized immediately during the same year itself.  
The above information is certified by the Actuary.

**Note 2.31 Finance Cost**

Particulars	This Year		Previous Year	
	Details	₹ in lakhs	Details	₹ in lakhs
Interest expense		<b>113.88</b>		267.27
Amortisation of Interest/transaction costs using Effective Interest Rate		<b>9.17</b>		276.48
Interest expense on lease liabilities		<b>0.43</b>		--
Unwinding of discount on provision for decommissioning		<b>4.36</b>		2.61
Bank charges		<b>24.29</b>		45.45
<b>Total</b>		<b>152.13</b>		591.81

**Note 2.32 Depreciation and Amortisation expense**

Particulars	This Year		Previous Year	
	Details	₹ in lakhs	Details	₹ in lakhs
Depreciation on plant, property and equipment		<b>1058.13</b>		1047.35
Amortisation on right-of-use assets		<b>214.63</b>		--
Amortisation on other intangible assets		<b>8.41</b>		2.13
<b>Total</b>		<b>1281.17</b>		1049.48

**Note 2.33 Other Expense**

Particulars	This Year		Previous Year	
	Details	₹ in lakhs	Details	₹ in lakhs
Consumption of stores and spares		<b>1269.15</b>		1365.82
Fuel, Power and Lighting		<b>3896.02</b>		4779.40
Repairs to Building		<b>32.01</b>		47.50
Repairs to Machinery		<b>944.00</b>		565.08
Rent		<b>75.71</b>		280.13
Rates and Taxes		<b>11.05</b>		24.92
Insurance		<b>67.40</b>		64.31
Directors' Sitting Fees		<b>9.30</b>		6.20
Auditors' Remuneration				
for Audit Fees	<b>3.00</b>		3.00	
for Taxation Matters	<b>0.60</b>		0.51	
for Other Services	<b>2.76</b>		2.74	
		<b>6.36</b>		6.25
Cost Auditors' Remuneration		<b>1.25</b>		1.25
Loss on sale of assets		<b>0.01</b>		--
Assets written off		<b>144.02</b>		--
Corporate Social Responsibility Expenses		<b>73.54</b>		10.73
Miscellaneous Expenses		<b>351.77</b>		285.66
<b>Total</b>		<b>6881.59</b>		7437.25

**Note 2.33a Corporate Social Responsibility expense**

Particulars	This Year		Previous Year	
	Details	₹ in lakhs	Details	₹ in lakhs
Amount required to be spent as per section 135 of the Companies Act, 2013		72.23		9.92
Amount spent on				
a. SMVM Polytechnic, Tanuku		20.00		--
b. SMVM Hospital, Tanuku		12.00		--
c. GVMC SES, Visakhapatnam		38.54		--
d. ZPH School, Mindi		3.00		--
e. Balyam Schools, Visakhapatnam		--		4.52
f. Mandal Parishad Primary Schools, Visakhapatnam		--		6.21
<b>Total CSR expenses</b>		<b>73.54</b>		<b>10.73</b>

**Note 2.34 Income Tax Expense**

Particulars	This Year		Previous Year	
	Details	₹ in lakhs	Details	₹ in lakhs
<b>Current tax</b>				
- Based on provisions u/s 115JB of the Income Tax Act, 1961		--		1696.84
- Based on other provisions of the Income Tax Act, 1961		760.00		374.28
		<b>760.00</b>		<b>2071.12</b>
<b>Deferred tax</b>				
Decrease /(increase) in Deferred Tax Assets		(32.00)		417.89
Increase /(decrease) in Deferred Tax Liability		16.10		(0.45)
		<b>(15.90)</b>		<b>417.44</b>
<b>Total Income Tax Expense</b>		<b>744.10</b>		<b>2488.56</b>

**Note 2.34(a) Deferred Tax Expense/ (Income)**

Expense/ (Income) recognised for the year ended	This Year		Previous Year	
	Details	₹ in lakhs	Details	₹ in lakhs
Deferred tax (liability)/ Asset recognised in statement of profit or loss		(15.90)		417.44
Deferred tax (liability)/ Asset recognised in Other Comprehensive Income		8.04		(5.72)
Deferred tax recognised in Total Comprehensive Income		<b>(7.86)</b>		<b>411.72</b>

**Note 2.34(b) Reconciliation of tax expense and the accounting profit multiplied by tax rate**

Particulars	This Year		Previous Year	
	Details	₹ in lakhs	Details	₹ in lakhs
Profit from continuing operation before income tax expense		2102.31		9499.10
Profit from discontinuing operation before income tax expense		--		--
<b>Total</b>		<b>2102.31</b>		<b>9499.10</b>
<b>Tax @34,944%</b>		<b>734.63</b>		<b>3319.37</b>
<b>Tax effect of amount which are not deductible (taxable) in calculating taxable income:</b>				
Corporate social responsibility expenditure		25.69		3.75
Employee share based payment expense		--		--
Contingent consideration		--		--
Other Items		(16.22)		35.77
Differences in Domestic tax rates		--		--
Previously unrecognised tax losses now recouped to reduce current tax expense		--		(870.33)
Previously unrecognised tax losses used to reduce deferred tax expenses		--		--
<b>Income Tax expense</b>		<b>744.10</b>		<b>2488.56</b>

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### Note 2.34(c) Components of Tax expense

Particulars	This Year		Previous Year	
	Details	₹ in lakhs	Details	₹ in lakhs
a) Current tax expense		760.00		2071.12
b) Amount of deferred tax expense (income) relating to the origination and reversal of temporary differences		(7.86)		2108.56
c) Amount of deferred tax expense (income) relating to changes in tax rates or the imposition of new taxes		--		--
d) Amount of the benefit arising from a previously unrecognised tax loss, tax credit or temporary difference of a prior period that is used to reduce current tax expense		--		870.33
e) Amount of the benefit from a previously unrecognised tax loss, tax credit or temporary difference of a prior period that is used to reduce deferred tax expense		--		--

Pursuant to Taxation Law (Amendment) Ordinance, 2019 issued by Ministry of Law and Justice (Legislative Department) on 20 September, 2019 which is effective 1 April, 2019, domestic companies have the option to pay corporate income tax rate at 22% plus applicable surcharge and cess (New tax rate) as permitted under section 115BAA of the Income Tax Act subject to certain conditions.

The Company has decided not to opt for the new tax rate for the financial year 2019-20, in view of the availability of MAT credit entitlement for future years.

