

**THE
ANDHRA PETROCHEMICALS
LIMITED**



**25th Annual Report
2008 - 09**

THE ANDHRA PETROCHEMICALS LIMITED

Board of Directors

Sri M R B Punja (Chairman)
Dr. Mullapudi Harischandra Prasad
(Managing Director)
Dr. B B Ramaiah
Sri Justice G Ramanujam (Retd.)
Sri A A Krishnan
Dr. Anumolu Ramakrishna
(from 30.7.2008)
Sri Indrajit Pal, I.A.S., (Nominee of APIDC)
(up to 25.9.2008)
Sri Vinod Kumar Agrawal, I.A.S.,
(Nominee of APIDC) (from 18.10.2008)
Sri Salil Kumar Dutta (Nominee of IDBI)
(up to 7.9.2008)
Sri Pradeep Kumar Keshari (Nominee of IDBI)
(from 8.9.2008)
Sri P Narendranath Chowdary
Sri M Thimmaraja

Dy. Manager (Finance) & Asst. Company Secretary

Sri K. Raghu Ram

Statutory Auditors

M/s. Brahmayya & Co.,
Chartered Accountants
26-13-37, Sanyasiraju Road
Gandhi Nagar
Vijayawada - 520 003

Cost Auditors

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

Bankers

State Bank of India
State Bank of Hyderabad
Andhra Bank

Registered Office

Venkatarayapuram
Tanuku - 534 215
West Godavari District
Andhra Pradesh
Tel : 08819 - 224075 / 224755 / 220975
E-mail: info.tnk@andhrapetrochemicals.com
investors@andhrapetrochemicals.com
Website: www.andhrapetrochemicals.com

Factory

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

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NOTICE

NOTICE is hereby given that the Twenty Fifth Annual General Meeting of THE ANDHRA PETROCHEMICALS LIMITED will be held at the Registered Office of the Company, Venkatarayapuram, Tanuku - 534 215, West Godavari District, Andhra Pradesh on Monday the 31st August, 2009 at 3:00 p.m. to transact the following business:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2009 and the Balance Sheet as at that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Sri M R B Punja who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Dr. B B Ramaiah who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Sri A A Krishnan who retires by rotation and being eligible offers himself for reappointment.
5. To appoint Auditors for the year 2009-10 and fix their remuneration. The present Auditors of the Company, M/s Brahmayya & Co., Chartered Accountants, Vijayawada retire at this Annual General Meeting and are eligible for reappointment.

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 Sri Vinod Kumar Agrawal, I.A.S., who was appointed by the Board of Directors as an Additional Director of the Company with effect from 18.10.2008 pursuant to Article 97 of the Articles of Association of the Company and who holds office up to the date of the 25th Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 ("Act") and in respect of whom the Company has received a notice in writing from a Member of the Company under Section 257 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed a Director of the Company liable to retire by rotation."

Hyderabad
25-05-2009

By Order of the Board
Dr. MULLAPUDI HARISCHANDRA PRASAD
Managing Director

Registered Office:
Venkatarayapuram
TANUKU - 534 215
Andhra Pradesh

NOTES:

1. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Item No.6 is annexed hereto.
2. A Member entitled to attend and vote at the Meeting is entitled to appoint one or more Proxies to attend and vote instead of himself and such Proxy need not be a Member of the Company. Proxy Forms duly stamped and executed should reach the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, the 24th August, 2009 to Monday, the 31st August, 2009 (both days inclusive).
4. Shareholders seeking any further information on the accounts and operations of the Company at the Annual General Meeting are requested to send their queries to the Company at the Registered Office at least seven days before the date of the Meeting.
5. Shareholders who hold shares in Dematerialised Mode are requested to write their Client ID and DP ID numbers on the Attendance Slip for easy identification of attendance at the Meeting.
6. Shareholders holding shares in Physical Mode are requested to intimate their change of address, if any, to the Company and the **shareholders holding shares in Demat Mode are requested to notify their change of address, if any, to the DP (and not to the Company) with whom they have Demat Account.**
7. **Attention - For transfer of shares in Physical Mode:**
In terms of recently amended Clause 11 of the Listing Agreement, transferee(s) is / are required to furnish copy (copies) of his / her / its / their PAN Card(s) to the Company for registration of transfer of shares for securities market transactions and off-market / private transactions involving transfer of shares in Physical Mode.

