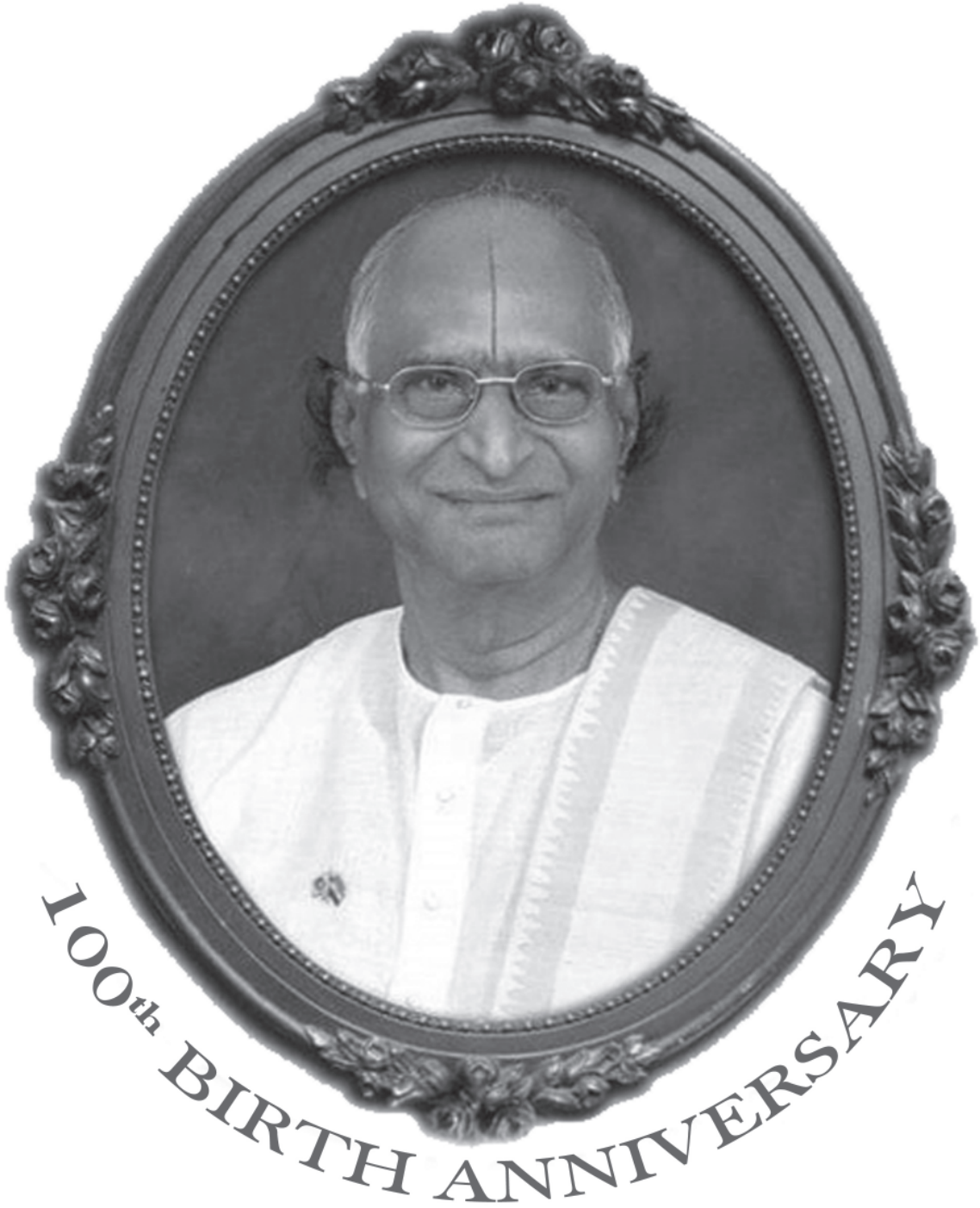


**THE  
ANDHRA PETROCHEMICALS  
LIMITED**



**37<sup>th</sup> Annual Report  
2020 - 21**



**FOUNDER**  
**Dr . MULLAPUDI HARISCHANDRA PRASAD**

# THE ANDHRA PETROCHEMICALS LIMITED

## Board of Directors

Dr. Pamidi Kotaiah, Chairman  
Sri P Narendranath Chowdary, Managing Director  
Sri A A Krishnan  
(upto 21.10.2020)  
Sri Mullapudi Thimmaraja  
Dr. (Smt.) D Manjulata  
Dr. Rajat Bhargava, I.A.S.,  
(Nominee of APIDC from 2.11.2019 to 7.11.2020)  
Sri Karikal Valaven, I.A.S.,  
(Nominee of APIDC from 8.2.2021)  
Sri Y S S Suresh  
(Nominee of APIDC)  
Sri Ravi Pendyala  
Dr. V N Rao  
Sri P Venkateswara Rao  
Sri M Gopalakrishna, I.A.S., (Retd.)  
Sri G S V Prasad  
(from 10.8.2020)

## Key Managerial Personnel

Sri K Narasappa  
President  
Sri G Adinarayana  
Chief Financial Officer & Company Secretary  
(KMP from 24.3.2021)  
Sri P Ratna Rao  
Sr. General Manager (Finance) [CFO]  
(KMP upto 23.3.2021)  
Sri M V V S V Prasadu  
Dy. Secretary & Asst. Manager (Finance)  
(KMP upto 23.3.2021)

## Statutory Auditors

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

## Cost Auditors

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

## Secretarial Auditors

M/s. Nekkanti S.R.V.V.S. Narayana & Co.,  
Company Secretaries  
Plot No. 29, 2<sup>nd</sup> Floor,  
Gafoor Nagar, Madhapur  
Hyderabad - 500 081

## Bankers

State Bank of India  
Union Bank of India  
IDBI Bank Ltd.

## Registered Office

Venkatarayapuram  
Tanuku - 534 215  
West Godavari District  
Andhra Pradesh  
Tel : 08819 - 224075 / 220975  
Fax : 08819-224168  
CIN : L23209AP1984PLC004635  
E-mail: [investors@theandhrapetrochemicals.com](mailto:investors@theandhrapetrochemicals.com)  
[info.tnk@theandhrapetrochemicals.com](mailto:info.tnk@theandhrapetrochemicals.com)  
Website: [www.theandhrapetrochemicals.com](http://www.theandhrapetrochemicals.com)

## Factory

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

## Registrar & Share Transfer Agent

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

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## THE ANDHRA PETROCHEMICALS LIMITED

CIN: L23209AP1984PLC004635

Regd. Office: Venkatarayapuram, TANUKU - 534215

W.G. District, Andhra Pradesh

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

E-mail: investors@theandhrapetrochemicals.com

Website:www.theandhrapetrochemicals.com

### NOTICE

NOTICE is hereby given that the Thirty Seventh Annual General Meeting of THE ANDHRA PETROCHEMICALS LIMITED will be held on Monday, the 27th day of September, 2021 at 3:00 p.m. at the ASL Meeting Hall, upstairs of canteen building of The Andhra Sugars Ltd., Venkatarayapuram, Tanuku - 534215, West Godavari District, Andhra Pradesh, to transact the following business:

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements for the year ended 31st March, 2021 and the Reports of the Board of Directors and Auditors thereon.
2. To declare Dividend on Equity Shares for the year 2020-21.
3. To appoint a Director in place of Sri Mullapudi Thimmaraja (DIN 00016711) who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Sri Y S S Suresh (DIN 08589605) who retires by rotation and being eligible offers himself for reappointment.
5. To fix remuneration of Statutory Auditors M/s C V Ramana Rao & Co., (Firm Regn. No.002917S) Chartered Accountants, Visakhapatnam, for the Financial Year 2021-22.

For the Financial Year 2021-22 the Board recommends Statutory Auditors remuneration Rs.3,30,000/- (Rupees Three lakhs thirty thousand only) plus reimbursement of actual travel and out-of-pocket expenses.

#### SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provisions of Section 148 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 [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 2021-22 to be paid to M/s Narasimha Murthy & Co., (Regn. No. 000042), Cost Accountants, Hyderabad, for the conduct of the Audit of the Cost Accounting Records of the Company as approved by the Board of Directors be and is hereby ratified and confirmed."

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

"RESOLVED THAT Sri R Karikal Valaven, I.A.S., (DIN 01519945) who was appointed by the Board of Directors as Additional Director of the Company with effect from 8th February, 2021 pursuant to Article 97 of the Articles of Association of the Company, holds office upto the date of the 37th 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, Govt. of India or SEBI or any Statutory Authority to the provisions concerning the said appointment, the Board at its 1st Meeting after the said amendment coming into force be and is hereby authorised to effect necessary modification as may be required and till the date of the Board Meeting, this Resolution shall continue to hold good and thereafter the same may be placed before the 1st General Meeting held after amendment for information and ratification.

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

Venkatarayapuram  
24.6.2021

By Order of the Board  
P Narendranath Chowdary  
Managing Director

Registered Office:  
Venkatarayapuram  
TANUKU - 534 215  
Andhra Pradesh

#### NOTES:

1. The relative Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, in respect of Item Nos. 6 and 7 is annexed hereto.
2. A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy and the Proxy need not be a Member of the Company. A person can act as Proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. A Member holding more than ten percent of the total share capital of the Company may appoint a single person as Proxy and such person cannot act as a Proxy for any other person or shareholder.

## The Andhra Petrochemicals Limited

The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the Meeting. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution / authority, as applicable. A Proxy Form is sent herewith.

3. In line with the MCA General Circulars dated May 5, 2020 & January 13, 2021, SEBI Circulars dated May 12, 2020 & January 15, 2021 and BSE Circular dated January 16, 2021, the Notice of the AGM along with the Annual Report for the Year 2020-21 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 37th AGM and the Annual Report for the year 2020-21 have been uploaded on the website of the Company at [www.theandhrapetrochemicals.com](http://www.theandhrapetrochemicals.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 Monday, 20.9.2021 to Monday, 27.9.2021 (both days inclusive).
6. The Dividend recommended by Directors, if approved at the Meeting, will be paid to the Shareholders whose names are on the Register of Members on 20<sup>th</sup> September, 2021. In respect of shares held in demat mode, the above Dividend will be paid on the basis of beneficial ownership as at the end of business hours of 17<sup>th</sup> September, 2021 as per the details furnished by the Depositories for this purpose.
7. 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.
8. 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.
9. 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 Depository Participant (DP) (and not to the Company / RTA) with whom they have Demat Account.
10. 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., 17<sup>th</sup> September, 2021 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)
11. Pursuant to provisions of Section 124 of the Companies Act, 2013, the unclaimed amount of Dividend declared for the year 2011-12 along with corresponding shares of the Company has been transferred to the Investors Education and Protection Fund (IEPF) established by the Central Government. Members who wish to claim Dividend and shares from IEPF are required to comply with the provisions specified under IEPF (Accounting, Audit, Transfer and Refund) Rules, 2017.

**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.**

### Dividend

- (i) Pursuant to changes introduced by the Finance Act, 2020 in the provisions of the Income Tax Act, 1961, with effect from 1st April, 2020 dividend income is taxable in the hands of the Shareholders (resident as well as non-resident). Accordingly, Company is required to deduct tax at source ("TDS") at the prescribed rates on dividend paid after 1st April, 2020.
- (ii) Shareholders are requested to update their Residential Status, PAN, Category as per the Income Tax Act with their Depository Participant (if shares are held in electronic / demat form), or, with the Company / RTA, i.e., M/s X L Softech Systems Ltd., (if the shares are held in physical form).
- (iii) No tax shall be deducted at source on the dividend payable to a resident individual if the total dividend to be received by the said individual from the Company during the Financial Year 2021-22 does not exceed Rs.5,000/-.
- (iv) In cases where the Shareholders provide Form 15 G (applicable to any person other than a company or a firm), or, Form 15H (applicable to an individual who is 60 years and older), they can avail the benefit of non-deduction of Tax at Source subject to conditions specified in the Income Tax Act.
- (v) For resident individuals, tax shall be deducted at source under Section 194 of the Income Tax Act as follows:

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

- (vi) Shareholders may also submit any other document / certificate as prescribed under the Income Tax Act to claim a lower / Nil withholding tax.

## **The Andhra Petrochemicals Limited**

- (vii) In the case of non-resident shareholders, tax is required to be deducted at source @ 20% (plus applicable surcharge and cess). However, they have the option to be governed by the provisions of the Double Tax Avoidance Agreement (DTAA) between India and the country of their residence, if they are more beneficial to them. For availing the beneficial rates, they are required to submit necessary documents, i.e., No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document / certificate as may be prescribed to avail the DTAA benefits.
- (viii) The aforementioned documents, duly completed and signed, are required to be sent to the Company's e-mails investors@theandhrapetrochemicals.com / info.tnk@theandhrapetrochemicals.com on or before 17th September, 2021 in order to enable the Company to determine and deduct appropriate TDS / withholding Tax.
- (ix) Forms, Declarations and Documents which are Incomplete and / or unsigned or which are received after 17th September, 2021, will not be considered by the Company.
- (x) The formats of necessary Forms / Declarations, i.e., Forms 15 G / 15 H / 10F in this regard can be downloaded from the website of the Company [www.theandhrapetrochemicals.com](http://www.theandhrapetrochemicals.com)

### **SPECIFIC ATTENTION OF SHAREHOLDERS**

#### **Sub: Furnishing of e-mail ID**

Members are requested to provide their e-mail IDs so as to enable the Company to send documents like notice calling general meetings, audited financial statements, Directors' Report, Auditors' Report etc., by way of e-mail.

#### **Shareholders in**

**Physical Mode:** E-mail ID be furnished to the RTA i.e., M/s. XL Softech Systems Ltd.

#### **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 transfer of 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.

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

**Particulars of Directors proposed to be reappointed at this Meeting as required under Regulation 36 (3) of the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015:**

### **ITEM NO.3**

**Sri Mullapudi Thimmaraja** has been the Director on the Board since 7.11.1992. He is a Graduate in Chemical Engineering. He did his Post Graduation in Business Administration from the University of Florida, U.S.A. For more than four decades he has been the Whole-time Director of the Promoter Company, M/s. The Andhra Sugars Ltd., (ASL) multi-product and multi-division company manufacturing Sugar and wide range of Organic and Inorganic Chemicals and also engaged in power generation. He has been appointed as Joint Managing Director of ASL from 1.8.1993.

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

Other Committeeships held: Member - Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Stakeholders Relationship Committee, JOCIL Ltd.; Corporate Social Responsibility Committee and Stakeholders Relationship Committee, The Andhra Sugars Ltd.

He holds 1,630 Equity Shares in the Company.

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

### **ITEM NO.4**

**Sri Y S S Suresh** has been the Director since 2.11.2019. He did his Post Graduation in Business Administration. Presently he is working as Assistant General Manager in APIDC Ltd.

Other Directorships held: Nil

He does not hold any shares in the Company.

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

**ANNEXURE TO NOTICE**

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

**ITEM NO.6:**

The Board at its Meeting held on 24.6.2021, 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 2021-22.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors is required to be ratified by the shareholders of the Company.

Accordingly, consent of the Members is sought for passing an Ordinary Resolution as set out in Item No.6 of the Notice for ratification of the remuneration payable to the Cost Auditors for the Financial Year 2021-22. Your Board recommends necessary Resolution for your approval.

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

**ITEM NO.7:**

**Sri R Karikal Valaven**, I.A.S., is a Graduate in History and Law. He held various positions, i.e., Additional Commissioner, Hyderabad; Collector & District Magistrate, Prakasam District; Commissioner, Labour Department; Private Secretary, Ministry of Social Justice & Empowerment, Govt. of India; Director, Ministry of Home Affairs, Department of Home, National Centre for Disaster Management, Govt. of India; Commissioner - Labour Department, Hyderabad; Managing Director - A.P. Beverages Corporation Ltd.; Commissioner - Distilleries & Breweries; Secretary, Housing & Urban Development; Managing Director - Industries Department, Distilleries & Breweries; Managing Director - Swagraha Corporation, Hyderabad.

Board of Directors, having regard to the recommendation of the Nomination and Remuneration Committee, co-opted him as Additional Director from 8.2.2021. He holds office upto the date of 37th 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:

Director - Ramayapatnam Port Development Corporation Ltd., Machilipatnam Port Development Corpn. Ltd., A P Environment Management Corpn. Ltd., Bhavanapadu Port Development Corporation Ltd., YSR Steel Corporation Ltd., AP Bulk Drug Infrastructure Corporation Ltd., A P Maritime Infrastructure Development Corpn Ltd., A P Digital Corpn Ltd., A P MSME Development Corpn., Godavari Gas Pvt. Ltd., Atchutapuram Effluent Treatment Ltd., AP Towers Ltd., Amaravati Development Corpn. Ltd., A.P.Gas Infrastructure Corpn. Pvt. Ltd., Deccan Infrastructure and Land Holdings Ltd., A.P. Industrial Infrastructure Corpn Ltd., Infrastructure Corpn. of A P Ltd., A.P.Gems and Jewellery Park Pvt. Ltd., Gangavaram Port Ltd.

Chairman & Managing Director - A P 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 Sri R Karikal Valaven, I.A.S., no other Director, Key Managerial Personnel and their relatives is or are deemed to be interested or concerned in the Resolution.