### Note 2.35 Contingent Liabilities and Commitments:

Particulars	This Year		Previous Year	
	Details	₹ in lakhs	Details	₹ in lakhs
<b>(i) Contingent Liabilities</b>				
<b>Claims against the company not acknowledged as debt</b>				
(a) Outstanding Guarantees to Banks including Letters of Credit opened with Banks for supplier payments		2.50		14.16
(b) Claims made by EPDC of A.P.Ltd., contested by Company towards:				
i) Grid Support charges		115.97		115.97
ii) Disputed demand charges against APGPCL Demand allocation		10.47		10.47
iii) Demand against excess incentive recovery		13.19		13.20
iv) Demand raised by APEPDCL against Stage-II supply from APGPCL		13.28		13.28
(c) Others:				
i) Disputed Income Tax demands for the Asst. Years 2006-07, 2008-09, 2009-10, 2012-13 & 2015-16		Nil		6.01
<b>(ii) Commitments</b>				
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for		--		--
(b) Bills discounted		--		--

### Note 2.36 Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current borrowings are:

Particulars	Notes	₹ in lakhs	
		March 31, 2020	March 31, 2019
<b>Current assets</b>			
<b>Financial assets</b>			
Trade receivables	2.10	603.19	3561.04
<b>Non-financial assets</b>			
Inventories	2.08	3510.82	1907.14
<b>Non-current assets</b>			
Land	2.01	9.07	9.07
Buildings	2.01	624.25	654.04
Plant and Equipment	2.01	15822.30	16486.75
Furniture and Fixtures	2.01	3.61	3.99
Office equipment	2.01	34.06	52.07
Vehicles	2.01	6.86	8.97

### Note 2.37 Movements in provisions

Particulars	₹ in lakhs	
	Decommissioning liability	
<b>Balance as at 01-04-2019</b>		38.50
<i>Charged/ (credited) to Statement of Profit / Loss:</i>		--
Additional provision recognised		31.01
Unused amounts reversed		--
Unwinding of discount on provisions		4.36
Amounts used during the year		--
<b>Balance as at 31-03-2020</b>		73.87

Provision for decommissioning liability:

Decommissioning Liability: This provision has been created for estimated costs of dismantling and removing the movable assets and restoring the site in respect of leased premises on which the plant is super structured. The lease agreement is for a period of 30 years which was valid upto 27th June, 2019. The company has initiated the process of renewal of lease and estimated the decommissioning liability for a further period of 30 years i.e upto 27th June, 2049.

**Note 2.38 Segment information**

The Company operates only in one business segment being the manufacture of Oxo-Alcohols and there are no geographical segments to be reported.

**Note 2.39** As per Indian Accounting Standard 24 “Related parties disclosure” the disclosure of Related parties as defined in the Standard are given hereunder:

**I. List of Related Parties:**

Sl. No.	Name of the Related Party	Relationship
1	The Andhra Sugars Limited	Promoter
2	Andhra Pradesh Industrial Development Corporation Limited	Promoter
3	JOCIL Limited	A Subsidiary Company of The Andhra Sugars Limited, Promoter
4	Sri P. Narendranath Chowdary	Managing Director
5	Sri K Narasappa	President
6	Sri P Ratna Rao	Key Management Personnel Senior General Manager (Finance) [CFO]
7	Sri M.V.V.S.V. Prasadu	Key Management Personnel Dy. Secretary & Asst. Manager (Finance)

**II. Transactions with the Related Parties:**

Particulars	(₹ in lakhs)			
	The Andhra Sugars Limited (Promoter)		JOCIL Limited (A subsidiary Company of the Andhra Sugars Ltd., Promoter)	
	This Year	Previous Year	This Year	Previous Year
Purchase of goods from	85.45	87.73	NIL	NIL
Services received from	0.90	6.46	NIL	NIL
Interest paid on Inter-Corporate Loan taken during the year	NIL	267.62	NIL	NIL
Principal amount repaid on Inter-Corporate Loan	NIL	3000.00	NIL	NIL

**III. Details of amount due to or due from related parties as at March 31, 2020 and March 31, 2019**

Particulars	(₹ in lakhs)	
	As at 31.3.2020	As at 31.3.2019
<b>Trade Receivables</b>		
The Andhra Sugars Limited (Promoter)	NIL	NIL
JOCIL Limited (A Subsidiary Company of The Andhra Sugars Limited, Promoter)	NIL	NIL
<b>Trade Payables</b>		
The Andhra Sugars Limited (Promoter)	NIL	NIL
JOCIL Limited (A Subsidiary Company of The Andhra Sugars Limited, Promoter)	NIL	NIL
<b>Loans</b>		
The Andhra Sugars Limited (Promoter)	NIL	NIL
JOCIL Limited (A Subsidiary Company of The Andhra Sugars Limited, Promoter)	NIL	NIL

The above loan carried an interest rate of 11% per annum.

**IV. Loans and advances in the nature of loans taken from related parties**

Particulars	(₹ in lakhs)	
	Maximum amount This Year	Maximum amount Previous Year
The Andhra Sugars Limited (Promoter)	NIL	NIL
JOCIL Limited (A Subsidiary Company of The Andhra Sugars Limited, Promoter)	NIL	NIL

**The Andhra Petrochemicals Limited**

V.Transactions with key management personnel

(₹ in lakhs)

Particulars	This Year			Previous Year		
	Sri K Narasappa	Sri P Ratna Rao	Sri M V V S V Prasadu	Sri K Narasappa	Sri P Ratna Rao	Sri M V V S V Prasadu
Short-term employee benefits	73.37	38.32	12.13	64.96	34.07	0.46
Post-employment gratuity and medical benefits	--	--	--	--	--	--
Termination benefits	--	--	--	--	--	--
Share-based payment transactions	--	--	--	--	--	--
Total compensation paid to Key Management Personnel	73.37	38.32	12.13	64.96	34.07	0.46

Note: All the aforesaid related party transactions were carried on arms' length basis

Note 2.40 Particulars of earnings per share

(Amount in ₹)

Particulars	This year	Previous year
<b>Profit attributable to equity holder</b>		
Continuing operations	13,58,81,030.74	69,83,36,664.01
Discontinued operation	--	--
<b>Profit attributable to equity holders of the parent for basic earnings</b>	13,58,81,030.74	69,83,36,664.01
Interest on convertible preference shares	--	--
<b>Profit attributable to equity holders of the parent adjusted for the effect of dilution</b>	13,58,81,030.74	69,83,36,664.01

Particulars	This year	Previous year
<b>Weighted average number of Equity Shares for basic EPS*</b>	8,49,71,600	8,49,71,600
Effect of dilution	--	--
Share options	--	--
Convertible preference Shares	--	--
<b>Weighted average number of Equity Shares adjusted for the effect of dilution</b>	8,49,71,600	8,49,71,600

\* The weighted average number of shares takes into account the weighted average effect of changes in treasury share transactions during the year. There have been no other transactions involving Equity Shares or potential Equity Shares between the reporting date and the date of authorisation of these financial statements.