Particulars of Directors who are proposed to be reappointed at this Meeting as required under Clause 49 of the Listing Agreement:

Sri M R B Punja, a Graduate in Faculty of Arts, is former Chairman of IDBI. He was appointed as Andhra Pradesh Industrial Development Corporation Ltd., (APIDC) (Promoter) Nominee Director & Chairman of the Board from 21.3.1987. APIDC withdrew its nomination in August, 1993. He was co-opted as Additional Director on the Board and elected as Chairman from 16.8.1993. In terms of Article 116 of the Articles of Association of the Company, The Andhra Sugars Ltd., (Co-promoter) has nominated him as Chairman from 26.11.1993. He has wide and varied experience in the areas of Financial Management, Information Systems, Business Restructuring, Commercial, Industrial and General Administration.

The Andhra Petrochemicals Limited

Other Directorships held:

Director – Hindoostan Spinning & Weaving Mills Ltd., Apollo Tyres Ltd., Deepak Nitrite Ltd., Chowgule Steamships Ltd., Sushruta Medical Aid & Research Hospital Ltd., and Delite Engineering Pvt. Ltd.

Chairman – Suprajit Engineering Ltd.

Other Committeeships held:

Member – Audit Committee, Hindoostan Spinning & Weaving Mills Ltd.; Share Transfer Committee, Suprajit Engineering Ltd., and Remuneration Committee, Apollo Tyres Ltd.

Chairman – Audit Committee, Deepak Nitrite Ltd., Suprajit Engineering Ltd., and Apollo Tyres Ltd.

He holds 1,400 Equity Shares in the Company.

Dr. B B Ramaiah is a B.Sc., (Honours) in Sugar Technology, an M.Sc., (Chemical Technology); M.Sc., (Chemical Engineering – Wisconsin University, U.S.A), A.M.P (Harvard University) and Doctorate in Public Administration (World University). He has over fifty years of rich experience in industry, trade and finance. He has served on various Industry Associations, Government Bodies and Committees. He led delegations from India to International Society of Sugarcane Technologists (XVI Congress in Brazil and XVII Congress in Manila). He was a Minister of State for Commerce (with independent charge) in the Union Cabinet between June, 1996 to March, 1998. He has been the Director of the Company since its inception in 1984 except during his ministerial tenure.

Other Directorships held:

Director – Sri Sarvaraya Sugars Ltd., and Jayalakshmi Estates Ltd.

Managing Director (Technical) – The Andhra Sugars Ltd.,

Other Committeeships held: Nil

Dr. B B Ramaiah is related to Sri P Narendranath Chowdary, Director.

He holds 10,975 Equity Shares in the Company.

Sri A A Krishnan is a Graduate in Science (Chemistry) from Madras University and also a graduate in Chemical Engineering from Indian Institute of Science, Bangalore. He holds Dip. Ing (Refinery & Petrochemistry) from Ecole Nationale Supérieure due Petrole at Les Carburants, Paris. He has vast experience of more than 36 years with proven industrial expertise in Petrochemicals. He worked with Indian Oil Corporation, Petrochemical Division of the Department of Petroleum and Chemicals of the Government of India and Indian Petrochemicals Corporation Ltd. He was associated with the development of refineries built at Gauhati, Barauni and Baroda; Development of pre-project activities concerning the aromatics and olefins projects; IPCL projects related to aromatics, olefins, polyethylene, polybutadiene rubber, LAB and ethylene glycol. He was head of the Task Force created by the Government of India to undertake pre-project activities for a new grassroot petrochemical complex at Nagothane, Maharashtra. At present he acts as advisor for several chemical companies.

Other Directorships held:

Director – Vinati Organics Ltd.

Other Committeeships held: Member - Audit Committee, Vinati Organics Ltd.

He does not hold any Equity Shares in the Company.