**Venkatarayapuram  
24.6.2021**

**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, 27th September, 2021 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. 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.theandhrapetrochemicals.com](http://www.theandhrapetrochemicals.com)

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

The voting period begins on 24.9.2021 from 9 a.m. and ends on 26.9.2021 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 17.9.2021 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

- 1) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- 2) Click on "Shareholders" module.
- 3) 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 login at <https://www.cdslindia.com> from login Myeasi using your login credentials. Once you successfully login to CDSL'S EASI/EASIEST e-services, click on e-voting option and proceed directly to cast your vote electronically.

- 4) Next enter the Image Verification as displayed and Click on Login.
- 5) 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.
- 6) If you are a first-time user follow the steps given below:

PAN	<b>For Shareholders holding shares in Demat Form and Physical Form</b> Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"><li>● 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.</li></ul>
Dividend Bank Details <b>OR</b> 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. <ul style="list-style-type: none"><li>● If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction. (3)</li></ul>

- (i) After entering these details appropriately, click on "SUBMIT" tab.
- (ii) 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.



- (iii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (iv) Click on the EVSN for the relevant The Andhra Petrochemicals Ltd., on which you choose to vote.
- (v) 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.
- (vi) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (vii) 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.
- (viii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (ix) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (x) 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.
- (xi) Facility 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@theandhrapetrochemicals.com](mailto:investors@theandhrapetrochemicals.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.

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 if you have any queries or issues regarding e-Voting, write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)

**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors are pleased to present the Thirty Seventh Annual Report of the Company together with the Audited Financial Statements for the Financial Year ended 31st March, 2021.

**CORPORATE OVERVIEW:**

Your Company is the manufacturer of Oxo-Alcohols. 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 31st March, 2021 is summarised below: (Rs. in lakhs)

	2020-21	2019-20
Net Sales (excl. GST)	<b>56606.74</b>	45593.27
Profit / (Loss) before Interest & Depreciation	<b>14110.16</b>	3581.65
Less: Interest	<b>912.80</b>	152.13
Depreciation	<b>1402.88</b>	1281.18
Profit / (Loss) after Interest and Depreciation before Extra-Ordinary Items	<b>11794.48</b>	2148.34
Exceptional Items	--	--
Profit / (Loss) Before Tax	<b>11794.48</b>	2148.34
Provision for:		
Current Tax	<b>4391.00</b>	760.00
Adjustment of Tax Expense for earlier years	<b>(24.17)</b>	(0.61)
Deferred Tax	<b>(219.72)</b>	0.18
Profit / (Loss) After Tax	<b>7647.37</b>	1388.77
Other Comprehensive Income	<b>376.36</b>	(152.50)
Total Comprehensive Income for the period	<b>8023.73</b>	1236.27
Balance brought forward from previous year	<b>10914.22</b>	9677.95
Profit carried forward to next year	<b>18937.95</b>	10914.22

**OPERATIONAL AND FINANCIAL PERFORMANCE:**

During the year under review, your Company has produced 72,027 MTs of Oxo-Alcohols as compared to 66,850 MTs in the previous year. Sales during the Financial Year were 72,786 MTs as compared to 65,760 MTs in the previous year.

For the Financial Year 2020-21, your Company's Revenue stood at Rs.566.07 crores (net of GST) as compared to Rs.455.93 crores (net of GST) for the previous year. The growth in Revenue is 24.16%.

Your Company has earned a Net Profit (after Tax) of Rs.76.47 crores during the year under review as against the Net Profit (after Tax) of Rs.13.89 crores earned during the previous year. The increase in Net Profit (after Tax) is 450.54%.

The Net Worth of the Company increased by 35.91% from Rs.223.47 crores as on 31.3.2020 to Rs.303.71 crores as on 31.3.2021.

Interest costs of the Company decreased from Rs.1.14 crores in Financial Year 2019-20 to Rs.0.36 crores in 2020-21 following the repayment of liabilities and negotiation of better terms with bankers. Now, your Company is debt-free.

**DIVIDEND:**

Considering the Company's performance for the Financial Year 2020-21, your Directors felt it would be appropriate to declare the dividend. At the same time, conserving of resources is required to meet future financial requirements of the Company. Hence, your Directors are pleased to inform that the Board of Directors at their Meeting held on 24.6.2021 recommended a Dividend of Rs.1.50 ps (One rupee fifty paise) per share (@ 15% on 8,49,71,600 Equity Shares of face value of Rs.10/- per each Share) for the Financial Year 2020-21. The Dividend, if approved by the Members at the ensuing Annual General Meeting of the Company, will be paid to all the eligible Members, involving a total cash outflow of Rs.12.75 crores. The Dividend shall be subject to deduction of Income Tax at source.

The payout of Dividend is in line with the Company's policy to meet its Long-Term growth objectives.

Pursuant to the provisions of Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company has formulated its Dividend Distribution Policy which is available on the website of the Company [www.theandhrapetrochemicals.com](http://www.theandhrapetrochemicals.com)

**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 31.3.2021 stood at Rs.218.74 crores as against Rs. 138.50 crores for the previous year 2019-20.

**MANAGEMENT DISCUSSION AND ANALYSIS:**

**INDUSTRY STRUCTURE AND DEVELOPMENTS:**

COVID-19 Pandemic forced both the State and Central Governments to impose lock-downs across the Country for most part of the first half of the Financial Year 2020-21 hampering all economic activities. The health and well-being of our employees became a top priority for the Company. The challenge posed by the COVID-19 is unprecedented.

During the Financial Year 2020-21 the Plant was shut down for a period of 35 days.

In spite of the COVID-19 crisis and Plant shut-down, your Company could manage to post a Net Profit of Rs.76.47 crores (after Tax) for the year under review, due to the International / National Product Prices coupled with implementation of cost reduction / Energy Savings measures. Moreover, your Company developed BPCL-KOCHI as alternative raw material (Propylene) supplier, which to some extent diluted the Risk of single source.

**OPPORTUNITIES AND THREATS:**

Estimated demand of Oxo-Alcohols at 2,75,000 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 as Hindustan Petroleum Corporation Limited (HPCL) is able to meet the Company's full Propylene requirement. Sales Realization is also expected to improve on account of extension of the Anti-Dumping Duties by 5 more years in the recent Sunset Review by the Govt. of India on imports from certain countries.

However, commissioning of BPCL Oxo-Alcohols plant at Cochin in 2021-22, downturn in product price scenario internationally and dumping of the products and currency fluctuations may impact the Company's performance to some extent.

**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 for the Financial Year 2020-21. The Company has Internal Control Systems commensurate with the size of its 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 continued to be cordial throughout the year.

The total number of employees employed as on 31.3.2021 is 290.

**FUTURE OUTLOOK:**

Your Company's performance is expected to be reasonable in view of India's GDP growth in the Financial Year 2021-22 projected by the World Bank and forecast of International Petrochemicals prices. However, the disrupted business environment due to the COVID-19 Pandemic may impact the performance to some extent.

Though your Company signed Natural Gas (NG) term sheet agreement with GAIL in the year 2019, the NG Project got delayed. As per the GAIL's revised project schedule, the NG Project is going to be completed by Q3 of 2021-22 and the NG is expected to be available from Q4 of 2021-22 and may likely bring down the 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. 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:**

Your Company is depending for its major raw material i.e., Propylene from a single source - HPCL Visakha refinery. However, the risk is built in the project evaluation. Risk is slightly diluted to some extent this year by sourcing Propylene from BPCL - KOCHI when HPCL plant was under shutdown / maintenance.

Crude prices, Exchange rate fluctuations are also a matter 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:**

Your Company has evolved Safety, Health and Environment Policy.

**Safety:**

- + Company has completed 15.63 million accident-free man-hours in the last 12 years
- + Total 2,160 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.

**Health:**

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

## **The Andhra Petrochemicals Limited**

### **Environment:**

Online emission, Ambient air and effluent monitoring systems are in place. Data is being transmitted to Central Pollution Control Board (CPCB) and Andhra Pradesh Pollution Control Board (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**

Your 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 VPT for a period of 30 years which expired on June 26, 2019.

Your 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. VPT informed the Company that for various reasons the Tender has been cancelled. VPT released another fresh Tender for the said land on Commercial Lease Rentals instead of Industrial Lease Rentals. Your Company filed a Write Petition on 8.9.2020 challenging the cancellation of the earlier Tender. The Hon'ble High Court of Andhra Pradesh has granted Stay Order on 15.9.2020 and asked VPT to submit the Counter. The Petition came up for hearing on 27.1.2021. As there was no Counter from VPT, the Hon'ble Court extended the Stay Order till further orders. As per legal advice the Company also paid land rentals of Rs.23.59 crores (for the period from 27.6.2019 to 31.3.2022) to the VPT on 30.4.2021 as the Land has been already in use by the Company.

### **LISTING:**

The Equity Shares of your Company are listed on the BSE Limited., Mumbai. The Annual Listing Fees for the year 2021-22 has been paid.

### **ANNUAL RETURN:**

Pursuant to the provisions of Section 92(3) (a) of the Companies Act, 2013, the Annual Return of the Company as at 31st March, 2021 is available on the Company's website [www.theandhrapetrochemicals.com](http://www.theandhrapetrochemicals.com).

### **DIRECTORS:**

Sri A A Krishnan ceased to be Director consequent upon his sad demise with effect from 21.10.2020. 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., Nominee of Andhra Pradesh Industrial Development Corporation Ltd., (APIDC) ceased to be Director, consequent upon his withdrawal by the APIDC, with effect from 7.11.2020. Your Directors placed on record their appreciation of the valuable guidance rendered by him during his tenure as Director of the Company.

Sri R Karikal Valaven, I.A.S., Chairman & Managing Director of APIDC, Nominee of APIDC, was co-opted by the Board at its Meeting held on 8.2.2021 as an Additional Director. His appointment is being placed for the approval of the Shareholders at the ensuing 37th Annual General Meeting (AGM).

In accordance with the provisions of the Companies Act, 2013 and Articles of Association of the Company, Directors Sri Mullanpudi Thimmaraja and Sri Y S S Suresh retire by rotation at the ensuing 37th AGM and, being eligible, offer themselves for reappointment. Their reappointment is being placed for the approval of the Shareholders at the ensuing 37th AGM.

### **KEY MANAGERIAL PERSONNEL:**

Details of Key Managerial Personnel (KMP) of the Company are as under:

Sl No.	Name of the person	Designation
1.	Sri K Narasappa	President
2.	Sri P Ratna Rao (CFO & KMP upto 23.3.2021)	Senior General Manager (Finance)
3.	Sri M V V S V Prasadu (KMP upto 23.3.2021)	Deputy Secretary & Assistant Manager (Finance)
4.	Sri G Adinarayana (KMP from 24.3.2021)	Chief Financial Officer & Company Secretary

Sri G Adinarayana has been appointed as the Chief Financial Officer & Company Secretary of the Company with effect from 24.3.2021. He is an Associate Member of The Institute of Cost & Management Accountants of India (ICMA) & Fellow Member of The Institute of Company Secretaries of India (ICSI). He is also the Compliance Officer of the Company.

### **AUDIT COMMITTEE:**

Audit Committee comprises Non-Executive Independent Directors, Sri A A Krishnan, Dr. Pamidi Kotaiah, and Dr. (Smt.) D Manjulata, Dr. V N Rao, Sri P Venkateswara Rao and Sri Ravi Pendyala, Non-Executive Non-Independent Director, as its Members. Sri A A Krishnan was the Chairman of the Committee until he ceased to be the Member of the Committee with effect from 21.10.2020 consequent upon his sad demise. Sri P Venkateswara Rao is the Chairman of the Committee with effect from 5.11.2020.

### **SECRETARIAL AUDIT:**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and Rules made thereunder, the Company has appointed M/s 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 - 'A'** 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 annual performance 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 the Company's interest, bonafide discharge of responsibilities in the interest of the Company and upholding ethical standards, integrity etc.

In terms of Regulation 25 of the SEBI Listing Regulations, 2015, Board took on record the declarations and confirmations received from Independent Directors.

Independent Directors met on 23.6.2021 wherein, as per the Report of the Lead Independent Director, the annual performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors. The evaluation process reflected valuable contribution of Members of the Board / Committee thereof.

**NUMBER OF MEETINGS OF THE BOARD:**

The details of the Number of Meetings of the Board held during the Financial Year 2020-21 are given in the Corporate Governance Report which forms part of this Report.

**CREDIT RATING:**

ICRA Ltd., has upgraded Long-Term credit rating of the Company from [ICRA] BBB+ to [ICRA] A- and short-term credit rating from [ICRA] A2 to [ICRA] A2+ assigned earlier to the Rs.94.18 crores Line of Credit of the Company.

**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 the Financial Statements.

**VIGIL MECHANISM / 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.theandhrapetrochemicals.com/wp-content/uploads/WHISTLE-BLOWER-POLICY-1.pdf>

**RISK MANAGEMENT:**

Pursuant to the provisions of the erstwhile Listing Agreement, your Board of Directors at its Meeting held on 27.3.2015 framed and adopted a Risk Management Policy of the Company to identify and mitigate the risks. The Risk Management framework defines the Risk Management approach of the Company and includes periodic review of such risks and also Risk Mitigation measures and reporting mechanism of such Risks. Risk Management Policy of your Company can be viewed by entering the URL <http://www.theandhrapetrochemicals.com/wp-content/uploads/POLICY-ON-CORPORATE-RISK-MANAGEMENT.pdf>.

Now, pursuant to the recently amended provisions of Regulation 21 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Company has constituted Risk Management Committee on 24.6.2021 with Sri P Narendranath Chowdary, Managing Director, Sri Mullapudi Thimmaraja and Sri Ravi Pendyala, Directors, and Dr V N Rao, Independent Director, as its members.

**CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE:**

Details of composition of CSR Committee are given in the Corporate Governance Report which forms part of this Report.

As per the provisions of Section 135 and Schedule VII of the Companies Act, 2013 and the Company's CSR Policy, Company had spent an amount of Rs.87,16,211/- towards CSR expenditure for the Financial Year 2020-21. The report on CSR activities as required under the Companies (CSR Policy) Rules, 2014 is set out as **Annexure - "B"** which is 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 Financial Year 2020-21 to the A P State Disaster Management Authority (APSDMA) with a view to support the efforts of the Govt. of Andhra Pradesh in tackling the unprecedented crisis arising from COVID-19 Pandemic.

**NOMINATION AND REMUNERATION COMMITTEE:**

Nomination and Remuneration Committee comprises Dr. (Smt.) D Manjulata, Independent Director, as Chairperson and Sri A A Krishnan, Independent Director, Sri Mullapudi Thimmaraja, Non-Independent Director and with effect from 5.11.2020 Dr. V N Rao, Independent Director, as its Members. Sri A A Krishnan ceased to be the Member of the Committee with effect from 21.10.2020 consequent upon his sad demise.

**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.theandhrapetrochemicals.com/wp-content/uploads/NOMINATION-REMUNERATION-POLICY.pdf>

**AUDITORS:**

M/s C V Ramana Rao & Co., Chartered Accountants, Visakhapatnam, were appointed as Statutory Auditors of the Company for five Financial Years from 2017-18 to 2021-22. Fixation of their remuneration for the Year 2021-22 is being placed at the ensuing 37th AGM for the approval of Members. The total fees paid by the Company for the year 2020-21 to the Statutory Auditors for all services rendered by them is Rs. 7.37 lakhs.

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### **COST AUDITORS:**

M/s Narasimha Murthy & Co., Cost Accountants, Hyderabad, were appointed by the Board as Cost Auditors of the Company for the year 2021-22 and appropriate resolution in this connection has been included in the Notice calling the ensuing Annual General Meeting of the Company for ratification purpose. Cost Auditors' Report in respect of Financial Year ended 31st March, 2020 has been filed with the Ministry of Corporate Affairs on 25.6.2020, 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:**

- (a) **Ethyl Propyl Acrolein Interchanger:** This is a Kaizen Idea generated internally. Here aldol reactors solution temperature will be interchanged with the EPA decanter solution by the addition of EPA interchanger to increase the temperature from 40 degrees to 100 degrees before going to Vaporizer. Due to the increase in feed temperature of Vaporiser the steam requirement to Vaporizer has come down to 500 Kg/hr (4140 MT/annum) & also reduced the waste generation rate to 100 kg/hr (588 MT/annum) & increased the 2-EH Production by 1 MT/day (345 MT/annum). The overall savings expected with this Project is around Rs.3.2 crores/annum (achieved Rs.1.79 crores in 7 months operation).
- (b) **REFINING COLUMN HEAVIES RECYCLE PROJECT:** This is one more Kaizen Idea generated internally. In this Project, Refining column heavies will be recycled to Vaporiser & 2-EH content in the heavies will be recovered. With this Project, Company could recover/produce extra 310 MTs of 2-EH per year & saves 36 batch still operations in a year which results in overall savings of around Rs.2.00 crores per year.
- (c) **Reformer Energy Saving Coating:** Heat resistance coating has been applied inside the reformer & achieved savings of around Rs.72.00 lakhs/annum.
- (d) **Fuel saving by isolation of standby ZNO beds:** By isolating 2 Zinc Oxide beds, Company has saved around Rs.16.00 lakhs/annum.