(Amount in ₹)

Earnings per equity share (for continuing operations)	This year	Previous year
a) Basic	1.60	8.22
b) Diluted	1.60	8.22

Note:2.41 Leases

Change in Accounting Policy

The company has consistently applied the accounting policies to all periods presented in this financial statement. The company has applied Ind AS 116 with the date of initial application of 1st April, 2019. As a result, the company has changed its accounting policy for lease contracts as detailed below:

a. The company has applied Ind AS 116 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings as at 1st April, 2019.

Particulars	(₹ in lakhs)
Lease commitments as at 31st March, 2019	--
Add/(less): Contracts reassessed as lease contracts	4.73
<b>Lease liabilities as on 1st April, 2019</b>	4.73
Current lease liability	1.80
Non-current lease liabilities	1.56

Right of use assets of Rs.4.41 lakhs and lease liabilities of Rs.4.73 lakhs have been recognised as on 1st April, 2019 in respect of leased office accommodation.

The impact of change in accounting policy on account on adoption of Ind AS 116 is as follows :

Particulars	(₹ in lakhs)
Increase in lease liability by	4.73
Increase in rights of use by	4.41
Decrease in Retained earnings	0.38
Increase/Decrease in finance cost by	0.43
Increase/Decrease in depreciation/amortisation by	1.43

b. During the year the company has initiated the process of renewal of the land lease on which the plant is located with VPT for a further period of 30 years with effect from 28.06.2019. The bid filed by the company is provisionally considered as the annual lease and applied the same for capitalization in accordance with Ind AS 116. The same will be revised once the final agreement with VPT is signed.

Particulars	(₹ in lakhs)
Provision of lease liability by	8389.59
Accounting of right of use by	8420.60
Accounting in depreciation/amortisation by	213.20

**As Lessee**

**Movement in lease liabilities**

(₹ in lakhs)

Particulars	Lease Liabilities
<b>Balance as at 01-04-2019</b>	--
<i>Charged/ (credited) to statement of profit/loss</i>	--
Additional provision recognised	8394.31
Unused amounts reversed	--
Interest expense on lease liabilities	0.43
Amounts used during the year	552.79
<b>Balance as at 31-03-2020</b>	<b>7841.95</b>

**Maturity analysis of lease liabilities**

(₹ in lakhs)

Particulars	Land	Office accommodation	Total
Less than 1 year	729.34	1.80	731.14
1 to 5 years	3908.27	1.95	3910.22
More than 5 years	24239.51	--	24239.51
Total undiscounted lease liabilities at 31st March, 2020	28877.12	3.75	28880.87
Lease liabilities included in the statement of financial position at 31st March, 2020	7838.60	3.36	7841.96
<b>Current</b>	729.35	1.80	731.15
<b>Non-Current</b>	7109.25	1.56	7110.81

**Amounts recognised in profit or loss**

Particulars	(₹ in lakhs)
Interest on lease liabilities	0.43
Variable lease payments not included in the measurement of lease liabilities	--
Income from sub-leasing right-of-use assets	--
Expenses relating to short-term leases	11.75
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets	--

**Note:2.42 Impairment of Assets**

According to an internal technical assessment carried out by the Company, there is no impairment in the carrying cost of cash generating units of the Company in terms of Indian Accounting Standard 36 'Impairment of Assets'

**Note:2.43 CIF value of imports:**

(₹ in lakhs)

Particulars	This Year	Previous Year
Capital goods	--	--
Components and spare parts	130.73	776.86

**The Andhra Petrochemicals Limited**

**Note:2.44 Details of imported and indigeneous raw materials and spares consumed**

Particulars	This Year		Previous Year	
	(₹ in lakhs)	%	(₹ in lakhs)	%
<b>Raw Materials</b>				
Imported	Nil	Nil	Nil	Nil
Indigenous	34790.40	100.00	46395.00	100.00
	<b>34790.40</b>	<b>100.00</b>	46395.00	100.00
<b>Stores &amp; Spares</b>				
Imported	130.73	18.42	669.04	17.60
Indigenous	579.02	81.58	3133.28	82.40
	<b>709.75</b>	<b>100.00</b>	3802.32	100.00

**Note 2.45 Foreign Currency disclosures**

(₹ in lakhs)

Particulars	This Year	Previous Year
Expenditure in foreign currency on account of: Bank charges, Subscriptions, Foreign Tour expenses and cost of services etc.	0.80	5.79
Earnings in foreign currency:	Nil	Nil

**Note 2.46 Impact of COVID-19**

In March, 2020, the World Health Organisation declared COVID-19 to be a pandemic. The Company's operations were impacted from 26th March, 2020 till 5th May, 2020 as the factory and offices of the Company were closed. The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the financial results of the Company. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial results has used internal and external sources of information. The Company has performed an analysis on the assumptions used and based on the assumptions used and based on current estimates expects the carrying amount of its assets will be recovered. The impact of COVID-19 on the Company's financial results may differ from that estimated as at the date of approval of these financial results. As on date, the factory and other offices are functioning.

**Note 2.47** Previous year's figures have been regrouped and rearranged wherever necessary to make them comparable with the current year figures.

<p><b>Per our report of even date</b>  <b>For C V Ramana Rao &amp; Co.,</b>  <b>Chartered Accountants</b>  <b>Firm Regn No.002917S</b>  <b>Katyayani K</b>  <b>Partner</b>  <b>Membership No.: 225030</b></p>	<p><b>For and on behalf of the Board</b>  <b>P.Narendranath Chowdary, Managing Director</b>  <b>Ravi Pedyala, Director</b>  <b>P.Ratna Rao, Senior General Manager (Finance)</b>  <b>M.V.V.S.V.Prasadu, Dy.Secy., &amp; A.M. (F)</b></p>
<p><b>Place : Tanuku</b>  <b>Date: 20.06.2020</b></p>	<p><b>Tanuku</b>  <b>20.06.2020</b></p>

## Statement of Cashflows for the year ended 31st March, 2020

(₹ in Lakhs)

31/03/2020 31/03/2019

**A) Cash Flow from Operating Activities:****Profit before tax for the year before exceptional items and other comprehensive income:**

Profit from continuing operations	2102.31	9499.10
Profit from discontinued operations	0.00	0.00
Profit before tax	2102.31	9499.10