Particulars of Sri Vinod Kumar Agrawal, I.A.S., who is being appointed as Director at the 25th Annual General Meeting is given in the Explanatory Statement attached to Notice.

Annexure to Notice

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:

ITEM NO.6:

Sri Vinod Kumar Agrawal, I.A.S., is a Graduate in Faculty of Commerce and a Post-graduate in Business Administration. He is a senior officer of Indian Administrative Service (1983) in Andhra Pradesh cadre. He has varied experience of handling diverse jobs in the Government of Andhra Pradesh. He held various posts as Jt. Collector, Collector, Dy. Commissioner of Commercial Taxes, Director of Protocol, Additional Registrar of Co-operative Societies, Secretary to Commissioner of Excise, Joint Secretary of Industries & Commerce Department, Managing Director of APMARKFED and Commissioner of Intermediate Education, Commissioner of Tribal Welfare, Commissioner of Survey, Settlements & Land Records. Currently, working as Chairman & Managing Director, Andhra Pradesh Industrial Development Corporation Ltd., (APIDC). In terms of the investment agreement entered into with APIDC, he has been nominated as its Director on the Board.

He was the chief architect for conceptualising, designing, planning and executing a comprehensive land administration system called Bhu Bharathi, while working as Commissioner, Survey, Settlements & Land Records.

He was awarded Uttam Seva Pathakam by Govt. of Andhra Pradesh for doing exemplary work in organising relief to ryot victims at Vijayawada.

Sri Vinod Kumar Agrawal, I.A.S., was co-opted as Additional Director on the Board of the Company with effect from 18.10.2008. Pursuant to Section 260 of the Companies Act, 1956 read with Article 97 of the Articles of Association of the Company, Sri Vinod Kumar Agrawal, I.A.S., will hold office only up to the date of the 25th Annual General Meeting of the Company.

Company has received a notice in writing along with a deposit of Rs.500/- from a Member under Section 257 of the Companies Act, 1956 signifying his intention to propose Sri Vinod Kumar Agrawal, I.A.S., as a candidate for the office of Director.

Other Directorships held:

Director – APIDC Venture Capital Pvt Ltd., Hyderabad Information Technology Venture Enterprises Ltd., Cyberabad Trustee Company Pvt. Ltd., and Lord's Mint Securities Ltd.

Chairman & Managing Director – Andhra Pradesh Industrial Development Corporation Ltd.

Other Committeeships held:

Member – Investment Committee and Supervising Committee, APIDC Venture Capital Ltd.; Investment Committee, Hyderabad Information Technology Venture Enterprises Ltd.

He does not hold any Equity Shares in the Company.

Keeping in view his rich experience and knowledge, your Board of Directors recommend the necessary Resolution for your approval.

Except Sri Vinod Kumar Agrawal, I.A.S., no other Director is deemed to be interested or concerned in the Resolution.

Hyderabad

25-05-2009

Registered Office:
Venkatarayapuram
TANUKU - 534 215
Andhra Pradesh

By Order of the Board

Dr. MULLAPUDI HARISCHANDRA PRASAD

Managing Director

DIRECTORS' REPORT

Dear Shareholders,
Your Directors have pleasure in presenting the Twenty Fifth Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2009.

FINANCIAL RESULTS:

The performance of the Company for the Financial Year ended 31st March, 2009 is summarised below:

(Rs. in lakhs)

	2008-2009	2007-2008
Net Sales (excl. Excise Duty)	24493.84	28148.58
Profit before Interest & Depreciation	4008.52	7053.59
Less: Interest	303.34	293.30
Depreciation	1206.16	1201.07
Profit after Interest and Depreciation	2499.02	5559.22
Provision for:		
Current Tax	1223.00	2200.00
Deferred Tax	(343.34)	(266.63)
Fringe Benefit Tax	4.12	4.10
Profit after Taxation	1615.24	3621.75
Balance brought forward from previous year	5173.93	1552.41
Direct Taxes for earlier years	2.97	(0.23)
Balance of Profit carried forward to next year	6792.14	5173.93

OPERATIONAL AND FINANCIAL PERFORMANCE:

The turnover was lower in the current Financial Year 2008-09 compared to previous Financial Year 2007-08. On account of recessionary trends in the overall economy there has been a steep fall in product prices and reduced sales quantities.