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

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

##### **3. Capital investment on Energy conservation equipments: Rs.20.00 lakhs.**

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

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

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

	<b>For the year ended 31.3.2021</b>	<b>For the year ended 31.3.2020</b>
i. Earnings	<b>NIL</b>	NIL
ii. Outgo for products	<b>726.53</b>	500.79

### **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 Rule 5 of 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 31st March, 2021, out of the total number of 8,49,71,600 Equity Shares, 8,08,07,352 Equity Shares constituting 95.10% stand dematerialised.

### **RELATED PARTY TRANSACTIONS:**

As per the provisions of Regulation 23 of the 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.theandhrapetrochemicals.com/wp-content/uploads/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 is 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 2020-21, 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 Report 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:**

Company was paying Sitting Fees of Rs. 20,000/- for attending each Meeting of the 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). Board of Directors at their Meeting held on 5.11.2020 has approved the payment of Sitting Fees of Rs.30,000/- for attending each Meeting of the Board and Rs.25,000/- for attending each Meeting of Committee of the Board. 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 upto 23.3.2021)	8.00%
Sri M V V S V Prasadu Deputy Secretary & Assistant Manager (Finance) (KMP upto 23.3.2021)	9.00%
Sri G Adinarayana Chief Financial Officer & Company Secretary (with effect from 24.3.2021)	NIL

**(c) the percentage increase in the median remuneration of employees in the Financial Year: 2.74%**

**(d) the number of permanent employees on the rolls of Company: 290**

**(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 2020-21 was 2.74%. 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.1,68,000/- for non-appointment of Company Secretary & Compliance Officer for 168 days, i.e., from 1.10.2018 to 17.3.2019. Company made a representation to BSE for waiver of the penalty on the ground that it could not succeed, in spite of its best and sincere efforts, in locating a suitable candidate for the position of Company Secretary. On 26.10.2020 BSE informed the Company that its "Committee for Reviewing Representations for Waiver of Fines Levied under Standard Operating Procedure (SOP)", which considered the Company's representation for waiver of penalty, did not accede to the Company's contention and as such requested the Company to pay the penalty imposed. Accordingly, Company paid the same on 5.11.2020.

**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:

- i) that in the preparation of the Annual Accounts for the year ended 31st March, 2021, the applicable Accounting Standards have been followed along with proper explanation relating to material departures, if any;
- ii) 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 31st March, 2021 and of the Profit of the Company for the year ended on that date;

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- 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.

### **BUSINESS RESPONSIBILITY REPORT:**

As per Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Business Responsibility Report is enclosed vide **Annexure - "C"** of this Report and is also available on the Company's website: [www.theandhrapetrochemicals.com](http://www.theandhrapetrochemicals.com)

### **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 (**Annexure "D"**) and form part of the Directors' Report.

### **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) Bharat Petroleum Corporation Ltd., (BPCL) and other Suppliers. Your Directors place on record their deep sense of appreciation of the valuable contribution made by the employees at all levels.

**Venkatarayapuram**  
**24.6.2021**

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



**ANNEXURE-"A"**

**Form No. MR-3**

**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021

[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 **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 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, 2021 ("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 the Company for the financial year ended on 31st March, 2021 and made available to us, 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) 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 (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (v) Other laws applicable specifically to the Company, namely:
  - a) The Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008
  - b) The Legal Metrology Act, 2009 and rules made thereunder
  - c) The Andhra Pradesh Electricity Reforms 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 have also examined compliance with the applicable clauses of the following:

- i) Secretarial Standards issued by the Institute of Company Secretaries of India.
- ii) Listing Agreement entered into by the Company with the Bombay Stock Exchange.

We report that, during the year under review, the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines and Standards mentioned above.

## **The Andhra Petrochemicals Limited**

We further report that, there were no events / actions in pursuance of:

- (a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (b) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- (c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (d) 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;
- (e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (f) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and
- (g) 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

We further report that:

The compliance by the Company of applicable financial laws such as direct and indirect tax laws and maintenance of financial records and books of accounts have not been reviewed in this audit since the same have been subject to review by the statutory financial auditors, tax auditors, and other designated professionals

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.

As per the minutes of the meetings duly recorded and signed by the Chairman, majority decision is carried through while the members' views are captured and recorded as part of the minutes.

We further report that, based on the information provided and the representation made by the Company and also on the review of the compliance certificates / reports taken on record by the Board of Directors of the Company, in our opinion, 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**

ICSI Unique Code: S2009AP122301

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

Proprietor

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

ICSI UDIN: **F007157C000486801**

Date : 19th June, 2021

Place : Hyderabad

### **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.

**For NEKKANTI S.R.V.V.S. NARAYANA & CO.,  
Company Secretaries**

ICSI Unique Code: S2009AP122301

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

Proprietor

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

Date : 19th June, 2021

Place : Hyderabad

**ANNEXURE - "B"**

**CSR Activities for the Financial Year 2020-21**

**1. Brief outline on CSR Policy of the Company**

The CSR Policy articulates the Company's approach and commitment to sustainable and inclusive social development by improving the quality of life of the communities it serves. Engage, Equip and Empower is the cross cutting theme of the various projects initiated under the three verticals namely, Sustainable Livelihood, Community Development, and issues of National Importance. Sustainable livelihood is the flagship program which focusses on building employability of youth from underprivileged section of the society. Community development deals with Water, Health and Education, and emphasizes on community participation and ownership, and works on long term projects for sustainable outcomes. Issues of National Importance deals with the thematic areas like Disaster Management, Sanitation and Affirmative Action.

**2. Composition of CSR Committee:**

Sl. No.	Name of the Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Sri P Narendranath Chowdary (Executive, Non-Independent Director)	Managing Director	2	1
2	Sri A A Krishnan (Upto 21.10.2020) (Independent Director)	Director	2	1
3	Sri Mullapudi Thimmaraja (Non-Executive, Non-Independent Director)	Director	2	2
4	Dr V N Rao (W.e.f. 5.11.2020) (Independent Director)	Director	2	1

**3. Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company:**

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.theandhrapetrochemicals.com/wp-content/uploads/CORPORATE-SOCIAL-RESPONSIBILITY-POLICY.pdf>.

**4. Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable : Nil**

**5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any.**

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be set-off for the financial year, if any (in Rs)
1	2018-19	NIL	NIL
2	2019-20	NIL	NIL
3	2020-21	NIL	NIL
	Total	NIL	NIL

**6. Average net profit of the Company as per section 135(5): Rs.43,28,13,810/-.**

**7. (a) Two percent of average net profit of the Company as per section 135(5):**

The Company is required to incur Rs.86,56,276/- towards CSR expenditure for the Financial Year 2020-21.

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: NIL

(c) Amount required to be set off for the financial year, if any: NIL

(d) Total CSR obligation for the financial year (7a+7b-7c): Rs.86,56,276/-

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year 2020-21 (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
Rs.87,16,211/-	NIL	NIL	NIL	NIL	NIL

(b) Details of CSR amount spent against ongoing projects for the financial year: NIL

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Project duration	Amount allocated for the project (in Rs.)	Amount spent in the current financial Year (in Rs.)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.)	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number
	<b>Total</b>											

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Amount spent for the project (in Rs.)	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency.	
				State.	District.			Name.	CSR registration number.
1.	Promotion of Healthcare & Disaster Management	( I & XII )	No	Andhra Pradesh		50,00,000/-	No	Amount donated to Disaster Management, State Govt. of Andhra Pradesh towards combating and providing relief to Covid-19 Pandemic	NA
2.	Promotion of Healthcare including Preventive Healthcare	( I )	Yes	Andhra Pradesh,	Visakhapatnam	30,00,000/-	No	Sankar Foundation at Visakhapatnam - Door to Door Eye Screening	NA
3.	Promotion of Education	( II )	Yes	Andhra Pradesh,	Visakhapatnam	7,16,211/-	No	Providing furniture to schools situated in Mindi Area, Visakhapatnam	NA
	<b>Total</b>					87,16,211/-			

(d) Amount spent in Administrative Overheads- Nil

(e) Amount spent on Impact Assessment, if applicable - Nil

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) Rs.87,16,211/-

**The Andhra Petrochemicals Limited**

(g) Excess amount for set off, if any: Rs.59,935/-

Sl. No.	Particulars	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	86,56,276.00
(ii)	Total amount spent for the Financial Year	87,16,211.00
(iii)	Excess amount spent for the financial year [(ii)-(i)]	59,935.00
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	59,935.00

9. (a) Details of Unspent CSR amount for the preceding three financial years: NIL

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years (in Rs.)
				Name of the Fund	Amount (in Rs.)	Date of transfer.	
1.	2017-18	NIL					NIL
2.	2018-19	NIL					NIL
3.	2019-20	NIL					NIL
	Total	NIL					

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): NIL

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in Rs.)	Amount spent on the project in the reporting Financial Year (in Rs)	Cumulative amount spent at the end of reporting Financial Year. (in Rs.)	Status of the project - Completed / Ongoing.
1.								
2.				NIL				
3.								
	Total			NIL				

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: NIL

(a) Date of creation or acquisition of the capital asset(s).

(b) Amount of CSR spent for creation or acquisition of capital asset.

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): Not Applicable.

**(P Narendranath Chowdary)**  
**Managing Director**  
**Chairman - CSR Committee**

**ANNEXURE - "C"**  
**BUSINESS RESPONSIBILITY REPORT**

**SECTION - A**

**GENERAL INFORMATION ABOUT THE COMPANY:**

1	Corporate Identity Number (CIN)	:	L23209AP1984PLC004635
2	Name of the Company	:	The Andhra Petrochemicals Limited
3	Registered Address	:	Venkatarayapuram, TANUKU -534215 West Godavari District, Andhra Pradesh
4	Website	:	www.theandhrapetrochemicals.com
5	E-mail ID	:	investors@theandhrapetrochemicals.com
6	Financial Year reported	:	2020-21
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	:	20116
8	List three key products / services that the Company manufactures / provides (as in Balance Sheet)	:	2 Ethyl Hexanol Normal Butanol Iso Butanol
9	Total number of locations where business activity is undertaken by the Company	:	
	(a) Number of International Locations (Provide details of major 5)	:	--
	(b) Number of National Locations	:	1
10	Markets served by the Company - Local / State / National / International	:	Local, State and National

**SECTION - B**

**FINANCIAL DETAILS OF THE COMPANY**

1	Paid-up Capital (Rs. in lakhs)	Rs.8497.16
2	Total Turnover (Rs. in lakhs)	Rs.56606.74
3	Total Profit After Taxes (Rs. in lakhs)	Rs.7647.37
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of Profit after Tax (%)	2%
5	List of activities in which expenditure in 4 above has been incurred	
	a) Amount donated to Disaster Management, State Govt. of Andhra Pradesh towards combating and providing relief to Covid-19 Pandemic	Rs.50,00,000/-
	b) Door to Door Eye Screening by Sankar Foundation, Visakhapatnam	Rs.30,00,000/-
	c) Providing furniture to schools situated in Mindi Area, Visakahatpham	Rs.7,16,211/-

**SECTION - C**

**OTHER DETAILS**

**Subsidiary Companies**

The Company has no subsidiary.

**SECTION - D**

**(a) Details of Directors Responsible for Business Responsibility (BR):**

Sri P. Narendranath Chowdary, Managing Director      DIN 00015764

## **The Andhra Petrochemicals Limited**

### **(b) BUSINESS RESPONSIBILITY HEAD:**

Sl No	Particulars	Details
1	DIN Number	00015764
2	Name	Sri P Narendranath Chowdary
3	Designation	Managing Director
4	Telephone Number	08819-220975
5	e-mail ID	investors@theandhrapetrochemicals.com

### **SECTION - E**

#### **PRINCIPLE-WISE PERFORMANCE:**

The following are the updates for the Company on each of the Principles stated in the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business issued by the Ministry of Corporate Affairs (MCA).

#### **PRINCIPLE -1: BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH ETHICS, TRANSPARENCY AND ACCOUNTABILITY**

The Andhra Petrochemicals Limited was incorporated in the year 1984. Since inception, Company's emphasis has been on pursuing high standards of Ethics in its Business Process. The Company strictly believes in maintaining high standards of Corporate Governance, Transparency in disclosures, regulatory compliance, good operational practices, strong internal controls, integrity with all its Stakeholders namely Shareholders, Customers, Suppliers, Employees, Regulatory Authorities and Public at large. Company is of the view that as a responsible corporate citizen, all regulatory disclosures are made in a transparent manner.

Company's Board of Directors is headed by Chairman. Board comprises 6 (six) Independent Directors who provide guidance and support to the Management in laying down the Policies to be followed in pursuit of its goals.

The Board has constituted the following Committees:

- i) Audit Committee
- ii) Nomination and Remuneration Committee
- iii) Stakeholders Grievance / Relationship Committee
- iv) Corporate Social Responsibility Committee

The above Committees perform as per the well defined Scope & Terms of reference and recommend to the Board the matters considered by them. The Company has also Whistle Blower Policy and Mechanism in its place. This Policy envisages the right of any employee, irrespective of position in the Organisation hierarchy, to report to the Management or Chairman of the Audit Committee any unethical practice, wrongdoings prevailing in the Company. This Policy provides adequate safeguard against victimization against the person who is whistle Blower.

Shareholders and other Stakeholders grievances are also addressed with utmost earnestness to resolve the grievance, if any, to their satisfaction.

It is uppermost endeavour of the Company to encourage all the Stakeholders to maintain high ethical standards in dealing with the Company.

#### **PRINCIPLE -2: BUSINESSES SHOULD PROVIDE GOODS AND SERVICES THAT ARE SAFE AND CONTRIBUTE TO SUSTAINABILITY THROUGHOUT THEIR LIFE CYCLE**

The Company is in the manufacturing of Oxo-Alcohols which goes into the production of paints, rubber etc., products. In this context, the Company's focus has always been to provide Quality Products to end-users. Company effectively monitors the Production Process to bring about improvement in Production Quality by adopting new Technology emerging from time to time. Company highly values environmental sustainability. In spite of being in the manufacturing of Hazardous Chemicals, it ensures that the Plant is highly energy sustainable with lower emission of gases. Pollution Control Board Norms are strictly adhered to in discharge of effluents. Company strives to adopt latest technology to ensure the sustainability of environment.

Company started its advent with the manufacture of Oxo-Alcohols at its Plant at Visakhapatnam, Andhra Pradesh. Payments are made within the statutory due dates. Interactions with the Customers are made with personal touch.



**PRINCIPLE - 3: BUSINESSES SHOULD PROMOTE THE WELLBEING OF ALL EMPLOYEES**

Management firmly believes and considers Employees of the Company as Human Assets. Dr. Mullanpudi Harischandra Prasad, former Managing Director of the Company and founder of our Company's Promoter (The Andhra Sugars Ltd.) always used to address Employees as "Family Members". Employee relationship has always been amicable. We report with pride that since incorporation in the year 1984, there has been no instances of any strike or lockout. This is testimony to the fact about the fruitful bondage between the Employer and Employee. Constant and concerted efforts are made to create an atmosphere of Employee Development from time to time taking into account the age and experience of an Employee. In case a need arises, outside Consultants are called to impart in-house training to the Employees to enable them to acquaint themselves with latest developments concerning their area of operations. In certain cases, Employees are sponsored to attend Seminars and get Outside Training with a view to help to develop their skill and be better equipped to meet their organizational commitments. Equally important for the Company are Health and Safety of the Employees. Staff and Workers have regular health check-up. Monitoring of health of all employees including contract labour and canteen workers is done on a regular basis. In respect of Safety of Employees, utmost care is taken to ensure that all required safety gadgets are provided to Workers at Plant. Safety trainings are conducted periodically to emphasise the importance of safety awareness at work place. As one of the important aspects of HR Policy, the Company does not discriminate against any Employee on the basis of Caste, Creed, Colour or Gender etc. For Company, Merit and Contribution are the only criteria to judge the upgradation of an Employee. Management of the Company would like to place on record the sincere efforts and unstinted support of Employees at all levels for their valuable efforts put in which have been instrumental in making Company scale greater heights.

Company has evolved Safety, Health and Environment Policy.

Given hereunder the Particulars:		
1	Total Number of Employees	290
2	Total Number of Employees hired on temporary / contractual / casual basis	11
3	Number of Permanent Women Employees	2
4	Number of Permanent Employees with disabilities	NIL
5	Employee Association that is recognized by Management	NA
6	Percentage of Permanent Employees is members of this recognized Employee Association	NA

7. Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last Financial Year and pending, as on the end of the Financial Year

Sl. No.	Category	No. of complaints filed during the Financial Year	No. of complaints pending as on the end of the Financial Year
1	Child labour / forced labour / involuntary labour	0	NA
2	Sexual Harassment	0	NA
3	Discriminatory employment	0	NA

8. Percentage of our undermentioned employees who were given safety & skill up-gradation training in the last year: Due to Covid only 34% of employees could be given the training.

a	Permanent Employees	277
b	Permanent women Employees	2
c	Casual / Temporary / Contractual Employees	11
d	Employees with Disabilities	NIL

**PRINCIPLE - 4: BUSINESSES SHOULD RESPECT THE INTERESTS OF, AND BE RESPONSIVE TOWARDS ALL STAKEHOLDERS, ESPECIALLY THOSE WHO ARE DISADVANTAGED, VULNERABLE AND MARGINALIZED**

Company values every Stakeholder and there is a reciprocal relationship valuing and respecting each other's sentiments. Company started its Business Venture with Oxo-Alcohols business. In general, the needs and concerns of every Stakeholder, be it Shareholder, Customer, Supplier, Employee and anyone connected with the Company in any manner whatsoever, are viewed in proper perspective to come out with solutions to the mutual satisfaction.