**Adjustments to reconcile profit before tax to net cash flows:**

Depreciation of property, plant and equipment and amortisation	1066.54	1049.48
Amortisation of Right of Use assets (Intangible)	214.63	0.00
Finance costs (including fair value change in financial instruments)	112.18	591.82
Finance income (including fair value change in financial instruments)	(88.28)	(119.94)
Gain on disposal of property, plant and equipment	(0.07)	0.00
Gains on sale of financial assets measured at FVTPL	(147.09)	(100.80)
Gain on revaluation of investments-Mutual Fund	(24.37)	0.00
Loss on sale of property, plant and equipment	0.01	0.00
Assets Written off	147.42	0.00
Loss on sale of Equity instruments	0.00	0.00
Unclaimed credit balances written back	(17.37)	(22.74)
Debit balances written back	0.27	0.00
Foreign exchange gains/losses	1.88	0.00
Unwinding of decommissioning cost	4.79	0.00
Amortisation of transaction costs	9.17	8.86

Operating Profit before Working Capital changes	3382.02	10905.78
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**Working capital adjustments:**

Movements in provisions, gratuity and government grants	99.93	5.32
Decrease/ (Increase) in trade and other receivables and Pre payments	2821.83	(501.58)
Decrease / (Increase) in inventories	(1603.68)	(296.92)
Increase / (Decrease) in trade and other payables	(9.66)	(247.55)

Cash generated from operations	4690.44	9865.05
Income Tax (paid)/refund	(617.64)	(1992.60)
Net Cash generated in operations before extra-ordinary items	4072.80	7872.44
	0.00	0.00
Net cash flows from operating activities	4072.80	7872.44

**B) Cash Flow from Investing Activities:**

Proceeds from sale of property, plant and equipments	0.14	0.01
Purchase of property, plant and equipments	(490.89)	(67.83)
Development of Intangible asset	(12.00)	(24.33)
Capital work in progress	(41.22)	0.00
Proceeds from sale of assets held for disposal	0.00	0.00
Sale of investment properties	0.00	0.00
Purchase of financial instruments	(14200.00)	(20820.00)
Proceeds from sale of financial instruments	13133.73	19292.72
Interest received	87.82	119.69
Net cash flows used in investing activities	(1522.42)	(1499.74)



**The Andhra Petrochemicals Limited**

**C) Cash Flow from Financing Activities:**

Interest paid	(112.18)	(591.81)
Proceeds from borrowings	0.00	0.00
Repayments of borrowings	(801.65)	(5713.89)
Dividends paid to equity holders	(1274.57)	0.00
Dividend distribution tax	(261.99)	0.00
Dividends paid to non controlling interest	0.00	0.00
Net Cash flows/(used in) Financing Activities	(2450.39)	(6305.70)
Net increase/(decrease) in Cash & Cash equivalents (A + B + C)	99.99	67.00
Opening balance of Cash & Cash equivalents	295.41	228.41
Closing balance of Cash & Cash equivalents	395.40	295.41

**Reconciliation of cash and cash equivalents as per cash flow statement:**

Cash and cash equivalent comprises of the following

(₹ in Lakhs)

Particulars	31/03/2020	31/03/2019
Cash and cash equivalents	395.40	295.41
Bank Overdrafts	0.00	0.00
<b>Balance as per statement of cash flows</b>	<b>395.40</b>	<b>295.41</b>

(₹ in Lakhs)

Particulars	Term Loans	sh credit facil	Unsecured Loans	Total
Balance as on 1st April, 2019	1349.33	64.48	--	1413.81
Add: Proceeds from fresh borrowings	--	--	--	--
Amortised interest/transaction costs using EIR	119.61	1.74	--	121.35
Less: Repayments of the borrowings	800.30	1.35	--	801.65
Interest paid for the period	110.44	1.74	--	112.18
Balance as on 31st March, 2020	<b>558.20</b>	<b>63.13</b>	--	<b>621.33</b>

<p><b>Per our report of even date</b>  <b>For C V Ramana Rao &amp; Co.,</b>  Chartered Accountants  Firm Regn No.002917S  Katyayani K  Partner  Membership No.: 225030</p> <p><b>Place : Tanuku</b>  <b>Date: 20.06.2020</b></p>	<p><b>For and on behalf of the Board</b>  <b>P.Narendranath Chowdary, Managing Director</b>  <b>Ravi Pedyala, Director</b>  <b>P.Ratna Rao, Senior General Manager (Finance)</b>  <b>M.V.V.S.V.Prasadu, Dy.Secy., &amp; A.M. (F)</b></p> <p><b>Tanuku</b>  <b>20.06.2020</b></p>
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Statement of Changes in Equity for the year ended 31st March, 2020

A Equity Share Capital

(₹ in lakhs)

Particulars	Balance as on 01.04.2019	Increase, if any	Changes, if any (+)	Decrease, if any	Changes, if any (-)	Balance as on 31.03.2020
Equity Share Capital	8497.16	--	--	--	--	8497.16
<b>Total</b>	<b>8497.16</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>8497.16</b>

B Other Equity

(₹ in lakhs)

Particulars	Balance as on 01.04.2019	Total comprehensive income for the year	Dividends	Transfer to retained earnings	Any other change (to be specified)*	Balance as on 31.03.2020
Share application money pending allotment	--	--	--	--	--	--
Equity component of compound financial instruments:	--	--	--	--	--	--
Reserves and surplus						
Capital Reserve	23.37	--	--	--	--	23.37
Securities Premium Reserve	412.63	--	--	--	--	412.63
General Reserve	2500.00	--	--	--	--	2500.00
Retained Earnings	11329.86	1358.81	(1536.57)	-	(0.38)	11151.72
Debt instruments through Other Comprehensive Income	--	--	--	--	--	--
Equity Instruments through Other Comprehensive Income	(80.03)	(137.53)	--	--	--	(217.56)
Effective portion of Cash Flow Hedges	--	--	--	--	--	--
Revaluation Surplus	--	--	--	--	--	--
Exchange differences on translating the financial statements of a foreign operation	--	--	--	--	--	--
Remeasurement gains/(losses) on the defined benefit obligations	(34.91)	14.97	--	--	--	(19.94)
<b>Total</b>	<b>14150.92</b>	<b>1236.25</b>	<b>(1536.57)</b>	<b>--</b>	<b>(0.38)</b>	<b>13850.22</b>

\* Restatement of lease liability as on 1st April, 2019 consequent to the implementation of Ind AS 116 – “Leases”

3. FINANCIAL INSTRUMENTS

3.1 Financial instruments by category

The carrying value and fair value of financial instruments by categories as of March 31, 2020 were as follows:

(₹ in lakhs)

Particulars	Amortized cost	Financial assets / liabilities at fair value through profit or loss		Financial assets at fair value through OCI		Total carrying value	Total Fair value
		Designated upon initial recognition	Mandatory	Designated upon initial recognition	Mandatory		
<b>Assets:</b>							
Cash and cash equivalents	395.40	--	--	--	--	395.40	395.40
Investments:							
Unquoted equity instruments	--	--	--	308.75	--	308.75	308.75
Investments in Mutual Funds	--	--	2865.81	--	--	2865.81	2865.81
Trade receivables	5.53	--	--	--	597.66	603.19	603.19
Loans	--	--	--	--	--	--	--
Other financial assets	437.17	--	26.53	--	--	463.70	463.70
<b>Total</b>	<b>838.10</b>	<b>--</b>	<b>2892.34</b>	<b>308.75</b>	<b>597.66</b>	<b>4636.85</b>	<b>4636.85</b>
<b>Liabilities:</b>							
Trade payables	941.07	--	--	--	--	941.07	941.07
Other financial liabilities	708.32	--	--	--	--	708.32	708.32
<b>Total</b>	<b>1649.39</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>1649.39</b>	<b>1649.39</b>

## The Andhra Petrochemicals Limited

The carrying value and fair value of financial instruments by categories as of March 31, 2019 were as follows:

Particulars	Amortized cost	Financial assets / liabilities at fair value through profit or		Financial assets at fair value through OCI		Total carrying value	Total Fair value
		Designated upon initial recognition	Mandatory	Designated upon initial recognition	Mandatory		
<b>(₹ in lakhs)</b>							
<b>Assets:</b>							
Cash and cash equivalents	295.41	--	--	--	--	295.41	295.41
Investments:							
Unquoted equity instruments	--	--	--	446.28	--	446.28	446.28
Investments in Mutual Funds	--	--	1628.08	--	--	1628.08	1628.08
Trade receivables	1524.30	--	--	--	2036.73	3561.03	3561.03
Loans	--	--	--	--	--	--	--
Other financial assets	440.64	--	24.80	--	--	465.44	465.44
<b>Total</b>	<b>2260.35</b>	<b>--</b>	<b>1652.88</b>	<b>446.28</b>	<b>2036.73</b>	<b>6396.24</b>	<b>6396.24</b>
<b>Liabilities:</b>							
Trade payables	486.82	--	--	--	--	486.82	486.82
Other financial liabilities	1445.29	--	--	--	--	1445.29	1445.29
<b>Total</b>	<b>1932.11</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>1932.11</b>	<b>1932.11</b>

### 3.2 Fair Valuation Techniques

The fair values of the financial assets and liabilities are included at the amount that would be received on sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

#### A) The following methods and assumptions were used to estimate the fair values

The fair value of cash and cash equivalents, trade receivables and payables, financial liabilities and assets approximate their carrying amount largely due to the short-term maturities of these instruments. The management considers that the carrying amounts of financial assets and financial liabilities recognised at nominal cost/amortised cost in the financial statements approximate their fair values. The fair value of unquoted equity investments designated and recognised through Other Comprehensive Income has been determined by using the Income approach through the present value techniques.

#### B) Fair value hierarchy

The fair value of financial instruments as referred to above note have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identified assets or liabilities [Level 1 measurements] and lowest priority to unobservable inputs [Level 3 measurements].

The categories used are as follows:

**Level 1:** Level 1 hierarchy includes inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

**Level 2:** Inputs that are observable either directly or indirectly for the asset or liability, other than quoted prices included within level 1.

**Level 3:** Inputs for the asset or liability which are not based on observable market data (unobservable inputs).

#### C) Statement showing the fair value hierarchy of the financial assets and liabilities measured at fair value on a recurring basis

Particulars	Fair Values as at		Fair Value Hierarchy
	31.03.2020	31.03.2019	
<b>(₹ in lakhs)</b>			
<b>Financial Assets</b>			
Trade receivables	597.66	2036.73	Level 2
Other financial assets	26.53	24.80	Level 2
Investment in unquoted Equity	308.75	446.28	Level 3
Investment in Mutual Funds	2865.81	1628.08	Level 1

**D) Management's approach and the key assumptions used to determine the fair value under Level 3 hierarchy:**

Income approach is the valuation technique used for determination of the fair value of the unquoted equity instruments. It converts the future expected cashflows (savings in costs) to a single discounted amount by using the Present value techniques.

Financial asset	Unobservable inputs	Value assigned to key assumption	Approach to determining key assumption
Unquoted Equity instruments in APGPCL	Average Annual Savings	Rs.1.35 per unit	Estimated based on Company's past experience
	No. of units of power	3900000 Units	Estimated that the Company continues to hold the same No. of equity shares in the foreseeable future
	Cashflow forecast period	5 years	Reviewed the 5 year forecasts prepared by the technical personnel
	Long-term growth rate (%)	2	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rate is consistent with forecasts included in industry reports.
	Discount rate (%)	12.6	Based on the Company's cost of equity

**E) Reconciliation of fair value measurement of unquoted equity shares classified as FVTOCI assets:**

Particulars	₹ in lakhs
<b>Balance as at 1 April, 2019</b>	446.28
Re-measurement recognised in OCI	(137.53)
Purchases	--
Reclassified in discontinued operations	--
Sales	--
<b>Balance as at 31 March, 2020</b>	<b>308.75</b>

**3.3 Offsetting financial assets and financial liabilities as on March 31, 2020**

Particulars	Effects of offsetting on the Balance Sheet		Related amounts not set off		Net amount
	Gross amount	Net amounts presented in the Balance Sheet	Amounts subject to master netting arrangements	Financial instruments collateral	
<b>Financial assets</b>					
Cash and cash equivalents	395.40	395.40	--	--	395.40
Trade receivables	603.19	603.19	--	603.19	--
Other financial assets	3638.26	3638.26	--	--	3638.26
Derivative financial instruments	--	--	--	--	--
<b>Financial liabilities</b>					
Trade payables	941.07	941.07	--	--	941.07
Borrowings	621.33	621.33	--	603.19	18.14
Other financial liabilities	86.99	86.99	--	--	86.99
Derivative financial instruments	--	--	--	--	--