Further, the margins were affected due to increase in power charges on account of fuel cost and power cuts imposed by State Electricity Board.

Disproportionate fall in selling prices compared to raw-material procurement prices resulted in lower financial performance. The Company has made sustained efforts to improve efficiencies in procurement, production and sales.

DIVIDEND:

In view of the funds requirements for the Modernisation and Optimisation of the existing Plant, no Dividend has been recommended for the Financial Year ended 31st March, 2009.

CAPITAL & RESERVES:

Authorised and Paid-up Capital:

The Authorised Capital of the Company is Rs.85 crores and the Paid-up Capital is Rs.84.97 crores.

Reserves:

The total Reserves position as on 31.3.2009 stood at Rs.82.28 crores against Rs. 66.10 crores in the previous year.

MANAGEMENT DISCUSSION AND ANALYSIS:

Industry Structure and Developments:

The Oxo-Alcohols business in the country, which is the main activity of your Company, continues to grow at a healthy rate of 8%-10% per annum. The business was satisfactory until September, 2008 after which the global meltdown has affected it as well. After considerable impact during the quarter October-December, 2008 markets have recovered partly during the quarter January-March, 2009. The signs of economic recovery is expected to further improve the prospects of Oxo-Alcohols business in future.

Your Company's market share in the country continues to be around 27% with the balance being met through imports with the resultant increase in demand-supply gap for the products in the country. The Optimisation and Modernisation of the existing facilities thereby increasing the installed capacity of the Plant to 73,000 MTPA is under progress. The increased capacity coupled with improved efficiencies after Modernisation is expected to result in certain economies of scale which will enable your Company to face the competition from cheaper imports of products.

The Plant Expansion is being implemented at a brisk pace with an overall progress of 66% achieved by mid May, 2009. Project implementation is as per envisaged schedule and the commissioning is expected during the last quarter of fiscal 2009-10.

Opportunities and Threats:

Healthy growth in demand and increase in the demand-supply gap in the country is an encouraging sign for your Company. However cheaper imports of the products into the country mainly from South-East Asia and Middle East countries is an area of concern. Your Company is gearing to face the competition in better manner by implementing the capacity enhancement scheme.

Internal Control Systems:

Effective internal control system takes care of continuous monitoring for strict compliance of all statutory and regulatory guidelines. Internal Audit system ensures proper functioning of the systems. The Audit Committee reviews adequacy of the internal controls and ensures proper and strict implementation.

The Andhra Petrochemicals Limited

Human Resources and Industrial Relations:

Management of Human Resources especially in the technical areas has been a challenging task in the recent periods. Company is faced with large turnover of technical personnel. Continuous recruitment of trainees with emphasis on rigorous training ensures that the technical personnel requirement is met. Your Company practises good HR practices and motivates employees for better retention and performance. As on 31st March, 2009 the Company has 293 employees on its rolls.

Future Outlook:

The Optimisation and Modernisation programme when completed is expected to put the Company in a better situation to face competition from imports.

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 express or implied, since the Company's operations are influenced by external and / 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 has not invited or accepted any Fixed Deposits from the Public.

SAFETY, HEALTH AND ENVIRONMENT:

Your Company continues to accord top priority to Safety, Occupational Health and Environment. Pollution Control systems are functioning satisfactorily and are being closely monitored to ensure that gaseous emissions and effluents discharged are within the prescribed norms.

INSURANCE:

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

LISTING:

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

DIRECTORS:

Andhra Pradesh Industrial Development Corporation (APIDC) (Promoter) withdrew Sri Indrajit Pal, I.A.S., its Nominee Director from the Company's Board with effect from 25.9.2008 and in his place appointed Sri Vinod Kumar Agrawal, I.A.S., as its Nominee Director on the Board. The Board places on record its warm appreciation of the valuable guidance rendered by Sri Indrajit Pal, I.A.S., during his tenure as Director.