**PRINCIPLE - 5: BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS:**

Company strongly believes that respecting Human Rights is Corporate's sacred duty. It has always been the earnest endeavour of the Company to treat people with dignity in the course of dealings. Company respects and promotes Human Rights and in this context, Company sincerely endeavours to give prime importance to aspects like diversity, anti-discrimination, equal opportunities, compliance with regulatory matters with the highest integrity thus contributing to promotion of Human Rights. Stern disciplinary action is taken against the employee who disregards the Human Rights in course of his / her employment.

**PRINCIPLE - 6: BUSINESSES SHOULD RESPECT, PROTECT AND MAKE EFFORTS TO RESTORE THE ENVIRONMENT:**

The Policy covers the Company only. The Company has taken up initiatives to address environment issues as outlined below:

Development of 5,000 plants per year in Visakhapatnam Beach Road and another 5,000 plants per year at Visakhapatnam Air Port for a period of 5 years under Green Visakha Plantation Programme commencing from the year 2012-13.

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

Emission(s) / waste(s) generated by the Company is / are within the permissible limits given by Central Pollution Control Board (CPCB) / AP State Pollution Control Board (APPCB) and there are no Show Cause Notices received from CPCB / SPCB.

Online emission, ambient air and effluent monitoring systems are in place. Data is being transmitted to CPCB and APSCB.

### **PRINCIPLE - 7: BUSINESSES WHEN ENGAGED IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A RESPONSIBLE MANNER:**

For any policy advocacy Company recognizes the importance of being extremely responsible and highly ethical while taking matters with relevant Government bodies. As and when it is felt necessary, the Company makes representations to the relevant bodies to seek solutions to the problems faced by various sectors of business thus ensuring that the Business Operations are in right direction.

### **PRINCIPLE - 8: BUSINESSES SHOULD SUPPORT INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT:**

Company was incorporated in the Year 1984 with its Plant at Visakhapatnam. Since then, Company strongly believed that benefits of Industrialisation should percolate to the community around.

In this regard, our commitment to society began way back in the year 2014. To this end,

- Company helped to undertake door to door Eye screening in Mindi village to make it blind-free area through Sankar Foundation Eye Hospital
- Company provided furniture such as Tables, Chairs, Almaras and Playground leveling etc., in schools situated in Mindi area, Visakhapatnam, namely, Mandal Praja Parishad School, ZPH School, Mandal Praja Parishad School, Ramnagar.

### **PRINCIPLE - 9: BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CUSTOMERS AND CONSUMERS IN A RESPONSIBLE MANNER:**

The Company highly values the Customers' loyalty. To achieve this, Company focus has always been to ensure that the Company is committed to give its Customers best Product, best Price and committed Delivery Schedule. Marketing Personnel work closely with the Customers and closely interact with them to understand their changing needs in respect of various attributes of the Products. R&D is committed to look into and work upon the changes and successfully implement the same. The Products go through tight Quality Control Procedure before entering the Customers' godown. Products are packed in the required Packing containers and bear labels as per the Regulatory Mandate. The Company never indulge in any kind of misleading Advertisements. During the preceding Financial Year 2020-21, no case is filed regarding anti-competitive trade practice by Competition Commission of India.

#### **Business Responsibility Polices:**

Though the Company does not have Policies other than those mandated by the Statute, it has adopted and follow the best Business Policies with all Stakeholders' interest uppermost in view. Policies mandated by Statute are displayed on Company's website: [www.theandhrapetrochemicals.com](http://www.theandhrapetrochemicals.com)

Reporting of Business Responsibility is applicable to the Company for the first time from the Financial Year 2020-21. The Managing Director and other Directors monitor and review the matters relating to Business Responsibility periodically to ensure that the Business activities are monitored in right direction. Every Business function is reviewed in detail and if required, corrective measures are taken by Statutory Auditors and Cost Auditors so as to ascertain that there are no financial irregularities. Emphasis is placed on following best Corporate Governance.

**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 31.3.2021 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 Pamidi Kotaiah Chairman  Sri A A Krishnan (upto 21.10.2020)  Dr. (Smt.) D Manjulata  Sri P Venkateswara Rao  Sri M Gopalakrishna, I.A.S. (Retd)  Dr. V N Rao (w.e.f., 28.9.2020)  Sri G S V Prasad (w.e.f., 28.9.2020)	Sri P Narendranath Chowdary Managing Director	Sri Mullapudi Thimmaraja  Dr. Rajat Bhargava, I.A.S. (upto 7.11.2020)  Sri R Karikal Valaven, I.A.S. (w.e.f., 8.2.2021)  Sri Y S S Suresh  Sri Ravi Pendyala

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

c) During the Financial Year 2020-21, four Board Meetings were held.

Dates on which they were held: (i) 20.6.2020, (ii) 10.8.2020, (iii) 5.11.2020 and (iv) 8.2.2021

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. Pamidi Kotaiah	4	No	5	1	5	3
Sri P Narendranath Chowdary	4	Yes	7	5	4	2
Sri A A Krishnan (Upto 21.10.2020)	--	No	None	None	None	None
Dr. Rajat Bhargava, I.A.S. (Upto 7.11.2020)	--	No	4	1	None	None
Sri Y S S Suresh	4	No	None	None	None	None
Dr.(Smt.) D Manjulata	4	No	2	None	1	None
Sri Mullapudi Thimmaraja	2	No	2	None	3	None
Sri Ravi Pendyala	4	Yes	None	None	None	None
Dr. V N Rao	4	No	1	None	1	None
Sri P Venkateswara Rao	4	No	1	None	None	None
Sri M Gopalakrishna, I.A.S., (Retd.)	4	No	6	None	6	2
Sri G S V Prasad (w.e.f., 10.8.2020)	2	No	None	None	None	None
Sri R Karikal Valaven, I.A.S. (w.e.f., 8.2.2021)	--	N.A.	10	None	None	None

\* Represents Membership / Chairmanship of Audit Committees and Stakeholders Relationship Committees of other public limited companies.

## **The Andhra Petrochemicals Limited**

Sri A A Krishnan (upto 21.10.2020), Chairman of the Audit Committee, could not attend the Annual General Meeting due to Covid-19 Impact. 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. Pamidi Kotaiah	The Andhra Sugars Ltd	Non-Executive, Independent Director
Sri P Narendranath Chowdary	The Andhra Sugars Ltd JOCIL Ltd	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 R Karikal Valaven, I.A.S.	Avanti Feeds Ltd	Nominee Director, Non-Executive, Non-Independent Director
Sri Mullanpudi Thimmaraja	The Andhra Sugars Ltd JOCIL Ltd	Executive Director Non- Executive, Non-Independent Director
Sri P Venkateswara Rao	The Andhra Sugars Ltd JOCIL Ltd	Non-Executive, Independent Director -do-
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 -do- -do- -do-

### **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.theandhrapetrochemicals.com/wp-content/uploads/FAMILIARISATION-PROGRAMME-FOR-INDEPENDENT-DIRECTORS.pdf>

### **Independent Directors:**

The Non-Executive Independent Directors fulfil 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.theandhrapetrochemicals.com/wp-content/uploads/INDEPENDENT - DIRECTORS - LETTERS.pdf>

Orientation programme to Independent Directors was organised at the Plant premises to familiarise 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 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	Policy	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	Finance	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	Risk	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	Leadership		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	Board service and governance		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	Sales and Marketing		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
Dr Pamidi Kotaiah	Finance, Policy and Risk Management
Sri P Narendranath Chowdary	Enterprenureship, Administration, Strategic Planning & Finance, Policy Development, Leadership
Sri A A Krishnan (upto 21.10.2020)	Petrochemical Technology
Sri Mullapudi Thimmaraja	Enterprenureship, Administration, Strategic Planning & Finance, Sales & Marketing
Dr (Smt) D Manjulata	Policy Development, Board Service and Governance
Sri Ravi Pendyala	Enterprenureship, Administration & Finance
Dr V N Rao	Petrochemical Technology, Leadership, Administration & Finance
Sri P Venkateswara Rao	Chemical Technology, Sales & Marketing
Sri M Gopalakrishna, I.A.S. (Retd)	Policy Development, Board Service and Governance, Administration, Finance and Leadership
Dr. Rajat Bhargava, I.A.S. (upto 7.11.2020)	Administration, Board service & Finance
Sri R Karikal Valaven, I.A.S. (with effect from 8.2.2021)	Administration, Board service & Finance
Sri Y S S Suresh	Administration
Sri G S V Prasad (with effect from 28.9.2020)	Sales and Marketing

## The Andhra Petrochemicals Limited

### 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.theandhrapetrochemicals.com](http://www.theandhrapetrochemicals.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.theandhrapetrochemicals.com/wp-content/uploads/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. Pamidi Kotaiah (iii) Dr (Smt) D Manjulata, (iv) Dr V N Rao, (v) Sri P Venkateswara Rao, Non-Executive Independent Directors and one Non-Executive, Non-Independent Director Sri Ravi Pendyala. Sri A A Krishnan ceased to be the Member of Audit Committee w.e.f., 21.10.2020 consequent upon his sad demise. Sri P Venkateswara Rao is the Chairman of Audit Committee with effect from 5.11.2020. 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) acted as the Secretary to the Audit Committee.

With effect from 24.3.2021, Sri G Adinarayana, Chief Financial Officer & Company Secretary 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 2020-21, four Audit Committee Meetings were held on:

(i) 20.6.2020, (ii) 10.8.2020, (iii) 5.11.2020 and (iv) 8.2.2021

The necessary quorum was present at all 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 (upto 21.10.2020)	Chairman	Non-Executive, Independent	--
Dr. Pamidi 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	Member	Non-Executive, Independent	4
Sri P Venkateswara Rao	Chairman (w.e.f., 5.11.2020)	Non-Executive, Independent	4

#### 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 Dr. (Smt.) D Manjulata, Non-Executive Independent Director, as Chairperson and Sri A A Krishnan and Dr. V N Rao, Non-Executive Independent Directors, Sri Mullapudi Thimmaraja, Non-Executive and Non-Independent Director, as Members. Sri A A Krishnan ceased to be the Member of the Committee w.e.f., 21.10.2020 consequent upon his sad demise. 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.

**Meetings and attendance:**

The Nomination and Remuneration Committee met 4 times during the year 2020-21 on 20.6.2020, 10.8.2020, 5.11.2020 and 8.2.2021. The necessary quorum was present at all these 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	4
2.	Sri A A Krishnan (Upto 21.10.2020)	Member	Non-Executive, Independent	--
3.	Sri Mullapudi Thimmaraja	Member	Non-Executive, Promoter	2
4.	Dr. V N Rao	Member	Non-Executive, Independent	4

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 each meeting of the Board or Committee thereof. Details of sitting fees paid to them during the year 2020-21:

Dr. Pamidi Kotaiah - 1,60,000/- Sri A A Krishnan - Nil; Dr. Rajat Bhargava, I.A.S. - Nil, Sri R Karikal Valaven, I.A.S. - Nil; Sri Y S S Suresh - Rs.90,000/- (as he is the nominee of APIDC Ltd., sitting fees payable to him was paid to APIDC Ltd.); Dr. (Smt) D Manjulata - Rs. 2,55,000/-; Sri Ravi Pendyala - Rs.1,85,000/-, Dr. V N Rao - Rs.2,55,000/-; Sri P Venkateswara Rao - Rs.1,60,000/-; Sri M Gopalakrishna, I.A.S., (Retd) - Rs.90,000/- and Sri G S V Prasad - Rs.50,000/-. 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 31.3.2021.

**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.theandhrapetrochemicals.com/wp-content/uploads/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, 2021:**

Name of the Non-Executive Director	No. of shares of Rs.10/- each
Sri Mullapudi Thimmaraja	1630
Dr.(Smt.) D Manjulata	612
Sri Ravi Pendyala	1020
Sri G.S.V. Prasad	1112

## **The Andhra Petrochemicals Limited**

### **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 & Company Secretary.

### **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.

Sri G. Adinarayana, Chief Financial Officer & Company Secretary is the Compliance Officer.

b) Investor complaints received and redressed during the year ended 31.3.2021:

Sl No.	Nature of Complaint	Complaints received and redressed
1	Non-receipt of dividend	16
2	Non-receipt of shares sent for transfer	--
3	Non-receipt of Annual Report	2
	Total	18

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

CSR Committee comprises Sri P Narendranath Chowdry Managing Director, as Chairman and Sri A A Krishnan, Non-Executive Independent Director and Sri Mullapudi Thimmaraja, Non-Executive Non-Independent Director as Members. Sri A A Krishnan ceased to be the Member of the Committee w.e.f., 21.10.2020 consequent upon his sad demise. Dr. V N Rao, Non-Executive Independent Director has been inducted as Member into the Committee w.e.f., 5.11.2020.

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 two times during the year on 2.4.2020 and 8.2.2021. The necessary quorum was present at all these Meetings.

The Company formulated CSR Policy which is placed on the website of the Company (weblink: <http://www.theandhrapetrochemicals.com/wp-content/uploads/CORPORATE-SOCIAL-RESPONSIBILITY-POLICY.PDF>).

### **13. Independent Directors Meeting:**

Independent Directors Meeting was held on 23.6.2021. Lead Independent Director Sri M Gopalakrishna, I.A.S. (Retd) 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.theandhrapetrochemicals.com/wp-content/uploads/FAMILIARISATION-PROGRAMME-FOR-INDEPENDENT-DIRECTORS.pdf>

He further informed the Board that 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
2018	28 <sup>th</sup> September, 2018, 3:00 p.m.
2019	10 <sup>th</sup> July, 2019, 3:00 p.m.
2020	28 <sup>th</sup> September, 2020, 3:00 p.m.



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

Year	Subject Matter
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. Pamidi 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
2020	1. According consent to the appointment of Dr. (Smt.) D Manjulata as Independent Director 2. According consent to the appointment of Dr. V N Rao as Independent Director 3. According consent to the appointment of Sri G S V Prasad 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.theandhrapetrochemicals.com/wp-content/uploads/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:

(a) 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 on 31.3.2020.

(b) BSE imposed a penalty of Rs.1,68,000/- for non-appointment of Company Secretary & Compliance Officer for 168 days, i.e., from 1.10.2018 to 17.3.2019. Company made a representation to BSE for waiver of the penalty on the ground that it could not succeed in spite of its best and sincere efforts in locating a suitable candidate for the position of Company Secretary. On 26.10.2020 BSE informed the Company that its "Committee for Reviewing Representations for Waiver of Fines Levied under Standard Operating Procedure (SOP)", which considered the Company's representation for waiver of penalty, did not accede to the Company's contention and as such requested the Company to pay the penalty imposed. Accordingly, Company paid the same on 5.11.2020.

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.

## The Andhra Petrochemicals Limited

### 16. Means of Communication:

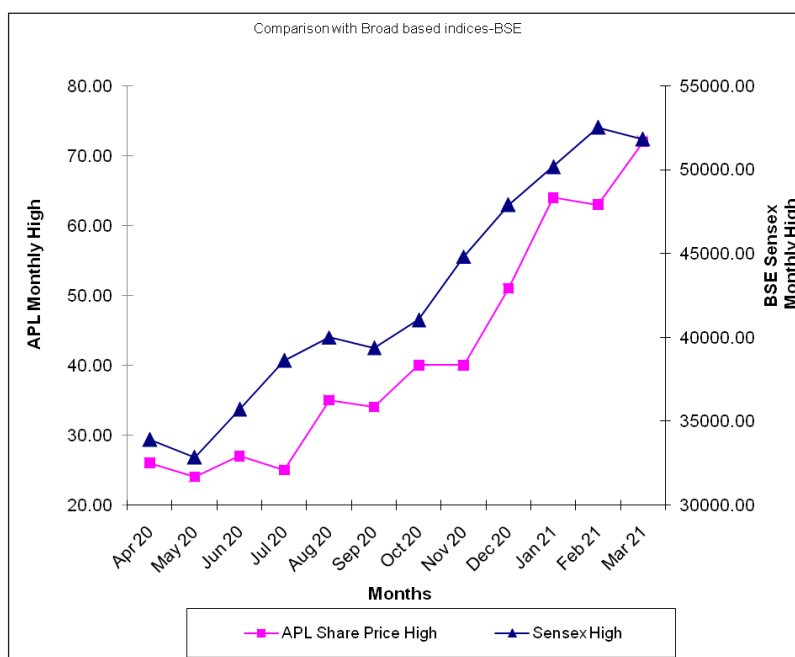
- i) Quarterly financial results are published in "The Hindu Business Line" (English) and "Andhra Jyothi" (Telugu). The results are displayed on the Website of the Company, i.e., [www.theandhrapetrochemicals.com](http://www.theandhrapetrochemicals.com)
- ii) The Company has not issued any press release 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, 27<sup>th</sup> September, 2021 at 3:00 p.m.
  - Venue : ASL Meeting Hall, Upstairs of Canteen Building of The Andhra Sugars Ltd., Venkatarayapuram, TANUKU - 534215, West Godavari District, Andhra Pradesh
- ii) Financial Year : 1<sup>st</sup> April to 31<sup>st</sup> March
- iii) Dates of Book Closure : Monday, 20<sup>th</sup> September, 2021 to Monday, 27<sup>th</sup> September, 2021 (both days inclusive)
- iv) Listing on Stock Exchange and Stock Code : BSE Limited (formerly Bombay Stock Exchange)  
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 BSE, Mumbai during each month of the Financial Year 2020-21.