**The Andhra Petrochemicals Limited**

**Offsetting financial assets and financial liabilities as on March 31, 2019**

Particulars					(₹ in lakhs)
	Effects of offsetting on the Balance Sheet	Net amounts presented in the Balance Sheet	Related amounts not set off	Financial instruments collateral	Net amount
	Gross amount		Amounts subject to master netting arrangements		
<b>Financial assets</b>					
Cash and cash equivalents	295.41	295.41	--	--	295.41
Trade receivables	3561.04	3561.04	--	3561.04	--
Other financial assets	911.73	911.73	--	--	911.73
Derivative financial instruments	--	--	--	--	--
<b>Financial liabilities</b>					
Trade payables	486.82	486.82	--	--	486.82
Borrowings	1413.81	1413.81	--	3561.04	(2147.23)
Other financial liabilities	31.48	31.48	--	--	31.48
Derivative financial instruments	--	--	--	--	--

Under the terms of supply agreements the sales were made against LCs. Bills discounted with banks are being offsetted against

**3.4 Financial risk management framework**

A) The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Board of Directors monitors the compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

**The risk management framework aims at,**

- i) Improve financial risk awareness and risk transparency
- ii) Identify, control and monitor key risks
- iii) Identify risk accumulations
- iv) Provide management with reliable information on the Company's risk situation
- v) Improve financial returns

B) The Company's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost	Aging analysis, credit ratings	Credit Limits and Letters of Credit
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk – Interest rate	Long-term borrowings at fixed rates for one year	Sensitivity analysis	Credit rating
Market risk – Commercial risk	Price variations	Sensitivity analysis	Product manufacturing planning

**a) Credit risk:**

i) Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables), from cash and cash equivalents, deposits with banks. The management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis

**ii) Financial assets that are neither past due nor impaired**

Cash and cash equivalents, deposits with banks, security deposits, investments in securities & mutual funds are neither past due nor impaired.

Cash and cash equivalents, deposits are held with banks which are reputed and credit worthy banking institutions. Hence the expected credit loss is negligible.

Investments in securities & mutual funds are actively traded in the stock markets and there is no collateral held against these because the counterparties are entities with high credit ratings assigned by the various credit rating agencies. Hence the expected credit loss is negligible.

**iii) Financial assets that are past due but not impaired**

Credit risk arising from trade receivables is managed in accordance with the Company's established policy, procedures and control relating to customer credit risk management. The average credit period on sales of products is less than 45 days. All trade receivables are reviewed and assessed for default on a quarterly basis. For trade receivables, as a practical expedient, the Company computes credit loss allowance based on a provision matrix. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates. The provision matrix at the end of the reporting period is as follows:

Ageing	Expected Credit Loss (%)
Within the Credit Period	0%
Upto 60 days past due	0.25%
60-90 days past due	0.5%
More than 90 days past due	1%

**b) Liquidity risk:**

i) Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Company's objective is to maintain optimum level of liquidity to meet its cash and collateral requirements at all times. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit line to meet obligations. Due to the dynamic nature of underlying business, Company maintains flexibility in funding by maintaining availability under committed credit lines.

*ii) Maturities of financial liabilities*

The table below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities:

**As on March 31, 2020**

(₹ in Lakhs)

Current maturities of financial liabilities	Less than 6 months	6 months to 12 months	Greater than 12 months	Total
<b>Non-derivatives</b>				
Borrowings	63.13	--	--	63.13
Trade payables	941.07	--	--	941.07
Other financial liabilities	1210.72	175.00	5.00	1390.72

**As on March 31, 2019**

(₹ in Lakhs)

Current maturities of financial liabilities	Less than 6 months	6 months to 12 months	Greater than 12 months	Total
<b>Non-derivatives</b>				
Borrowings	64.48	--	558.50	622.98
Trade payables	486.82	--	--	486.82
Other financial liabilities	417.31	400.00	5.00	822.31

## The Andhra Petrochemicals Limited

### c) Market Risk

#### i) Interest Rate Risk -

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk.

#### Sensitivity to changes in interest rates

(₹ in Lakhs)

Particulars	Impact on profit	
	FY 2019-20	FY 2018-19
Sensitivity Analysis of Borrowings		
Rate of Interest Increase by 1%		
Term Loans	(9.92)	(19.32)
Cash Credit Loans	(0.16)	(2.05)
	(10.08)	(21.37)
Rate of Interest Decrease by 1%		
Term Loans	9.92	19.32
Cash Credit Loans	0.16	2.05
	10.08	21.37

#### ii) Commercial risk -

The commercial risk is the risk due to the change in market prices of raw materials and finished goods and it is measured through sensitivity analysis by taking variance of 5%

#### 1. Selling price risk

(₹ in Lakhs)

Particulars	Impact on profit	
	FY 2019-20	FY 2018-19
Selling Price Increase by 5%		
2-Ethyl Hexanol	1713.16	2445.52
Butanols	566.50	883.79
	2279.66	3329.31
Selling Price Decrease by 5%		
2-Ethyl Hexanol	(1713.16)	(2445.52)
Butanols	(566.50)	(883.79)
	(2279.66)	(3329.31)

#### 2. Raw materials price risk

(₹ in Lakhs)

Particulars	Impact on profit	
	FY 2019-20	FY 2018-19
Propylene Price Increase by 5%		
	(1235.09)	(1642.94)
Naphtha Price Increase by 5%		
	(504.43)	(676.81)
	(1739.52)	(2319.75)
Propylene Price Decrease by 5%		
	1235.09	1642.94
Naphtha Price Decrease by 5%		
	504.43	676.81
	1739.52	2319.75

### 3.5 Capital management

The Company's objectives when managing capital is to safeguard their ability to continue as a going concern, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth and maximise the shareholders value. The Company sets the amount of capital required on the basis of annual business and long-term operating plans which include capital and other strategic investments. The funding requirements are met through a mixture of equity, internal fund generation and borrowed funds. The Company tries to maintain an optimal capital structure to reduce cost of capital and monitors capital on the basis of debt-equity ratio.

#### Debt Equity Ratio

(₹ in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Debt		
Borrowings - Non-current	--	558.50
Current maturities of long-term debt	558.20	790.83
<b>Total Debt</b>	<b>558.20</b>	<b>1349.33</b>
Equity Share Capital	8497.16	8497.16
Other Equity	13850.22	14150.92
<b>Total Equity</b>	<b>22347.38</b>	<b>22648.08</b>
Debt to equity Ratio	<b>0.02</b>	<b>0.06</b>

**Note. 4 Significant accounting estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

The company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the company. Such changes are reflected in the assumptions when they occur.