Sri Vinod Kumar Agrawal, I.A.S., was co-opted as Additional Director on the Board of the Company with effect from 18.10.2008. Resolution seeking his appointment as Director is being placed for the approval of Shareholders at the ensuing 25th Annual General Meeting.

IDBI Bank Ltd., withdrew the nomination of Sri Salil Kumar Dutta with effect from 8.9.2008 and in his place appointed Sri Pradeep Kumar Keshari on the Board of the Company. The Board places on record its warm appreciation of the valuable guidance rendered by Sri Salil Kumar Dutta during his tenure as Director.

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Directors Sri M R B Punja, Dr. B B Ramaiah and Sri A A Krishnan retire by rotation at the ensuing 25th Annual General Meeting and, being eligible, offer themselves for reappointment.

AUDIT COMMITTEE:

Audit Committee consists of four Non-Executive Independent Directors Sri Justice G Ramanujam (Retd.), Sri A A Krishnan, Dr. Anumolu Ramakrishna and Sri Pradeep Kumar Keshari. Sri Justice G Ramanujam (Retd.) is the Chairman of the Committee.

AUDITORS:

M/s Brahmayya & Co., Chartered Accountants, Vijayawada, the present Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

COST AUDITORS:

M/s Narasimha Murthy & Co., Cost Accountants, Hyderabad, were appointed as Cost Auditors of the Company for the year ended 31st March, 2009.

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

Particulars prescribed under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in Annexure 'A' to this Report.

PARTICULARS OF EMPLOYEES:

Statement of particulars of employees of the Company as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 (as amended) forming part of this Report is annexed hereto (Annexure 'B').

DEMATERIALIZATION OF SHARES:

As on 31st March, 2009, out of the total number of 8,49,71,600 Equity Shares, 5,48,19,235 Equity Shares constituting 64.51% stands dematerialised.

DIRECTORS' RESPONSIBILITY STATEMENT:

It is hereby confirmed:

- i) that in the preparation of Annual Accounts, 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 judgements and estimates made that are reasonable and prudent, so as to give a true and fair view of the State of Affairs of the Company at the end of the Financial Year and of the Profit of the Company for that year.
- iii) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the Assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) that the Directors had prepared the Annual Accounts on a going concern basis.

REPORT ON CORPORATE GOVERNANCE:

As required under Clause 49 of the Listing Agreement with the Stock Exchange, the report on Corporate Governance and the Auditors' Certificate on the compliance of Corporate Governance are annexed and form part of the Directors' Report (Annexure 'C').

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 APIDC, Financial Institutions, Banks, HPCL, Davy Process Technology Ltd., London, Aker Solutions Pvt. Ltd., Shareholders, Customers and Suppliers. Your Directors also wish to place on record their deep sense of appreciation of the valuable contribution made by the employees at all levels, which enabled the Company to achieve a sustained growth in the operational performance during the year under review.

On behalf of the Board

Hyderabad
25-05-2009

M R B Punja
Chairman

Annexure 'A' to the Directors' Report:

Additional information as per Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 for the year ended 31st March, 2009.

A. Conservation of Energy:

Five Nos. of Energy Conservation Projects have been executed during this year which resulted in a saving of 52,226 KWH electric energy.

FORM A

A. Power and Fuel Consumption:

	Current Year	Previous Year
1. Electricity:		
a. Purchased		
Units	2,43,97,272	2,82,28,700
Total Amount (Rs.)	6,84,55,406	7,23,02,478
Rate / Unit (Rs.)	2.81	2.56
b. Own generation		
i. Through diesel generator		
Units	11,68,183	2,90,637
Units per litre of diesel oil	3.15	3.41
Cost / Unit (Rs.)	18.33	61.40
ii. Through steam		
Turbines / Generator	N.A	N.A
2. Coal:		
Quantity (Tonnes)	N.A	N.A
Total Amount (Rs.)	N.A	N.A
Average Rate	N.A	N.A
3. a. Furnace Oil:		
Quantity (MTs/KLs)	1,561.840	1,235.200
Total Amount (Rs.)	3,87,16,921	2,41,42,060
Average Rate	24,789.30	19,545.06
b. LSHS:		
Quantity (MTs)	1,956.160	2,277.800
Total Amount (Rs.)	5,21,87,320	4,70,79,266
Average Rate	26,678.45	20,668.74
4. Others/Internal Generation		
Oxo-Alcohol Residue:		
Quantity (MTs)	2,071.000	2,537.500
Total Amount (Rs.)	Nil	Nil
Average Rate	Nil	Nil