Month	High		Low	
	Rs.	Ps.	Rs.	Ps.
April, 2020	25.95		16.00	
May, 2020	23.55		19.00	
June, 2020	27.10		19.90	
July, 2020	25.30		20.00	
August, 2020	34.70		20.20	
September, 2020	34.20		25.80	
October, 2020	39.80		31.05	
November, 2020	39.70		29.35	
December, 2020	51.40		39.05	
January, 2021	63.60		45.35	
February, 2021	63.30		45.30	
March, 2021	71.80		57.30	

- vi) Performance in comparison to BSE sensex :



vii) Registrars and Share Transfer Agent : M/s. XL Softech Systems Ltd.,  
No.3, Sagar Society, Road No.2  
Banjara Hills, Hyderabad - 500 034  
Telephones: 040-23545 913 / 914 /915  
E-mail: *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 in 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 relodgement upto 31.3.2021 only. 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, 2021:

SI No.	Category	No. of shares	% of holding
1	Promoters, Directors, Relatives and Associate Companies	38502554	45.31
2	Financial Institutions	17100	0.02
3	Mutual Funds	3400	0.00
4	Banks	587	0.00
5	Foreign Institutional Investors	1200	0.00
6	Non-Resident Indians	1085003	1.28
7	Bodies Corporate	3229575	3.80
8	Indian Public	42132181	49.59
<b>Total</b>		84971600	100.00

b) Distribution of shareholding as on 31<sup>st</sup> March, 2021:

Shareholding of Nominal value of Rs.	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Upto 5000	45,329	87.09	67,02,606	7.89
5001 - 10000	3,292	6.33	27,57,215	3.24
10001 - 20000	1,532	2.94	23,91,044	2.81
20001 - 30000	562	1.08	14,65,859	1.73
30001 - 40000	266	0.51	9,63,161	1.13
40001 - 50000	278	0.53	13,27,549	1.56
50001 - 100000	401	0.77	29,53,437	3.48
100001 & above	391	0.75	6,64,10,729	78.16
<b>Total</b>	52,051	100.00	8,49,71,600	100.00

x) As of 31<sup>st</sup> March, 2021, 8,08,07,352 shares constituting 95.10% of paid-up capital have been dematerialised

	No. of shares	% of paid-up capital
National Securities Depository Ltd. :	4,28,80,556	50.465
Central Depository Services (India) Ltd. :	3,79,26,796	44.635
<b>Total</b>	8,08,07,352	95.100

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 the 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

**The Andhra Petrochemicals Limited**

xii) Address for correspondence : The Andhra Petrochemicals Limited  
Venkatarayapuram, TANUKU - 534215  
West Godavari District, Andhra Pradesh  
  
Phone Nos. 08819-220975 (Shares Department)  
08819-224755 Fax: 08819-224168  
CIN: L23209AP1984PLC004635  
Website: www.theandhrapetrochemicals.com  
  
E-mail: investors@theandhrapetrochemicals.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) Reporting of Internal Auditor**

Internal Auditors directly report to the Audit Committee.

**ii) 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) 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, 2021.

Place: Venkatarayapuram  
Date: 24.6.2021

**(P Narendranath Chowdary)**  
Managing Director

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**AUDITORS CERTIFICATE**

**To  
The Members of  
The Andhra Petrochemicals Limited,  
Tanuku**

1. We have examined the compliance of conditions of Corporate Governance by The Andhra Petrochemicals Limited, Tanuku for the year ended 31st March, 2021 as stipulated in regulations 17 to 27, clauses (b) to (i) of regulation 46(2) and paras C, D and E of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time ("Listing Regulations") pursuant to the "Listing Agreement" of the said company with stock exchanges.

**Management's Responsibility**

2. The compliance of conditions of corporate governance is the responsibility of the management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of corporate governance as stipulated in the Listing Regulations.

**Auditors' Responsibility**

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the company for ensuring the compliance with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended 31.03.2021. It is neither an audit nor an expression of opinion on the financial statements of the company.
4. We have examined the books of account and other relevant records and documents maintained by the company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the company.
5. We have carried out an examination of the relevant records of the company in accordance with the Guidance note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India (the 'ICAI'), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for special purposes issued by the ICAI which requires that we comply with the ethical requirements of the code of ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that performs Audits and Reviews of Historical Financial Information and Other Assurance and Related Services Engagements.

**Opinion**

7. Based on the procedures performed by us and to the best of our information and according to the explanations provided to us, we certify that the Company has complied, in all material aspects, with the conditions of corporate governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and Para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2021.
8. We 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.

**Restriction on use**

9. This certificate is issued solely for the purpose of complying with the aforesaid regulations and may not be suitable for any other purpose.

**For C V RAMANA RAO & CO.,**  
Chartered Accountants  
Firm Reg. No. 002917S

**(KATYAYANI K)**  
Partner  
Membership No.225030  
UDIN : 21225030AAAAA Q6801

Place: Visakhapatnam  
Date: 24<sup>th</sup> June, 2021

**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,  
West Godavari District,  
Andhra Pradesh - 534215

We have examined the following documents:

- i) Declaration of non-disqualification as required under Section 164 of Companies Act, 2013 ('the Act');
- ii) Disclosure of concern or interests as required under Section 184 of the Act; (hereinafter referred to as 'relevant documents') as submitted by the Directors of **The Andhra Petrochemicals Limited**, having CIN L23209AP1984PLC004635 and having registered office at Venkatarayapuram, Tanuku, West Godavari District, Andhra Pradesh - 534215, to the Board of Directors of the Company ('the Board') for the financial year 2020-21 and relevant registers, records, forms and returns maintained by the Company and as made available to us for the purpose of issuing this Certificate in accordance with Regulation 34(3) read with Schedule V Para C Clause 10(i) of SEBI (LODR) Regulations, 2015. We have considered non-disqualification to include non-debarment by Regulatory/Statutory Authorities.

It is the responsibility of Directors to submit relevant documents with complete and accurate information in accordance with the provisions of the Act.

Ensuring the eligibility for 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.

Based on our examination as aforesaid and such other verifications carried out by us as deemed necessary and adequate (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)), in our opinion and to the best of our information and knowledge and according to the explanations provided by the Company, its officers and authorised representatives, we hereby certify that none of the Directors on the Board of the Company, as listed hereunder for the financial year ended 31st March, 2021, have been debarred or disqualified from being appointed or continuing as Directors of Companies by Securities and Exchange Board of India/Ministry of Corporate Affairs or any such statutory authority.

SI No.	Name of Director	DIN	Date of appointment in Company
1.	Sri Pendyala Narendranath Chowdary	00015764	8th August, 1996
2.	Sri MullapudiThimmaraja	00016711	24th August, 1992
3.	Dr. Pamidi Kotaiah	00038420	4th August, 2018
4.	Sri Gopala Krishna Muddusetty	00088454	25th May, 2019
5.	Dr. Vellanki Narayana Rao	00861884	26th October, 2016
6.	Dr. (Smt.) Dasari Manjulatha	02788338	27th March, 2015
7.	Sri Pendyala Ravi	03375555	12th November, 2011
8.	Sri Parvataneni Venkateswara Rao	06387165	5th November, 2018
9.	Sri Syama Sundara Suresh Yekula	08589605	2nd November, 2019
10.	Sri Sree Venkateswara Prasad Gottipati	08797795	10th August, 2020
11.	Sri Ramakrishnan Karikal Valaven	01519945	8th February, 2021

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.

This Certificate has been issued at the request of the Company to make disclosure in its Corporate Governance Report of the financial year ended 31st March, 2021.

**For NEKKANTI S.R.V.V.S. NARAYANA & CO.**  
**Company Secretaries**  
ICSI Unique Code: S2009AP122301

Date : 21<sup>st</sup> June, 2021  
Place : Hyderabad

(NEKKANTI S.R.V.V.S. NARAYANA)  
Proprietor  
M.No.F7157, C.P.No.7839  
ICSI UDIN: **F007157C000492719**

**INDEPENDENT AUDITORS 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, 2021, 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, 2021, 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	Valuation of Investments in Unquoted Equity Shares of Andhra Pradesh Gas Power Corporation 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>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>	<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> <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><i>Conclusion:</i> Based on the work performed and the evidence obtained, we consider the methodology and assumptions used by management to be appropriate.</p>
2	Estimation of decommissioning and restoration provisions	
	<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 the 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><i>Conclusion:</i> Based on the work performed, we found management's assessment to be reasonable based on available evidence.</p>

3	Estimation of Lease liability
<p>Measurement of lease liability for the land taken on lease from Visakhapatnam Port Trust (VPT) involves significant judgement, as they are calculated based on terms &amp; conditions of the tender floated by VPT and the financial bid submitted against the tender, which was later on cancelled and issued for re-tender. Due to its vast nature, even small changes in the terms of the lease agreement can have a material impact on the estimated lease liability and right of use asset.</p> <p>Refer Note 2.41 to the Financial Statements</p>	<p>Our audit procedures, among others included the following:</p> <ul style="list-style-type: none"> <li>■ We obtained an understanding of the terms and conditions of the VPT's Land renewal lease policy "e-Tender cum e-Auction" to evaluate the appropriateness of key assumptions applied.</li> <li>■ We have gone through the outcome of the original tender, legal opinion, interim stay order from Hon'ble High Court of Andhra Pradesh for re-tender and supporting evidences of lease rental payments to evaluate the reasonableness of the managements' judgment that the lease will be allotted to the APL.</li> <li>■ We assessed the methodology adopted and assumptions used by management, including reasonableness of the discounted cash flows and discount rate applied.</li> <li>■ We found the disclosures in the financial statements to be appropriate.</li> </ul> <p><i>Conclusion:</i> Based on the work performed, we found management's estimation 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.

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, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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 did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;
    - iii. There has been no delay in transferring amounts, 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  
UDIN : 21225030AAAAA Q6801

Place: Visakhapatnam  
Date: 24<sup>th</sup> June, 2021

**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 2021. 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.
- vii) 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 2021 for a period of more than six months from the date they became payable.
- b) As at 31st March 2021, 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  
UDIN : 21225030AAAAA Q6801

Place: Visakhapatnam  
Date: 24<sup>th</sup> June, 2021

**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 2021 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 2021, 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 CV RAMANA RAO & CO.,**  
Chartered Accountants  
Firm Reg. No. 002917S

**(KATYAYANIK)**  
Partner  
Membership No.225030  
UDIN : 21225030AAAAA Q6801

Place: Visakhapatnam  
Date: 24<sup>th</sup> June, 2021

## **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, 2021 were approved by the Board of Directors and authorized for issue on June 24, 2021.

#### **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 comply in all material aspects with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (Act) read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments thereto.

##### **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 2021.

##### **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.

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 Andhra Petrochemicals Limited**

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 irrecoverable.

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.
- Amounts expected to be payable under a residual value guarantee; and

## **The Andhra Petrochemicals Limited**

- 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, 2021

(₹ in lakhs)

Sl. No.	Particulars	Note No.	As at 31 March 2021	As at 31 March 2020
1	2	3	4	5
	<b>ASSETS</b>			
<b>1</b>	<b>Non-current assets</b>			
	a Property, plant and equipment	2.01	15527.38	16500.15
	b Capital work-in-progress	2.02	41.31	41.22
	c Right-of-use asset	2.03	7928.26	8210.38
	d Other Intangible assets	2.04	25.50	34.79
	e Financial assets:			
	i - Investments	2.05	711.64	308.75
	ii - Others	2.06	440.58	440.57
	f Other non-current assets	2.07	5.52	5.52
<b>2</b>	<b>Current assets</b>			
	a Inventories	2.08	3257.06	3510.82
	b Financial assets:			
	i - Investments	2.09	14299.37	2865.81
	ii - Trade receivables	2.10	438.39	603.19
	iii - Cash and cash equivalents	2.11	1042.31	395.40
	iv - Other Financial Assets	2.12	16.30	23.13
	c Current Tax Assets (Net)	2.25	--	133.68
	d Other current assets	2.13	912.81	649.14
	<b>Total Assets</b>		<b>44646.43</b>	<b>33722.55</b>
	<b>EQUITY AND LIABILITIES</b>			
	<b>Equity</b>			
	a Equity Share capital	2.14	8497.16	8497.16
	b Other equity	2.15	21873.95	13850.22
	<b>LIABILITIES</b>			
<b>1</b>	<b>Non-current liabilities</b>			
	a Financial liabilities:			
	i - Borrowings	2.16	--	--
	ii - Other financial liabilities	2.17	5.00	5.00
	b Lease liabilities	2.41	7168.89	7110.81
	c Provisions	2.18	300.58	389.60
	d Deferred tax liabilities (Net)	2.19	2772.42	744.71
<b>2</b>	<b>Current liabilities</b>			
	a Financial liabilities:			
	i - Borrowings	2.20	2.77	63.13
	ii - Trade payables	2.21	1657.42	941.08
	iii - Other financial liabilities	2.22	80.91	640.19
	b Lease liabilities	2.41	752.81	731.15
	c Other current liabilities	2.23	1057.02	547.70
	d Provisions	2.24	295.51	201.80
	e Current Tax Liabilities (Net)	2.25	181.99	--
	<b>Total Equity and Liabilities</b>		<b>44646.43</b>	<b>33722.55</b>

See accompanying notes to the financial statements

<p>Per our report of even date For C V Ramana Rao &amp; Co., Chartered Accountants Firm Regn. No.: 002917S</p> <p>Katyayani K Partner Membership No.: 225030</p> <p>Place: Visakhapatnam Date : 24.06.2021</p>	<p>For and on behalf of the Board P. Narendranath Chowdary, Managing Director Ravi Pendyala, Director G. Adinarayana, CFO &amp; Company Secretary</p> <p>Tanuku 24.06.2021</p>
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Statement of Profit and Loss for the year ended 31st March, 2021

(₹ 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>56606.74</b>	45593.27
<b>II</b>	<b>Other income</b>	<b>2.27</b>	<b>387.49</b>	332.90
<b>III</b>	<b>Total Income (I + II)</b>		<b>56994.23</b>	45926.17
<b>IV</b>	<b>Expenses</b>			
	Cost of materials consumed	<b>2.28</b>	<b>33892.90</b>	34790.40
	Changes in inventories of finished goods and work-in-progress	<b>2.29</b>	<b>1080.72</b>	(1387.48)
	Employee benefit expense	<b>2.30</b>	<b>2148.84</b>	2060.02
	Finance cost	<b>2.31</b>	<b>912.80</b>	152.13
	Depreciation and amortisation expense	<b>2.32</b>	<b>1402.88</b>	1281.18
	Other expense	<b>2.33</b>	<b>5761.61</b>	6881.58
	<b>Total expenses (IV)</b>		<b>45199.75</b>	43777.83
<b>V</b>	<b>Profit before exceptional items and tax (III-IV)</b>		<b>11794.48</b>	2148.34
<b>VI</b>	Exceptional items		--	--
<b>VII</b>	<b>Profit before tax (V-VI)</b>		<b>11794.48</b>	2148.34
<b>VIII</b>	<b>Tax expense</b>			
	(1) Current Tax	<b>2.34</b>	<b>4391.00</b>	760.00
	(2) Adjustment of Tax expense for earlier years		<b>(24.17)</b>	(0.61)
	(3) Deferred tax	<b>2.34</b>	<b>(219.72)</b>	0.18
<b>IX</b>	<b>Profit for the year from continuing operations (VII-VIII)</b>		<b>7647.37</b>	1388.77
<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>7647.37</b>	1388.77
<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>(40.78)</b>	(23.01)
	Income tax effect on the above		<b>14.25</b>	8.04
	(ii) Gains/(losses) on sale of Equity Instruments measured at FVTOCI		--	--
	(iii) Gains/(losses) on restatement of Equity Instruments measured at FVTOCI		<b>402.89</b>	(137.53)
	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> (Comprising of Profit/ loss & other comprehensive income)		<b>8023.73</b>	1236.27
<b>XVI</b>	<b>Earnings per equity share (for continuing operations)</b>	<b>2.40</b>		
	a) Basic		<b>9.00</b>	1.63
	b) Diluted		<b>9.00</b>	1.63
<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>9.00</b>	1.63
	b) Diluted		<b>9.00</b>	1.63

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: Visakhapatnam  
Date : 24.06.2021

For and on behalf of the Board  
P. Narendranath Chowdary, Managing Director  
Ravi Pendyala, Director  
G. Adinarayana, CFO & Company Secretary