**4.1 Property, Plant and Equipment**

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of company's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

**4.2 Impairment of non-financial assets**

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

**4.3 Impairment of Financial assets**

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation based on the company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

**4.4 Leases**

The Company has taken the commercial properties under contractual agreements for its business operations. Its accounting involves significant management judgement for identification, classification and measurement of lease transactions at the time of lease commencement. The assessment of the lease liability and Right of Use asset under lease arrangements are based on the assumptions and estimates of the discount rate, lease term including judgement for exercise of options to extend or terminate the contract, dismantling and restoration costs, escalation in rentals etc. Further, these will be continuously monitored at each reporting period to reflect the changes in the agreements and management estimates.

**4.5 Taxes**

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

**4.6 Employee benefits (gratuity and compensated absences)**

The cost of the defined benefit plans and the present value of the gratuity/compensated absences obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds. The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

**4.7 Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

**4.8 Provision for decommissioning**

The company has recognised a provision for decommissioning obligations associated with the leased premises on which the plant is super structured. In determining the fair value of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to dismantle and remove the plant from the site and the expected timing of those costs.

**4.9 Contingencies**

Management judgement is required for estimating the possible inflow/ outflow of resources, if any, in respect of contingencies/ claims/ litigations against the Company/ by the Company as it is not possible to predict the outcome of pending matters with accuracy.





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

Dear Shareholder,

Dt. 20.6.2020

Sub : Updation of PAN & Bank details  
of shareholders holding shares in physical form - reg.

\*\*\*

We draw your kind attention to the Circular issued by Securities and Exchange Board of India (SEBI) No.SEBI/HO/MIRSD/DOP1/2018/ 73 dated 20.4.2018. Vide that Circular SEBI had directed all the listed companies to send a communication to all its **shareholders holding shares in physical form** and obtain copy of PANs of all the shareholders and Bank account details of the first / sole shareholder of the Company.

**To enable us to update the PAN and Bank account details, we request you to kindly submit, if you have not submitted earlier, the following documents within 21 days of receipt of this letter:**

- | **Copy of self-attested PAN card of the shareholders, including joint holders, if any, in the attached format**
- | **Bank Account details of the first / sole shareholder, as per the Bank Mandate Form attached**
- | **Original cancelled cheque leaf with the name of the first / sole shareholder printed on it or copy of bank pass book showing name & account details of the account holder attested by the bank**

In case of dividend declarations by the Company, all dividends including past unpaid dividends, if any, will be directly credited to the bank account furnished by you. It is not out of place to mention here that under Section 124 (6) of the Companies Act, 2013 if dividends remain unpaid / unclaimed for a period of 7 consecutive years, then, the underlying shares are also liable to be transferred to the account of IEPF Authority.

Further, we invite your attention to the ammended SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 to the effect that **no physical transfer of shares with effect from 1.4.2019. All the transfers after the specified date shall be through demat/** electronic form only.

We request you to kindly arrange to send, if you have not sent earlier, the first / sole shareholder's e-mail ID, as per the format attached (for sending future communications).

**Duly filled in attached form with enclosures shall be sent to our Registrars and Share Transfer Agents at the following Address:**

**M/s X L Softech Systems Ltd.,**

(Unit: The Andhra Petrochemicals Ltd)

3, Sagar Society, Road No.2, Banjara Hills, Hyderabad - 500 034 E-mail ID: xlfield@gmail.com Website: www.xlsofttech.com

Thanking you, Yours faithfully,

For The **Andhra Petrochemicals Limited**

Sd/-

**M V V S V Prasadu**

**Deputy Secretary & Asst. Manager (Finance)**

**PAN MANDATE FORM**

Name of the Company	<b>THE ANDHRA PETROCHEMICALS LIMITED</b>
Folio No. & Present Address	

First / Sole Shareholder Name	PAN 1																			
First Jt. holder Name	PAN 2																			
Second Jt. holder Name	PAN 3																			

(SELF-ATTESTED COPIES OF PAN CARD ENCLOSED HEREWITH)

**BANK MANDATE FORM**

<b>Name of the Bank</b>																				
<b>Branch Name &amp; Address</b>																				
<b>Bank A/c. type (SB A/c. / Current A/c)</b>																				
<b>Bank A/c. No.</b>																				
<b>Bank MICR ECS Code No.</b>																				
<b>Bank IFSC Code</b>																				

(ORIGINAL CANCELLED CHEQUE LEAF WITH THE NAME OF SHARE HOLDER PRINTED THEREON IS ATTACHED HEREWITH)

**E-MAIL REGISTRATION FORM**

<b>E-mail ID</b>																				
<b>Telephone No. / Mobile No.</b>																				

I hereby

- a. State that the particulars of PAN & Bank Account Details are correct and complete
- b. Authorise the Company / RTA to credit my dividend on the shares held by me directly to my bank Account mentioned herein above
- c. Convey my consent to receive all communications, Annual Report / Notice of the meetings from the Company through E-mail rather than hard copy.

**Signature of the first / sole shareholder :** \_\_\_\_\_



## THE ANDHRA PETROCHEMICALS LIMITED

CIN : L23209AP1984PLC004635

Regd. Office: Venkatarayapuram, Tanuku - 534215

W.G.District, Andhra Pradesh

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

E-mail: investors@andhrapetrochemicals.com, Website: www.andhrapetrochemicals.com

### 35<sup>th</sup> Annual General Meeting PROXY FORM

Name of the Member (s) :

Registered address :

E-mail ID :

Folio No. / DP ID-Client ID No. :

I/We, being the member(s) of ..... shares of the above named Company hereby appoint :

- |     |                 |                                |
|-----|-----------------|--------------------------------|
| (1) | Name : .....    | Address : .....                |
|     | E-mail ID ..... | Signature ..... or failing him |
| (2) | Name : .....    | Address : .....                |
|     | E-mail ID ..... | Signature ..... or failing him |
| (3) | Name : .....    | Address : .....                |
|     | E-mail ID ..... | Signature .....                |

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 36<sup>th</sup> ANNUAL GENERAL MEETING of the Company to be held on Monday, the 28<sup>th</sup> September, 2020 at 3:00 p.m. at the ASL Meeting Hall, upstairs of canteen building of The Andhra Sugars Ltd., Venkatarayapuram, Tanuku - 534215, W.G.District, Andhra Pradesh, and at any adjournment thereof in respect of such Resolutions as are indicated below:

#### Ordinary Business:

1. Adoption of Audited Financial Statements for the Year ended 31st March, 2020 and reports of Board of Directors and Auditors thereon.
2. Reappointment of Sri Ravi Pendyala (DIN 03375555) as Director.
3. Reappointment of Dr. V N Rao (DIN 00861884) as Director.
4. Fixation of remuneration of Statutory Auditors, M/s. C.V. Ramana Rao & Co., Chartered Accountants (Firm Regn. No. 002917S) for the Financial Year 2020-21.