B. Consumption per tonne of production:

Product	Current Year		Previous Year	
	Power KWH	Steam MT	Power KWH	Steam MT
2-Ethyl Hexanol	701	2.22	646	2.08
N-Butanol	608	1.91	551	1.82
I-Butanol	643	2.02	560	1.84

B. Technology Absorption :

FORM B

I. Research & Development (R & D)

1. Specific areas in which R&D carried out by the Company:

The Company installed a Coalscer pad in EPA Decanter to improve the liquid separation efficiency and found encouraging results.

Energy conservation measures have been undertaken by our engineers. Installation of Digital energy meters with communication facility has resulted in better monitoring and control.

Radar level transmitter was installed on I-Bal tank for more accurate level measurement. Turbine flowmeters were installed in product loading area.

2. Benefits derived as a result of above R&D:

Coalscer has improved separation efficiency in the decanter resulting lesser organic load on the ETP. Improved measuring devices for flow, level and energy enhance monitoring and control capabilities.

3. Future Plan of Action:

Technical feasibility study by Projects & Development India Ltd., for substitution of Naphtha with Natural Gas was undertaken. With addition of a few balancing equipment it is possible to switchover to Natural Gas as and when it is available in Visakhapatnam.

4. Expenditure on R & D:

The Company has incurred an expenditure of Rs.16.18 lakhs in R&D during the year.

II. Technology Absorption, Adaptation and Innovation:

1. Efforts Made:

Technology has been fully absorbed. Several innovative steps have been implemented in both operation and maintenance of the Plant.

2. Benefits:

The Company has been benefited by way of higher onstream factor, improved process efficiencies and energy conservation.

3. Imported Technology:

No technology has been imported during the year except for the Modernisation Project which is under implementation.

C. Foreign Exchange Earning and Outgo (on cash basis):

(Rs.in lakhs)

	For the Year ended 31-03-2009	For the Year ended 31-03-2008
i. Earnings	Nil	Nil
ii. Outgo	2049.16	1291.11

**Hyderabad
25-05-2009**

**On behalf of the Board
M R B PUNJA
Chairman**

Annexure 'B' to the Directors' Report:

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, and forming part of the Directors' Report for the year ended 31st March, 2009.

Name of Employee, Designation, Qualification, Experience, Date of commencement of employment in the Company, Gross Remuneration, Age, Previous Employment:

1. Dr. V N Rao, Chief Executive & Chief Operating Officer, B.Tech.(Chemical Engineering), M.Tech.(Chemical Engineering), IIT- Chennai; Ph.D.(Chemical Engineering), IIT- Chennai, 40 years, 4.10.1995, Rs. 31,80,179*, 67 years, Consultant.
2. Sri M K Viswanadham, Senior Executive President (Marketing), B.Sc.(Hons) Agr & A.H., M.Sc. Agriculture (Agronomy), 35 years, 30.10.1992, Rs. 33,02,090**, 59 years, M/s Raasi Cement Ltd., Hyderabad, Chief General Manager (Marketing) – 3 ½ years.

* Gross remuneration includes salary, reimbursement of medical expenses, performance evaluation payment, leave salary and group personal accident insurance premium.

** Gross remuneration includes salary, reimbursement of medical expenses, performance evaluation payment, provident fund contribution and group personal accident insurance premium.