Tanuku  
24.06.2021

**The Andhra Petrochemicals Limited**

**Note : 2.01 Property, Plant and Equipment**

(₹ in lakhs)

Fixed Assets	Gross Block				Depreciation				Net Block	
	Balance as at 01.04.2020	Additions	(Disposals)	Balance as at 31.03.2021	Upto 01.04.2020	For the year	On disposals	Total upto 31.03.2021	Balance as at 31.03.2021	Balance as at 31.03.2020
Land	9.07	-	-	9.07	-	-	-	-	9.07	9.07
Buildings *	1700.27	-	-	1700.27	1076.01	29.79	-	1105.80	594.47	624.26
Plant and Equipment	45327.46	135.22	15.80	45446.88	29505.16	1065.07	15.24	30554.99	14891.89	15822.30
Furniture and Fixtures	68.41	0.35	-	68.76	64.80	0.55	-	65.35	3.41	3.61
Office equipment	152.62	3.70	0.16	156.16	118.56	14.60	0.15	133.01	23.15	34.06
Vehicles	68.17	-	-	68.17	61.32	1.46	-	62.78	5.39	6.85
<b>Total</b>	47326.00	139.27	15.96	47449.31	30825.85	1111.47	15.39	31921.93	15527.38	16500.15
Previous year	47135.54	490.89	300.43	47326.00	29920.65	1058.13	152.93	30825.85	16500.15	17214.89

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

**Note 2.01a: 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 that period.

**Note 2.02 Capital work-in-progress**

Particulars	As at 31-03-2021		As at 31-03-2020	
	Details	₹ in lakhs	Details	₹ in lakhs
Capital work in progress		41.31		41.22
		41.31		41.22

**Note 2.03 Right-of-Use assets**

Particulars	As at 31-03-2021		As at 31-03-2020	
	Details	₹ in lakhs	Details	₹ in lakhs
Leasehold Land-Factory		7926.71		8207.40
Building - Office Accommodation		1.55		2.98
<b>Total</b>		7928.26		8210.38

**Note 2.04 Other Intangible assets**

Fixed Assets	Gross Block				Depreciation				Net Block	
	Balance as at 01.04.2020	Additions	(Disposals)	Balance as at 31.03.2021	Upto 01.04.2020	For the year	On disposals	Total upto 31.03.2021	Balance as at 31.03.2021	Balance as at 31.03.2020
Computer Software	45.33	-	-	45.33	10.54	9.29	-	19.83	25.50	34.79
<b>Total</b>	45.33	-	-	45.33	10.54	9.29	-	19.83	25.50	34.79
Previous year	33.33	12.00	-	45.33	2.13	8.41	-	10.54	34.79	31.20

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

Particulars	As at 31-03-2021		As at 31-03-2020	
	Details	₹ in lakhs	Details	₹ in lakhs
<b>Investments at Fair Value through Other Comprehensive Income</b>				
<b>Unquoted Equity instruments</b>				
4,02,000 Equity Shares of Rs.10/- each fully paid-up in Andhra Pradesh Gas Power Corporation Ltd.		711.64		308.75
<b>Total</b>		711.64		308.75

**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 31-03-2021		As at 31-03-2020	
	Details	₹ in lakhs	Details	₹ in lakhs
Security Deposits Recoverable (Unsecured, considered good)		440.58		440.57
		440.58		440.57

Note 2.07 Other Non-current Assets

Particulars	As at 31-03-2021		As at 31-03-2020	
	Details	₹ in lakhs	Details	₹ in lakhs
Other Deposits Recoverable (Unsecured, considered good)		5.52		5.52
		5.52		5.52

Note 2.08 Inventories

Particulars	As at 31-03-2021		As at 31-03-2020	
	Details	₹ in lakhs	Details	₹ in lakhs
a. Raw Materials	750.74		452.65	
Goods-in transit	121.62	872.36	42.88	495.53
b. Work-in-process		143.40		851.69
c. Finished goods		612.14		984.56
d. Stores and spares		1629.16		1179.04
Method of valuation is stated in Accounting Policies vide Note No.1.7				
<b>Total</b>		<b>3257.06</b>		<b>3510.82</b>

Note 2.09 Current Financial Assets -Investments

Particulars	As at 31-03-2021		As at 31-03-2020	
	Details	₹ in lakhs	Details	₹ in lakhs
Investments measured at Fair Value through Profit & Loss				
Investments in Mutual Funds				
- SBI Mutual Fund		5367.04		2058.91
- HDFC Mutual Fund		5713.58		806.90
- UTI Mutual Fund		2517.27		-
- TATA Mutual Fund		701.48		-
<b>Total</b>		<b>14299.37</b>		<b>2865.81</b>

Note 2.10 Trade Receivables

Particulars	As at 31-03-2021		As at 31-03-2020	
	Details	₹ in lakhs	Details	₹ in lakhs
Trade receivables				
Unsecured, considered good and due for less than six months		438.39		603.19
		438.39		603.19

Note 2.11 Cash and Cash Equivalents

Particulars	As at 31-03-2021		As at 31-03-2020	
	Details	₹ in lakhs	Details	₹ in lakhs
a. Balances with banks	942.77		390.71	
This includes:		942.77		390.71
Earmarked Balances (Unpaid Dividend accounts - less than seven years)	80.91		81.78	
b. Margin money deposits		-		0.13
c. Cheques, drafts in transit		96.26		-
d. Cash on hand		3.28		4.56
<b>Total</b>		<b>1042.31</b>		<b>395.40</b>

## The Andhra Petrochemicals Limited

### Note 2.12 Other Current Financial Assets

Particulars	As at 31-03-2021		As at 31-03-2020	
	Details	Rs. in lakhs	Details	Rs. in lakhs
Interest receivable		16.17		21.36
Others		0.13		1.77
<b>Total</b>		<b>16.30</b>		<b>23.13</b>

### Note 2.13 Other Current Assets

Particulars	As at 31-03-2021		As at 31-03-2020	
	Details	Rs. in lakhs	Details	Rs. in lakhs
<b>Unsecured, considered good</b>				
Prepaid Expenses		76.03		43.38
Advances to Suppliers		696.83		359.51
Advances to staff		0.23		0.11
Income tax Refund Receivable		134.98		11.11
GST paid-in-Advance (Input Tax Credit)		4.74		235.03
<b>Total</b>		<b>912.81</b>		<b>649.14</b>

### Note 2.14: Equity

#### a. Equity Share Capital

Particulars	As at 31-03-2021		As at 31-03-2020	
	Number	Rs. in lakhs	Number	Rs. in lakhs
<b>Authorised</b>				
Equity Shares of Rs. 10/- each	125000000	12500.00	125000000	12500.00
<b>Issued</b>				
Equity Shares of Rs. 10/- each	84971600	8497.16	84971600	8497.16
<b>Subscribed &amp; Paid up</b>				
Equity Shares of Rs. 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 31-03-2021		As at 31-03-2020	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
<b>The Andhra Sugars Limited</b>	<b>28086613</b>	<b>33.05%</b>	28086613	33.05%
<b>Andhra Pradesh Industrial Development Corporation Ltd</b>	<b>9180000</b>	<b>10.80%</b>	9180000	10.80%

c. In respect of the year ended 31st March, 2021, the Board of Directors has proposed a dividend of Rs. 1.50 paise (15 percent) per Equity Share, subject to approval by the shareholders at the ensuing Annual General Meeting after which dividend would be accounted and paid out of the retained earnings available for distribution in accordance with the provisions of the Act.

### Note 2.15: Other Equity

Particulars	As at 31-03-2021		As at 31-03-2020	
	Details	Rs. in lakhs	Details	Rs. 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		18829.03		11181.66
<b>e) Other Comprehensive Income:</b>				
Equity Instruments through Other Comprehensive Income		185.33		(217.56)
Re-measurement of Defined benefit plans		(76.41)		(49.88)
<b>Total</b>		<b>21873.95</b>		<b>13850.22</b>

#### Nature of reserves:

- Capital Reserve** : Capital reserve represents incentives given by the FFI for onetime settlement of the foreign currency loan.
- Securities premium** : Securities premium represents premium received on issue of shares. The reserve is utilised in accordance with the provisions of Companies Act, 2013.
- 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, 1956/2013.
- 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

- The Company has made an irrevocable selection 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.
- 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 31-03-2021		As at 31-03-2020	
	Details	₹ in lakhs	Details	₹ in lakhs
<b>Secured</b>				
<b>Working Capital Term Loans</b>				
IDBI Bank Limited		-		-
State Bank of India		-		-
Union Bank of India (Formerly Andhra Bank)		-		-
(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. Fully repaid to all lenders during the F.Y.2020-21.				
<b>Total</b>		-		-

**Note 2.17: Non-current Financial Liabilities - Others**

Particulars	As at 31-03-2021		As at 31-03-2020	
	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 31-03-2021		As at 31-03-2020	
	Details	₹ in lakhs	Details	₹ in lakhs
<b>(a) Provision for employee benefits:</b>				
Gratuity (Funded)		33.50		108.09
Compensated Absences		188.22		207.64
<b>(b) Provision for Decommissioning Liability</b>		78.86		73.87
<b>Total</b>		300.58		389.60

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

Particulars	As at 31-03-2021		As at 31-03-2020	
	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	3850.45		3954.79	
Difference between Lease rentals charged to Statement of Profit & Loss account and claimed for tax purposes	2.29		128.73	
Unamortised transaction costs	--	3852.74	1.96	4085.48
<b>Assets:</b>				
Expenditure charged to Statement of Profit & Loss in the current year but allowed for tax purposes on payment basis	194.79		195.31	
Provision for decommissioning cost	27.56	222.35	25.81	221.12
Deferred Tax Liability (net)		3630.39		3864.36
MAT credit entitlement		857.98		3119.65
<b>Total</b>		2772.41		744.71

## The Andhra Petrochemicals Limited

### Note 2.20 Current Financial Liabilities - Borrowings

Particulars	As at 31-03-2021		As at 31-03-2020	
	Details	₹ in lakhs	Details	₹ in lakhs
<b>Secured</b>				
<b>Loans repayable on demand:</b>				
From banks		2.77		63.13
(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).				
<b>Total</b>		<b>2.77</b>		<b>63.13</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 31-03-2021		As at 31-03-2020	
	Details	₹ in lakhs	Details	₹ in lakhs
(A) Total outstanding dues of Micro and Small Enterprises		9.14		151.06
(B) Total outstanding dues of creditors other than Micro and Small Enterprises*		1648.28		790.02
<b>Total</b>		<b>1657.42</b>		<b>941.08</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 under MSMED Act, 2006		-		-
(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, 2006		-		-

\* Out of the above, Rs 1180.30 Lakhs represents the plant lease rental dues payable to Visakhapatnam Port Trust

### Note 2.22 Current Financial Liabilities - Others

Particulars	As at 31-03-2021		As at 31-03-2020	
	Details	₹ in lakhs	Details	₹ in lakhs
(a) Current maturities of long-term debt		-		558.20
(b) Interest accrued but not due on borrowings		-		0.21
(c) Unpaid dividends		80.91		81.78
<b>Total</b>		<b>80.91</b>		<b>640.19</b>

### Note 2.23 Other Current Liabilities

Particulars	As at 31-03-2021		As at 31-03-2020	
	Details	₹ in lakhs	Details	₹ in lakhs
(a) Advances received from Customers		279.84		292.62
(b) Other Liabilities		777.18		255.08
<b>Total</b>		<b>1057.02</b>		<b>547.70</b>

### Note 2.24 Current Provisions

Particulars	As at 31-03-2021		As at 31-03-2020	
	Details	₹ in lakhs	Details	₹ in lakhs
<b>Provision for employee benefits</b>				
Gratuity (Funded)		94.72		53.03
Compensated Absences		200.79		148.77
<b>Total</b>		<b>295.51</b>		<b>201.80</b>

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

Particulars	As at 31-03-2021		As at 31-03-2020	
	Details	₹ in lakhs	Details	₹ in lakhs
Provision for Income tax (Net of Prepaid Taxes)		181.99		-
<b>Total</b>		<b>181.99</b>		<b>-</b>



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

Particulars	As at 31-03-2021		As at 31-03-2020	
	Details	₹ in lakhs	Details	₹ in lakhs
Prepaid Taxes (Net of provision for tax)		-		133.68
<b>Total</b>		-		133.68

**Note 2.26 Revenue from Operations**

Particulars	This Year		Previous Year	
	Details	₹ in lakhs	Details	₹ in lakhs
Sale of products (Oxo Alcohols)		56606.74		45593.27
<b>Total</b>		56606.74		45593.27

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

Particulars	₹ in lakhs	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Fixed price manufacturing contracts	56606.74	45593.27
<b>Total</b>	56606.74	45593.27

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, 2021	For the year ended March 31, 2020
Andhra Pradesh	1191.17	953.85
Bihar	25.36	20.95
Chhattisgarh	--	4.17
Dadra And Nagar Haveli	27396.64	17946.76
Daman And Diu	217.26	180.05
Delhi	15.94	51.75
Gujarat	3459.31	4124.97
Haryana	239.75	75.52
Himachal Pradesh	27.03	0.12
Jammu And Kashmir	--	1913.94
Jharkhand	4.38	3.57
Karnataka	158.85	278.52
Kerala	428.14	80.11
Madhya Pradesh	1501.29	760.90
Maharashtra	20097.56	14780.10
Puducherry	--	10.24
Punjab	338.77	31.75
Orissa	0.64	--
Rajasthan	257.88	2808.68
Tamil Nadu	498.20	694.57
Telangana	361.70	382.07
Uttarakhand	0.83	--
Uttar Pradesh	314.17	384.50
West Bengal	71.87	106.18
<b>Total</b>	56606.74	45593.27

(\*) 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, 2021	For the year ended March 31, 2020
Contracted price with customers	57407.50	46459.80
Less: Amounts adjusted for Discounts, rebates, refunds etc	800.76	866.53
<b>Revenue recognised in the statement of profit and loss</b>	<b>56606.74</b>	<b>45593.27</b>

## The Andhra Petrochemicals Limited

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

Particulars	Rs. in lakhs	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Balance at the beginning of the year	292.64	54.11
Add: Amounts received during the year	1857.23	269.72
Less: Revenue recognised during the year	1870.03	31.19
<b>Balance at the end of the year (Net)</b>	<b>279.84</b>	<b>292.64</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, 2021	For the year ended March 31, 2020
Revenue from top customer	35.22	30.52
Revenue from 2nd top customer	15.00	14.71
Revenue from 3rd top customer	7.53	8.17
Revenue from 4th top customer	6.86	8.15
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	Rs. in lakhs	Details	Rs. in lakhs
<b>Interest income from:</b>				
Financial assets at amortised cost	17.99		23.93	-
Financial assets measured at fair value	86.76		63.92	
Others	3.69	108.44	0.44	88.29
<b>Other non-operating income:</b>				
Net gains on sale of financial assets measured at FVTPL		112.26		147.09
Net gains (losses) on fair value changes -				
- Investments classified at FVTPL		136.31		24.37
Miscellaneous Receipts		28.72		53.79
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 back		0.86		17.37
Grants Received under PMRPY Scheme		0.46		1.67
Grants Received under ABRY Scheme		0.44		-
<b>Total</b>		<b>387.49</b>		<b>332.90</b>

### Note 2.28 Cost of Materials Consumed

Particulars	This Year		Previous Year	
	Details	Rs. in lakhs	Details	Rs. in lakhs
<b>Raw Materials Consumed</b>				
Opening Stock		452.65		310.71
Add: Purchases		34190.99		34932.34
		34643.64		35243.05
Less: Closing Stock		750.74		452.65
<b>Total</b>		<b>33892.90</b>		<b>34790.40</b>

Details of Raw materials consumed:

Particulars	Details	Rs. in lakhs	Details	Rs. in lakhs
i) Propylene		24872.09		24701.86
ii) Naphtha		9020.81		10088.54
<b>Total</b>		<b>33892.90</b>		<b>34790.40</b>

Note 2.28a: The reversal of write down of inventories due to price increase, relating to previous year of Rs. 36,21,994/- has been recognised as reduction 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		612.13		984.56
Work-in-process		143.40		851.69
Total (A)		755.53		1836.25
<b>B) Opening Stock</b>				
Finished Goods		984.56		305.96
Work-in-process		851.69		142.81
Total (B)		1836.25		448.77
(Increase)/Decrease in stocks (B-A)		1080.72		(1387.48)
Total		1080.72		(1387.48)

**Note 2.30 Employee Benefit Expense**

Particulars	This Year		Previous Year	
	Details	₹ in lakhs	Details	₹ in lakhs
Salaries and Allowances		1848.61		1756.18
Company's Contribution to Provident and other Funds		115.48		113.60
Contribution to Gratuity Fund		31.13		33.59
Workmen and Staff Welfare Expenses		153.62		156.65
Total		2148.84		2060.02

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	
	2020-21	2019-20
Employer's Contributions to Provident and Pension Funds	115.47	113.60

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 obligations

(₹ in lakhs)