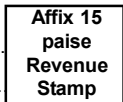
#### Special Business:

5. Ordinary Resolution for ratification of remuneration of M/s. Narasimha Murthy & Co., Cost Accountants, (Regn. No. 000042) as Cost Auditors for the Financial Year 2020-21.
6. Special Resolution for appointment of Dr. (Smt.) D Manjulata (DIN 02788338) as an Independent Director for a period of 5 consecutive years from conclusion of 36th AGM.
7. Special Resolution for appointment of Dr. V. N. Rao (DIN 00861884) as an Independent Director for a period of 5 consecutive years from conclusion of 36th AGM.
8. Ordinary Resolution for appointment of Dr. Rajat Bhargava, I.A.S., (DIN 0852909) as Director.
9. Ordinary Resolution for appointment of Sri Y S S Suresh (DIN08589605) as Director.
10. Special Resolution for appointment of Sri G S V Prasad (DIN 08797795) as an Independent Director for a period of 5 consecutive years from the conclusion of 36th AGM.

Signed this ..... day of ..... 2020

Signature of Shareholder (s) .....

Signature of Proxy holder(s) .....



**Note :** This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



## THE ANDHRA PETROCHEMICALS LIMITED

CIN : L23209AP1984PLC004635

Regd. Office: Venkatarayapuram, Tanuku - 534215

W.G.District, Andhra Pradesh

Phones Nos.: 08819-224075 & 220975, Fax: 08819-224168

E-mail: investors@andhrapetrochemicals.com, Website: www.andhrapetrochemicals.com

**36<sup>th</sup> Annual  
General Meeting  
ATTENDANCE SLIP\***

Folio No. / DP ID & Client ID No.

Name of the Member .....

No. of Shares held .....

Name of Proxy .....

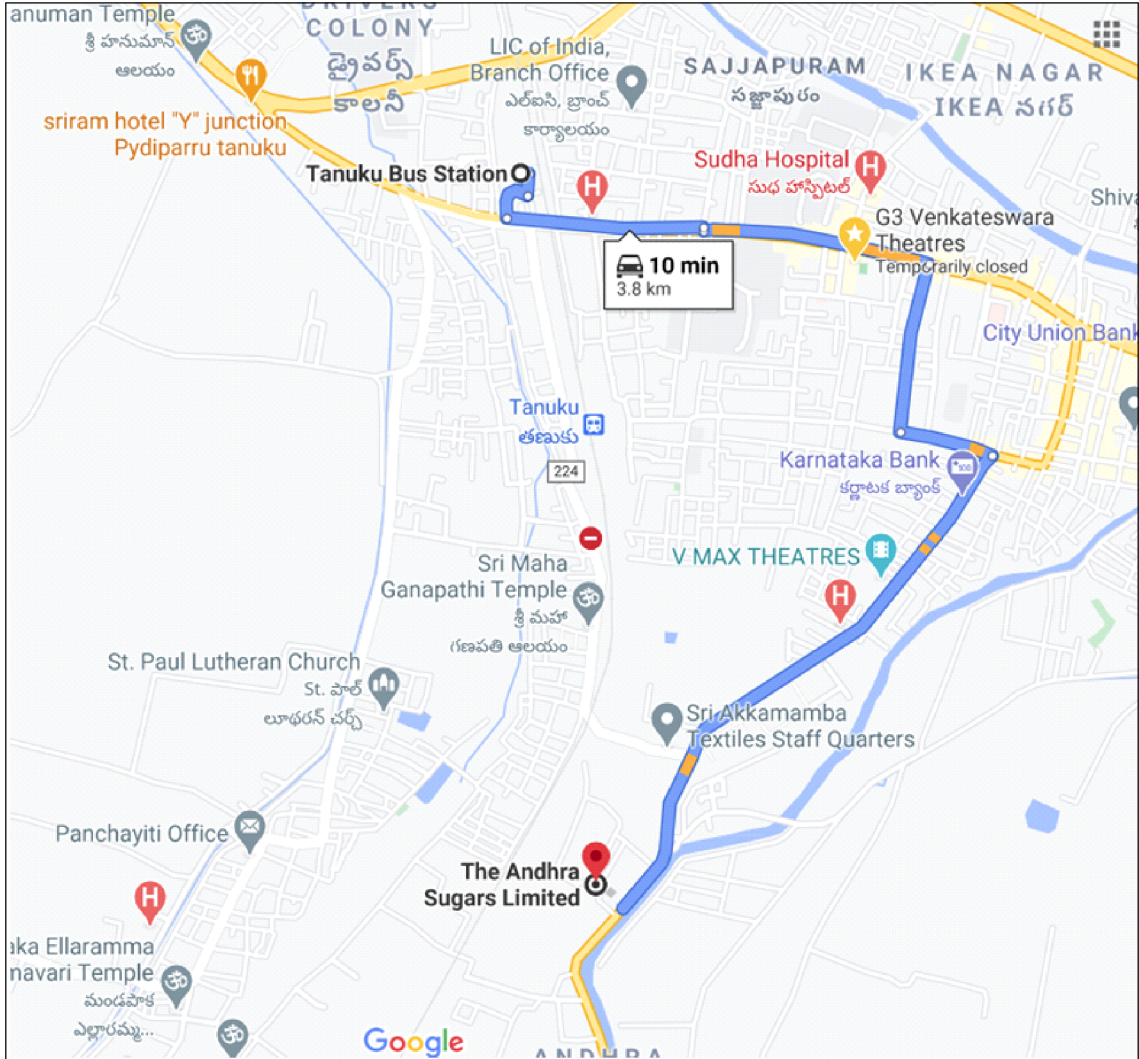
(to be filled in only when a Proxy attends the Meeting)

I hereby register my presence at the 36<sup>th</sup> ANNUAL GENERAL MEETING being held on Monday, the 28<sup>th</sup> September, 2020 at 3:00 p.m.

.....  
Signature of Member / Proxy

\* This Slip may please be handed over at the entrance of Meeting Hall.

## ROUTE MAP



Nearest Railway Stations: Tanuku - 2 K.M.  
Tadepalligudem - 22 K.M.

Nearest Airports : Rajahmundry (RJA) - 54 K.M.  
Vijayawada (VGA) - 117 K.M.

**PRINTED MATTER**

**To**

If undelivered, please return to :  
**The Andhra Petrochemicals Limited,**  
Venkatarayapuram,  
Tanuku - 534 215,  
West Godavari Dist.,  
Andhra Pradesh.