Annexure 'C' 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 31.3.2009 the Board consisted of 10 Directors.
Composition and category of Directors is as follows :

Non-Executive and Independent Directors	Promoter and Executive Director	Promoters, Non-Executive & Non-Independent Directors
Sri M R B Punja Chairman Sri Justice G Ramanujam (Retd) Sri A A Krishnan Dr. Anumolu Ramakrishna (from 30.7.2008) Sri Salil Kumar Dutta (Nominee of IDBI as lender) (up to 7.9.2008) Sri Pradeep Kumar Keshari (Nominee of IDBI as lender) (from 8.9.2008)	Dr. Mullapudi Harischandra Prasad Managing Director (Father of Sri M. Thimmaraja)*	Dr. B B Ramaiah (Sri Pendyala Narendranath Chowdary sister's husband) * Sri Indrajit Pal, I.A.S. (up to 25.9.2008) Sri Vinod Kumar Agrawal, I.A.S. (from 18.10.2008) Sri Pendyala Narendranath Chowdary (Dr. B B Ramaiah daughter's husband) * Sri M Thimmaraja (Son of Dr. Mullapudi Harischandra Prasad) *

* Indicates *inter se* relationship between the Directors as per Section 6 of the Companies Act, 1956.

- b) Non-Executive Directors' Remuneration: Please refer to Point No.6
c) During the Financial Year 2008-09, four Board Meetings were held.
Dates on which they were held:
(i) 30.4.2008, (ii) 30.7.2008, (iii) 18.10.2008 and (iv) 27.1.2009.
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*
Sri M R B Punja	4	No	6	1	4	3
Dr. Mullapudi Harischandra Prasad	4	Yes	8	7	2	2
Dr. B B Ramaiah	4	No	3	None	None	None
Sri Justice G Ramanujam (Retd)	3	Yes	5	None	5	4
Sri A A Krishnan	4	No	1	None	1	None
Dr. Anumolu Ramakrishna (from 30.7.2008)	2	No	11	None	9	1
Sri Indrajit Pal, I.A.S. (up to 25.9.2008)	2	No	3	2	None	None
Sri Vinod Kumar Agrawal, I.A.S. (from 18.10.2008)	1	No	3	1	None	None
Sri Salil Kumar Dutta (up to 7.9.2008)	1	No	None	None	None	None
Sri Pradeep Kumar Keshari (from 8.9.2008)	2	No	1	None	None	None
Sri P Narendranath Chowdary	4	No	6	None	2	None
Sri M Thimmaraja	3	Yes	2	None	3	None

* Represents Membership / Chairmanship of Audit Committees and Investors Grievance Committees of other public limited companies.

Sri Justice G Ramanujam (Retd), Chairman of the Audit Committee, attended the Annual General Meeting to answer the queries of the shareholders.

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 posted on the Company's website - www.andhrapetrochemicals.com.

4. Audit Committee:

A qualified Audit Committee, meeting the requirements of Clause 49 of the Listing Agreement, has been constituted.

The Audit Committee presently consists of four Non-Executive Directors - (i) Sri Justice G Ramanujam (Retd) - Chairman, (Non-Executive Independent), (ii) Sri A A Krishnan (Non-Executive Independent), (iii) Dr. Anumolu Ramakrishna (Non-Executive Independent) and (iv) Sri Pradeep Kumar Keshari (Non-Executive Independent). Members of the Audit Committee have considerable experience and expertise in the field of Industrial, Financial and Corporate Business Management.

Sri K. Raghu Ram, Dy. Manager (Finance) & Asst. Company Secretary, acts as the Secretary to the Audit Committee.

Statutory, Internal and Cost Auditors and Senior Executives are invited to attend the meetings to answer the queries raised by the Committee.

During the Financial Year 2008-09, four Audit Committee Meetings were convened on:

(i) 29.4.2008, (ii) 30.7.2008, (iii) 18.10.2008 and (iv) 27.1.2009.

Audit Committee Meeting convened to be held on 29.4.2008 could not be held for want of quorum. The other three meetings were held.

Attendance of Directors at the Audit Committee Meetings:

Name of the Director	No. of Meetings attended
Sri Justice G Ramanujam (Retd)	3
Sri A A Krishnan	3
Dr. Anumolu Ramakrishna (from 30.7.2008)	1
Sri Salil Kumar Dutta (up to 7.9.2008)	1
Sri Pradeep Kumar Keshari (from 8.9.2008)	2

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

- Approving and implementing the audit procedures and techniques.