Particulars	Gratuity (Funded)		Compensated absences (Unfunded)	
	This year	Previous year	This year	Previous year
Defined Benefit obligation at beginning of the year	515.71	450.51	356.40	322.15
Interest Cost	32.90	34.05	22.77	23.63
Current Service Cost	23.64	23.62	42.13	34.85
Benefits paid	(55.12)	(10.77)	(37.12)	(26.57)
Actuarial loss / (gain) on obligation	26.24	18.30	4.84	2.34
Defined Benefit obligation at year end	543.37	515.71	389.02	356.40

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	354.59	296.70
Interest Income	25.41	24.08
Contributions	100.00	46.95
Benefits paid	(55.12)	(10.77)
Remeasurements - Return on Assets (Excluding Interest Income)	(9.72)	(2.37)
Fair value of plan assets as at the end of the year	415.16	354.59

**The Andhra Petrochemicals Limited**

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

Rs. in lakhs

Particulars	Gratuity (Funded)	
	31-03-2021	31-03-2020
Fair value of plan assets	415.16	354.59
Present value of obligation	543.37	515.71
Amount recognized as liability in Balance sheet	128.21	161.12

Rs. in lakhs

Particulars	Compensated absences (Unfunded)	
	31-03-2021	31-03-2020
Fair value of plan assets	-	-
Present value of obligation	389.02	356.41
Amount recognized as liability in Balance sheet	389.02	356.41

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

Rs. in lakhs

Particulars	Gratuity (Funded)		Compensated absences (Unfunded)	
	This year	Previous year	This year	Previous year
Current Service Cost	23.64	23.62	42.13	34.85
Interest Cost	32.90	34.05	22.77	23.63
Expected return on plan assets	(25.41)	(24.08)	-	-
Actuarial (gain)/ loss	-	-	-	-
Expenses recognized in the statement of Profit & Loss	31.13	33.59	64.90	58.48

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

Rs. in lakhs

Particulars	Gratuity (Funded)		Compensated absences (Unfunded)	
	This year	Previous year	This year	Previous year
Remeasurements of the net defined benefit liability/ (asset)				
Actuarial (gains) / losses	26.24	18.30	4.82	2.34
(Return)/loss on plan assets excluding amounts included in the net interest on the net defined benefit liability/(asset)	9.71	2.37	-	-
Expenses recognized in the statement of Other Comprehensive Income	35.96	20.67	4.82	2.34

Rs. in lakhs

Particulars	Gratuity (Funded)		Compensated absences (Unfunded)	
	This year	Previous year	This year	Previous year
(Gain)/loss from change in demographic assumptions	-	-	-	-
(Gain)/loss from change in financial assumptions	5.35	25.33	(1.35)	7.04
(Gain)/loss from change in experience adjustments	30.61	(4.66)	6.17	(4.70)

VI. Significant estimates: actuarial assumptions

Particulars	31-03-2021	31-03-2020
<i>Discount Rate:</i>		
Gratuity(Funded)	6.91%	6.74%
Compensated absences(Unfunded)	6.91%	6.74%
<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		Compensated absences	
	This year	Previous year	This year	Previous year
Expected outflow in year1	94.71	53.02	189.26	148.09
Expected outflow in year2	77.45	88.42	62.37	83.14
Expected outflow in year3	80.38	68.93	41.30	38.94
Expected outflow in year4	72.68	72.49	33.55	31.07
Expected outflow in year5	56.22	65.74	23.28	26.52
Expected outflow in year6	72.15	50.74	24.14	18.80
Expected outflow in year7	44.20	64.92	14.54	19.00
Expected outflow in year8	40.42	40.17	13.09	11.81
Expected outflow in year9	20.45	35.76	8.28	9.66
Expected outflow in year10	53.86	18.58	12.71	6.49

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%	519.15	537.69
Impact on present value of defined benefit obligation if discount rate decrease by	-1%	570.21	494.82
Impact on present value of defined benefit obligation if salary increase by	+1%	564.51	516.92
Impact on present value of defined benefit obligation if salary decrease by	-1%	523.21	514.36
Impact on present value of defined benefit obligation if withdrawal/attrition increase	+1%	545.09	490.59
Impact on present value of defined benefit obligation if withdrawal/attrition decrease	-1%	541.46	543.56

(₹ 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%	267.10	250.91	114.38	116.61
Impact on present value of defined benefit obligation if discount rate decrease by	-1%	282.19	232.68	114.95	114.13
Impact on present value of defined benefit obligation if salary increase by	+1%	283.93	241.10	115.95	114.70
Impact on present value of defined benefit obligation if salary decrease by	-1%	265.29	241.19	113.38	115.92
Impact on present value of defined benefit obligation if withdrawal/attrition increase	+1%	274.32	233.67	114.08	115.20
Impact on present value of defined benefit obligation if withdrawal/attrition decrease	-1%	274.39	249.12	115.24	115.60

IX. Other Disclosures

(₹ in lakhs)

Particulars	Gratuity	
	This year	Previous year
a) Best Estimate Contribution during the next year	128.21	161.12
b) Discontinuance liability	581.23	543.42

(₹ 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	-	-	-	-
b) Discontinuance liability	282.76	246.74	-	-

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.

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**Note 2.31 Finance Cost**

Particulars	This Year		Previous Year	
	Details	₹ in lakhs	Details	₹ in lakhs
Interest expense		36.35		113.88
Amortisation of Interest/transaction costs using Effective Interest Rate		5.62		9.17
Finance Charges on Lease Liabilities		821.45		0.43
Unwinding of discount on provision for decommissioning		4.99		4.36
Bank charges		44.39		24.29
<b>Total</b>		<b>912.80</b>		<b>152.13</b>

**Note 2.32 Depreciation and Amortisation expenses**

Particulars	This Year		Previous Year	
	Details	₹ in lakhs	Details	₹ in lakhs
Depreciation on plant, property and equipment		1111.47		1058.14
Amortisation on right-of-use assets		282.12		214.63
Amortisation on other intangible assets		9.29		8.41
<b>Total</b>		<b>1402.88</b>		<b>1281.18</b>

**Note 2.33 Other Expense**

Particulars	This Year		Previous Year	
	Details	₹ in lakhs	Details	₹ in lakhs
Consumption of stores and spares		946.31		1269.15
Fuel, Power and Lighting		3799.08		3896.02
Repairs to Building		29.66		32.01
Repairs to Machinery		522.49		943.99
Rent		15.25		75.71
Rates and Taxes		17.57		11.05
Insurance		84.79		67.40
Directors' Sitting Fees		12.45		9.30
Auditors' Remuneration				
for Audit Fees	3.30		3.00	
for Taxation Matters	0.60		0.60	
for Other Services	3.47		2.76	
		7.37		6.36
Cost Auditors' Remuneration		1.40		1.25
Loss on sale of assets		-		0.01
Assets written off		0.56		144.02
Corporate Social Responsibility Expenses		87.16		73.54
Miscellaneous Expenses		237.52		351.77
<b>Total</b>		<b>5761.61</b>		<b>6881.58</b>

**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		86.56		72.23
Amount spent on				
a. SMVM Polytechnic, Tanuku		-		20.00
b. SMVM Hospital, Tanuku		-		12.00
c. GVMC SES, Visakhapatnam		-		38.54
d. Z.P.High School, Mindi, Visakhapatnam		3.98		3.00
e. Mandal Parishad Primary Schools, Visakhapatnam		3.18		-
f. A.P. Chief Minister Relief Fund for COVID-19 Under APSDMA		50.00		-
g. Sankar Foundation, Visakhapatnam		30.00		-
<b>Total CSR expenses</b>		<b>87.16</b>		<b>73.54</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		-		-
- Based on other provisions of the Income Tax Act, 1961		4391.00		760.00
		4391.00		760.00
<b>Deferred tax</b>				
Decrease /(increase) in Deferred Tax Assets		(1.23)		(23.96)
Increase /(decrease) in Deferred Tax Liability		(218.49)		24.14
		(219.72)		0.18
<b>Total Income Tax Expense</b>		<b>4171.28</b>		<b>760.18</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		(219.72)		0.18
Deferred tax (liability)/ Asset recognised in Other Comprehensive Income		(14.25)		(8.04)
Deferred tax recognised in Total Comprehensive Income		(233.97)		(7.86)

**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		11794.49		2148.32
Profit from discontinuing operation before income tax expense		-		-
<b>Total</b>		<b>11794.49</b>		<b>2148.32</b>
<b>Tax @34.944%</b>		<b>4121.47</b>		<b>750.71</b>
<b>Tax effect of amount which are not deductible (taxable) in calculating</b>				
Corporate social responsibility expenditure		30.45		25.70
Employee share based payment expense		-		-
Contingent consideration		-		-
Other Items		19.36		(16.22)
Differences in Domestic tax rates		-		-
Previously unrecognised tax losses now recouped to reduce current tax expense		-		-
Previously unrecognised tax losses used to reduce deferred tax expenses		-		-
<b>Income Tax expense</b>		<b>4171.28</b>		<b>760.19</b>

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

Particulars	This Year		Previous Year	
	Details	₹ in lakhs	Details	₹ in lakhs
a) Current tax expense		4391.00		760.00
b) Amount of deferred tax expense (income) relating to the origination and reversal of temporary differences		(233.97)		(7.86)
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		-		-
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		-		-

Persuant to Taxation Law (Amendment) Ordinance, 2019 issued by Ministry of Law and Justice (Legislative Department) on 20<sup>th</sup> September 2019 which is effective 1<sup>st</sup> 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 2020-21, in view of the availability of MAT credit entitlement for future years.

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**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
(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		10.47		10.47
Demand allocation				
iii) Demand against excess incentive recovery		13.19		13.19
iv) Demand raised by APEPDCL against Stage-II supply from APGPCL		13.28		13.28
(c) Others:				
i) Disputed Income Tax demands		-		-
<b>(ii) Commitments</b>				
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for		-		-
(b) Bills discounted		-		-

**Note 2.35A Contingent Asset: Fire Loss of Profit (FLOP) Insurance Arbitration Award**

Pending the expiry of the limitation period for filing appeal by the Insurer, the arbitration award given in favor of the company on 09.10.2020, has not been recognized in the books of account, as the finality of the award has not been reached.

**Note 2.36 Assets pledged as security**

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

(₹ in lakhs)

Particulars	Notes	March 31, 2021	March 31, 2020
<b>Current assets</b>			
<b>Financial assets</b>			
Trade receivables	2.10	438.39	603.19
<b>Non-financial assets</b>			
Inventories	2.08	3257.06	3510.82
<b>Non-current assets</b>			
Land	2.01	9.07	9.07
Buildings	2.01	594.47	624.26
Plant and Equipment	2.01	14891.89	15822.30
Furniture and Fixtures	2.01	3.41	3.61
Office equipment	2.01	23.15	34.06
Vehicles	2.01	5.39	6.85

**Note 2.37 Movements in provisions**

(₹ in lakhs)

Particulars	Decommissioning liability
<b>Balance as at 01-04-2019</b>	<b>73.87</b>
<i>Charged/ (credited) to profit/loss account</i>	
Additional provision recognised	-
Unused amounts reversed	-
Unwinding of discount on provisions	4.99
Amounts used during the year	-
<b>Balance as at 31-03-2020</b>	<b>78.86</b>

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 27<sup>th</sup> 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 27<sup>th</sup> 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 Managerial Personnel (Senior General Manager - Finance) (CFO) (Upto 23.03.2021)
7.	Sri M.V.V.S.V. Prasadu	Key Managerial Personnel (Dy. Secretary & Asst. Manager - Finance) (Upto 23.03.2021)
8.	Sri G.Adinarayana	Key Managerial Personnel (CFO & Company Secretary) (from 24.03.2021)

II. Transactions with the Related Parties:

(₹ in lakhs)

Particulars	The Andhra Sugars Limited (Promoter)		JOCIL Limited (A Subsidiary Company of The Andhra Sugars Limited, Promoter)	
	This Year	Previous Year	This Year	Previous Year
Purchase of goods from	52.63	85.45	NIL	NIL
Services received from	0.78	0.90	NIL	NIL
Interest paid on Inter-Corporate Loan taken during the year	NIL	NIL	NIL	NIL
Principal amount repaid on Inter-Corporate Loan	NIL	NIL	NIL	NIL

III. Details of amount due to or due from related parties as at March 31, 2021 and March 31, 2020 (₹ in lakhs)

Particulars	As at	
	31-03-2021	31-03-2020
<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

IV. Loans and advances in the nature of loans taken from related parties (₹ in lakhs)

Particulars	Maximum amount outstanding	
	This Year	Previous Year
The Andhra Sugars Limited (Promoter)	NIL	NIL

V. Transactions with key managerial personnel

(₹ in lakhs)

Particulars	This Year				Previous Year		
	Sri K Narasappa	Sri P Ratna Rao (upto 23.3.2021)	Sri M V V S V Prasadu (upto 23.3.2021)	Sri G. Adinarayana (from 24.3.2021)	Sri K Narasappa	Sri P Ratna Rao	Sri M V V S V Prasadu
Short-term employee benefits	78.97	39.69	14.35	0.96	73.37	38.32	12.13
Post-employment gratuity and medical benefits	-	-	-	-	-	-	-
Termination benefits	-	-	-	-	-	-	-
Share-based payment transactions	-	-	-	-	-	-	-
Total compensation paid to key managerial personnel	78.97	39.69	14.35	0.96	73.37	38.32	12.13

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

**The Andhra Petrochemicals Limited**

**Note 2.40 Particulars of earnings per share**

(Amounts in ₹)

Particulars	This year	Previous year
<b>Profit attributable to equity holders:</b>		
Continuing operations	764737195.14	138874907.86
Discontinued operation	-	-
<b>Profit attributable to equity holders of the parent for basic earnings</b>	<b>764737195.14</b>	<b>138874907.86</b>
Interest on convertible preference shares	-	-
<b>Profit attributable to equity holders of the parent adjusted for the effect of dilution</b>	<b>764737195.14</b>	<b>138874907.86</b>

Particulars	This year	Previous year
<b>Weighted average number of Equity shares for basic EPS*</b>	<b>84971600</b>	84971600
Effect of dilution	-	-
Share options	-	-
Convertible preference shares	-	-
<b>Weighted average number of Equity shares adjusted for the effect of dilution</b>	<b>84971600</b>	84971600

\* 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.

(Amounts in ₹)

Earnings per equity share (for continuing operations)	This year	Previous year
a) Basic	9.00	1.63
b) Diluted	9.00	1.63

**Note:2.41 Leases**

**As Lessee**

During the Financial Year 2019-20, the Company (APL) has initiated the process of renewal of the Land Lease on which the plant is located with Visakhapatnam Port Trust (VPT) for a further period of 30 years with effect from 28.06.2019. APL has submitted its Technical & Financial Bid against the tender floated by VPT. As APL was the sole bidder for the Tender, VPT accepted both Technical Bid & Financial Bid. Later on, VPT has cancelled the tender and issued re-tender. Aggrieved by the action of VPT, APL has filed a writ petition under Article 226 before the Hon'ble High Court of Andhra Pradesh. The Hon'ble High Court of Andhra Pradesh has granted the stay on re-tendering. APL has continued its discussions with VPT from time to time and on 31st March, 2021 a joint meeting was held between the Executive Members of VPT and the President & G M (HR) of APL in the Office of the Chief Engineer VPT. The Chief Engineer, VPT has directed APL in the meeting to pay the lease rentals or otherwise penal interest @ three times will be levied. After seeking advice from the company's advocate, APL has paid the lease rentals due till 31.03.2021 and the advance rentals for the year 2021-22 as per APL bid in the original tender.

APL is pursuing for necessary execution of the lease agreement for another 30 years with effect from 28.06.2019. APL has considered provisionally its bid amount for accounting of "Leases" in accordance with Ind AS 116, till the matter is finally settled.

Particulars	(₹ in lakhs)
<b>Movement in lease liabilities</b>	
<b>Balance as at 01-04-2019</b>	<b>7841.96</b>
Charged/ (credited) to profit/loss account	-
Additional provision recognised	-
Unused amounts reversed	-
Interest expense on lease liabilities	821.45
Amounts used during the year	741.71
<b>Balance as at 31-03-2020</b>	<b>7921.70</b>

**Maturity analysis of lease liabilities**

Particulars	(₹ in lakhs)		
	Land	Office accommodation	Total
Less than 1 year	751.01	1.80	752.81
1 to 5 years	3986.44	0.15	3986.59
More than 5 years	23410.34	-	23410.34
Total undiscounted lease liabilities at 31st March 2021	28147.79	1.95	28149.74
Lease liabilities included in the statement of financial position at 31st March 2020	7919.86	1.84	7921.70
<b>Current</b>	<b>751.01</b>	<b>1.80</b>	<b>752.81</b>
<b>Non Current</b>	<b>7168.85</b>	<b>0.04</b>	<b>7168.89</b>

**Amounts recognised in profit or loss**

Particulars	(₹ in lakhs)
Interest on lease liabilities	821.45
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	12.15
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	683.71	130.73

**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	33892.90	100.00	34790.40	100.00
	33892.90	100.00	34790.40	100.00
<b>Stores &amp; Spares</b>				
Imported	330.87	11.32	130.73	18.42
Indigenous	2591.87	88.68	579.02	81.58
	2922.74	100.00	709.75	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.	Nil	0.80
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. However, there has not been any adverse impact of COVID-19 on Company's operational and financial performance.

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

<p>Per our report of even date For C V Ramana Rao &amp; Co., Chartered Accountants Firm Regn. No.: 002917S</p> <p>Katyayani K Partner Membership No.: 225030</p> <p>Place: Visakhapatnam Date : 24.06.2021</p>	<p>For and on behalf of the Board P. Narendranath Chowdary, Managing Director Ravi Pendyala, Director G. Adinarayana, CFO &amp; Company Secretary</p> <p>Tanuku 24.06.2021</p>
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Statement of Cashflows for the year ended 31st March, 2021

(₹ in Lakhs)

	31-03-2021	31-03-2020
<b>A) Cash Flow from Operating Activities:</b>		
<b>Profit before tax for the year before exceptional items and other comprehensive income:</b>		
Profit from continuing operations	11794.48	2148.34
Profit from discontinued operations	-	-
Profit before tax	11794.48	2148.34
<b>Adjustments to reconcile profit before tax to net cash flows:</b>		
Depreciation of property, plant and equipment and amortisation	1120.76	1066.54
Amortisation of Right of Use assets (Intangible)	282.12	214.63
Finance costs(including fair value change in financial instruments)	35.70	112.18
Finance income(including fair value change in financial instruments)	(108.43)	(88.28)
Gain on disposal of property, plant and equipment	-	(0.07)
Gains on sale of financial assets measured at FVTPL	(112.26)	(147.09)
Gain on revaluation of investments-Mutual fund	(136.31)	(24.37)
Loss on sale of property, plant and equipment	-	0.01
Assets Written off	0.56	147.42
Unclaimed credit balances written back	(0.85)	(17.37)
Debit balances written back	0.07	0.27
Foreign exchange gains/losses	(0.24)	1.88
Unwinding of discount on lease liabilities	821.45	4.79
Amortisation of transaction costs	5.62	9.17
Operating Profit before Working Capital changes	13702.67	3428.05
<b>Working capital adjustments:</b>		
Movements in provisions, gratuity and government grants	(36.09)	53.91
Decrease/ (Increase) in trade and other receivables and Pre payments	31.83	2821.83
Decrease / (Increase) in inventories	253.76	(1603.69)
Increase /(Decrease) in trade and other payables	483.98	(9.66)
Cash generated from operations	14436.15	4690.44
Income Tax (paid)/refund	(1909.74)	(617.64)
Net Cash generated in operations before extra-ordinary items	12526.41	4072.80
<b>B) Cash Flow from Investing Activities:</b>		
Proceeds from sale of property,plant and equipments	-	0.14
Purchase of property,plant and equipments	(139.27)	(490.89)
Development of Intangible asset	-	(12.00)
Capital work in progress	(0.09)	(41.22)
Purchase of financial instruments	(19299.11)	(14200.00)
Proceeds from sale of financial instruments	8114.12	13133.73
Interest received	104.73	87.82
Net cash flows used in investing activities	(11219.62)	(1522.42)
<b>C) Cash Flow from Financing Activities:</b>		
Interest paid	(35.70)	(112.18)
Proceeds from borrowings	-	-
Repayments of borrowings	(624.18)	(801.65)
Dividend paid to Equity holders	-	(1274.57)
Dividend distribution tax	-	(261.99)
Net Cash flows/(used in) Financing Activities	(659.88)	(2450.39)
Net increase/(decrease) in Cash & Cash equivalents (A + B + C)	646.91	99.99
Opening balance of Cash & Cash equivalents	395.40	295.41
Closing balance of Cash & Cash equivalents	1042.31	395.40

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

Cash and cash equivalent comprises of the following

(₹ in lakhs)

Particulars	31-03-2021	31-03-2020
Cash and cash equivalents	1042.31	395.40
Bank Overdrafts	-	-
<b>Balance as per statement of cash flows</b>	<b>1042.31</b>	<b>395.40</b>

(₹ in lakhs)

Particulars	Term Loans	Cash credit facility	Unsecured Loans	Total
Balance as on 1st April 2020	558.20	63.13	-	621.33
Add: Proceeds from fresh borrowings	-	-	-	-
Amortised interest/transaction costs using EIR	39.88	1.43	-	41.31
Less: Repayments of the borrowings	563.82	60.36	-	624.18
Interest paid for the period	34.27	1.43	-	35.70
Balance as on 31st March 2021	-	2.77	-	2.77

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: Visakhapatnam  
Date : 24.06.2021

For and on behalf of the Board  
P. Narendranath Chowdary, Managing Director  
Ravi Pendyala, Director  
G. Adinarayana, CFO & Company Secretary

Tanuku  
24.06.2021

## The Andhra Petrochemicals Limited

### Statement of Changes in Equity for the year ended 31st March, 2021

#### A Equity Share Capital

Rs. in lakhs						
Particulars	Balance as on 01.04.2020	Increase, if any	Changes, if any (+)	Decrease, if any	Changes, if any (-)	Balance as on 31.03.2021
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

Rs. in lakhs						
Particulars	Balance as on 01.04.2020	Total comprehensive income for the year	Dividends	Transfer to retained earnings	Any other change (to be specified)	Balance as on 31.03.2021
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	11181.66	7647.37	-	-	18829.03
Debt instruments through Other Comprehensive Income	-	-	-	-	-	-
Equity Instruments through Other Comprehensive Income	(217.56)	402.89	-	-	-	185.33
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	(49.88)	(26.53)	-	-	-	(76.41)
<b>Total</b>	<b>13850.22</b>	<b>8023.73</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21873.95</b>

3. FINANCIAL INSTRUMENTS

3.1 Financial instruments by category

The carrying value and fair value of financial instruments by categories as of March 31, 2021 were as follows:

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		
		Rs. in lakhs					
<b>Assets:</b>							
Cash and cash equivalents	1042.31	-	-	-	-	1042.31	1042.31
Investments:							
Unquoted equity instruments	-	-	-	711.64	-	711.64	711.64
Investments in Mutual Funds	-	-	14299.37	-	-	14299.37	14299.37
Trade receivables	232.34	-	-	-	206.05	438.39	438.39
Loans	-	-	-	-	-	-	-
Other financial assets	433.86	-	23.02	-	-	456.88	456.88
<b>Total</b>	<b>1708.51</b>	<b>-</b>	<b>14322.39</b>	<b>711.64</b>	<b>206.05</b>	<b>16948.59</b>	<b>16948.59</b>
<b>Liabilities:</b>							
Trade payables	1657.43	-	-	-	-	1657.43	1657.43
Other financial liabilities	88.68	-	-	-	-	88.68	88.68
<b>Total</b>	<b>1746.11</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1746.11</b>	<b>1746.11</b>

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

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		
		Rs. in lakhs					
<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	438.57	-	25.13	-	-	463.70	463.70
<b>Total</b>	<b>839.50</b>	<b>-</b>	<b>2890.94</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>

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
	31-03-2021	31-03-2020	
	Rs. in lakhs		
<b>Financial Assets</b>			
Trade receivables	206.05	597.66	Level 2
Other financial assets	23.02	25.13	Level 2
Investment in unquoted Equity Instruments	711.64	308.75	Level 3
Investment in Mutual Funds	14299.37	2865.81	Level 1

## The Andhra Petrochemicals Limited

### 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 3.20 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 (%)	11.65	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)
Balance as at 1 April 2020	308.75
Re-measurement recognised in OCI	402.89
Purchases	-
Reclassified in discontinued operations	-
Sales	-
Balance as at 31 March 2021	711.64

### 3.3 Offsetting financial assets and financial liabilities as on March 31, 2021

Particulars	Effects of offsetting on the balance sheet			Related amounts not set off		Net amount
	Gross amount	Gross amounts set off in the balance sheet	Net amounts presented in the balance sheet	Amounts subject to master netting arrangements	Financial instruments collateral	
<b>Financial assets</b>						
Cash and cash equivalents	1042.31	-	1042.31	-	-	1042.31
Trade receivables	438.39	-	438.39	-	2.77	435.62
Other financial assets	15467.90	-	15467.90	-	-	15467.90
Derivative financial instruments	-	-	-	-	-	-
<b>Financial liabilities</b>						
Trade payables	1657.43	-	1657.43	-	-	1657.43
Borrowings	2.77	-	2.77	-	2.77	-
Other financial liabilities	85.91	-	85.91	-	-	85.91
Derivative financial instruments	-	-	-	-	-	-

### 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	Gross amounts set off in the balance sheet	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	-	-	-	-	-	-

Under the terms of supply agreements the sales were made against LCs . Bills discounted with banks are being offsetted against trade receivables while presenting in the balance sheet.



**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 the entity is exposed to and how the entity manages the risk.

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, 2021

(₹ in lakhs)

Current maturities of financial liabilities	₹ in lakhs			
	Less than 6 months	6 months to 12 months	Greater than 12 months	Total
<b>Non derivatives</b>				
Borrowings	2.77	-	-	2.77
Trade payables	1657.43	-	-	1657.43
Other financial liabilities	80.91	-	5.00	85.91

**The Andhra Petrochemicals Limited**

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	558.20	-	621.33
Trade payables	941.07	-	-	941.07
Other financial liabilities	81.99	-	5.00	86.99

**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 2020-21	FY 2019-20
Sensitivity Analysis of Borrowings		
Rate of Interest Increase by 1%		
Term Loans	(3.16)	(9.92)
Cash Credit Loans	(0.14)	(0.16)
	(3.30)	(10.08)
Rate of Interest Decrease by 1%		
Term Loans	3.16	9.92
Cash Credit Loans	0.14	0.16
	3.30	10.08

**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 2020-21	FY 2019-20
Selling Price Increase by 5%		
2-Ethyl Hexanol	1990.76	1713.16
Butanols	839.58	566.50
	2830.34	2279.66
Selling Price Decrease by 5%		
2-Ethyl Hexanol	(1990.76)	(1713.16)
Butanols	(839.58)	(566.50)
	(2830.34)	(2279.66)

**2. Raw materials price risk**

(₹ in lakhs)

Particulars	Impact on profit	
	FY 2020-21	FY 2019-20
Propylene Price Increase by 5%		
Propylene Price Increase by 5%	(1243.60)	(1235.09)
Naphtha Price Increase by 5%		
Naphtha Price Increase by 5%	(451.04)	(504.43)
	(1694.64)	(1739.52)
Propylene Price Decrease by 5%		
Propylene Price Decrease by 5%	1243.60	1235.09
Naphtha Price Decrease by 5%		
Naphtha Price Decrease by 5%	451.04	504.43
	1694.64	1739.52

**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.

<b>Particulars</b>	<b>(₹ in lakhs)</b>	
	<b>FY 2020-21</b>	<b>FY 2019-20</b>
Debt		
Borrowings-Non current	-	-
Current maturities of long term debt	-	558.20
<b>Total Debt</b>	-	558.20
Equity Share Capital	<b>8497.16</b>	8497.16
Other Equity	<b>21873.96</b>	13850.22
<b>Total Equity</b>	<b>30371.12</b>	22347.38
Debt to Equity Ratio	-	0.02

## **The Andhra Petrochemicals Limited**

### **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@theandhrapetrochemicals.com Website:www.theandhrapetrochemicals.com

Dear Shareholder,

Dt. 24.06.2021

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.xlsoftech.com

Thanking you, Yours faithfully,

For **The Andhra Petrochemicals Limited**

Sd/-

**G. Adinarayana**  
**Chief Financial Officer & Company Secretary**

**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**

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

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

**E-MAIL REGISTRATION FORM**

E-mail ID																			
Telephone No. / Mobile No.																			

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@theandhrapetrochemicals.com](mailto:investors@theandhrapetrochemicals.com), Website: [www.theandhrapetrochemicals.com](http://www.theandhrapetrochemicals.com)

### 37<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 ..... |
| (2) | Name : .....    | Address : ..... |
|     | E-mail ID ..... | Signature ..... |
| (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 37<sup>th</sup> ANNUAL GENERAL MEETING of the Company to be held on Monday, the 27<sup>th</sup> September, 2021 at 3:00 p.m. at the Registered Office and at any adjournment thereof in respect of such Resolutions as are indicated below:

#### Ordinary Business:

- Adoption of Audited Financial Statements for the Year ended 31<sup>st</sup> March, 2021 and reports of Board of Directors and Auditors thereon.
- Approval of Dividend on Equity Shares for the year 2020-21.
- Reappointment of Sri Mullapudi Thimmaraja (DIN 00016711) as Director.
- Reappointment of Sri Y S S Suresh (DIN 08589605) as Director.
- Fixation of remuneration of Statutory Auditors, M/s. C.V. Ramana Rao & Co., Chartered Accountants (Firm Regn. No. 002917S) for the Financial Year 2021-22.

#### Special Business:

- Ordinary Resolution for ratification of remuneration of M/s. Narasimha Murthy & Co., Cost Accountants, (Regn. No. 000042) as Cost Auditors for the Financial Year 2021-22.
- Ordinary Resolution for appointment of Sri Karikal Valaven, I.A.S., (DIN 01519945) as Director

Signed this ..... day of ..... 2021

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.

#### **E-voting Particulars :**

PAN / Sequence No.	User ID (Demat No. / Folio No.)	Bank Account Details as available with the Company or Folio No.



## THE ANDHRA PETROCHEMICALS LIMITED

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**37<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 .....

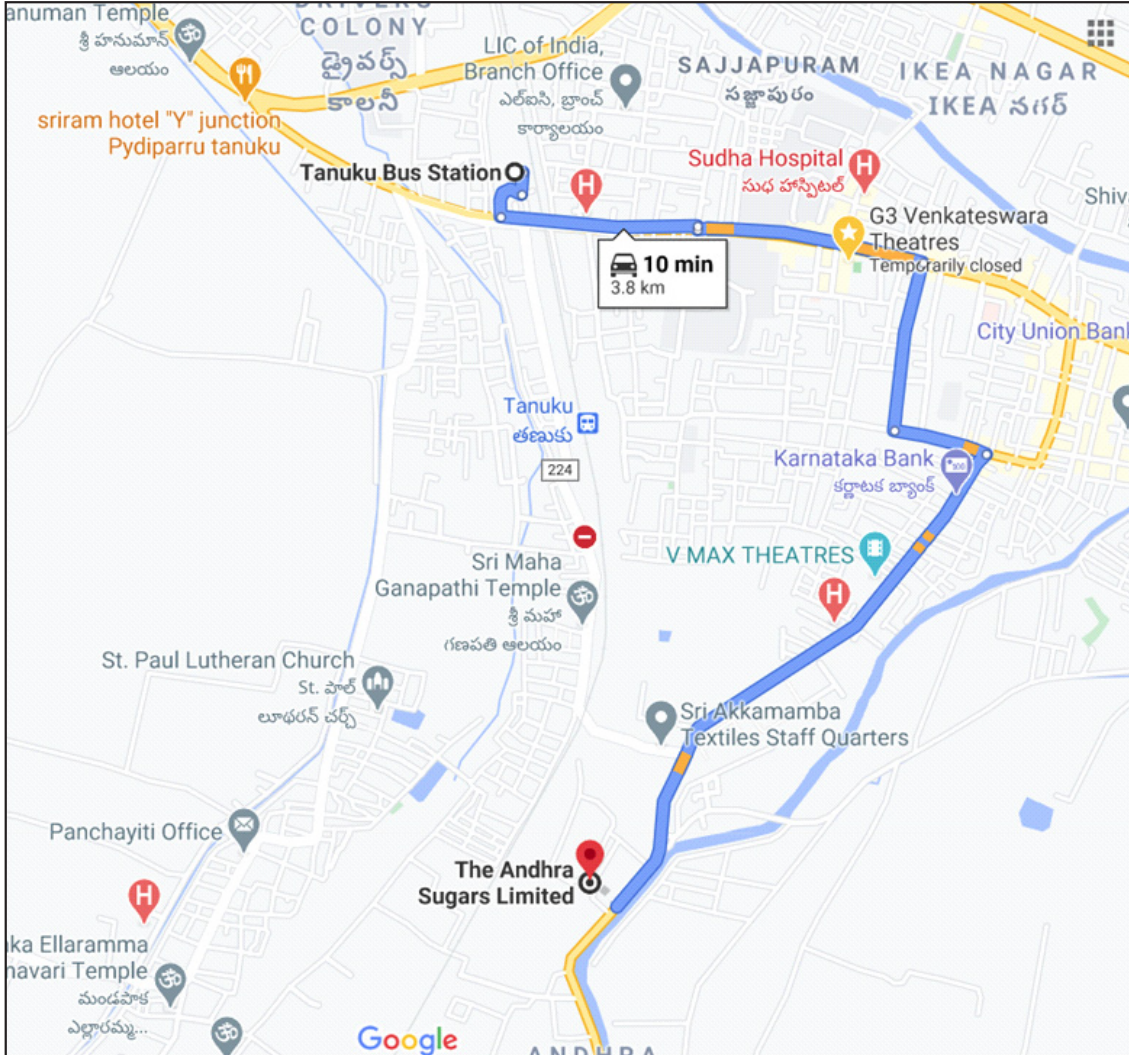
(to be filled in only when a Proxy attends the Meeting)

I hereby register my presence at the 37<sup>th</sup> ANNUAL GENERAL MEETING being held on Monday, the 27<sup>th</sup> September, 2021 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.