- Reviewing audit reports of Statutory, Internal and Cost Auditors with Auditors, Management and Senior Executives.
- Reviewing financial reporting systems, internal control systems and procedures.
- Recommending to the Board the appointment, re-appointment and if required the replacement or removal of the Statutory Auditor and fixation of Audit Fees.
- Approval of payment to the Statutory Auditors for any service rendered by them.
- Review with the Management, the quarterly and yearly financial statements before submission to the Board for approval.
- 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 weakness issued by the Statutory Auditors
 - Internal Audit Reports relating to internal control weaknesses
 - The appointment, removal and terms of remuneration of the Chief Internal Auditor
- Ensuring compliance with regulatory guidelines.

5. Subsidiaries:

The Company does not have any subsidiary.

6. Remuneration:

Managing Director does not draw any remuneration from the Company.

Details of sitting fees paid to the Directors during the year 2008-09:

Sri M R B Punja - Rs.20,000/-; Sri Justice G Ramanujam (Retd) - Rs.30,000/-; Sri A A Krishnan - Rs.50,000/-; Dr. Anumolu Ramakrishna – Rs.20,000/- (from 30.7.2008); Sri Indrajit Pal, I.A.S. - Rs.10,000/- (up to 25.9.2008); Sri Vinod Kumar Agrawal, I.A.S. – Rs.5,000/- (from 18.10.2008); Sri Salil Kumar Dutta - Rs.10,000/- (up to 7.9.2008); Sri Pradeep Kumar Keshari – Rs.20,000/- (from 8.9.2008).

7. Details of Equity Shares of the Company held by Non-Executive Directors as on 31st March, 2009:

Name of the Non-Executive Director	No. of shares of Rs.10/- each	Total value Rs.
Sri M R B Punja	1400	14,000
Dr. B B Ramaiah	10975	1,09,750
Sri P Narendranath Chowdary	4216	42,160
Sri M Thimmaraja	1580	15,800

8. Management:

Management Discussion & Analysis forms part of the Annual Report.

9. CEO / CFO Certification:

In accordance with the requirements of Clause 49(V) of the Listing Agreement the Board of Directors of the Company, the Audit Committee and the Auditors have been furnished with the requisite certificate from the Managing Director.

10. Shareholders / Investors Grievance Committee:

- a) The Board has constituted Shareholders / Investors Grievance Committee comprising Dr. B B Ramaiah (Chairman of the Committee – Non-Executive Director), Sri P Narendranath Chowdary and Sri M Thimmaraja as Members of the Committee. The Committee looks into the redressal of the shareholders' complaints like transfer of shares, non-receipt of Annual Report and Dividend and other matters.
- b) The Board has designated Sri K Raghu Ram, Dy. Manager (Finance) & Asst. Company Secretary as the Compliance Officer.
- c) Investor Complaints received during the year ended 31.3.2009:

No. of shareholders' complaints received :	43
No. of complaints not resolved to the satisfaction of the shareholders :	Nil
No. of pending complaints (as at 31.3.2009) :	Nil
No. of pending share transfers (as at 31.3.2009) :	Nil

11. Details of General Body Meetings:

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

Year	Date & Time
2006	21 st September, 2006, 3:00 p.m.
2007	6 th September, 2007, 3:00 p.m.
2008	27 th September, 2008, 3:00 p.m.

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

Year	Subject matter
2006	Nil
2007	Nil
2008	Nil

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

12. Disclosures:

- i) No transaction of material nature has been entered into by the Company with Directors or Management and their relatives etc., that may have potential conflict with the interest of the Company at large. Wherever required necessary approvals have been obtained from the Central Government under Section 297 of the Companies Act, 1956 with regard to specific contracts requiring the approval of the Central Government. The Register of Contracts containing transactions in which Directors are interested, is placed before every meeting of the Board and signed by the Directors present.
- ii) No penalties or strictures were imposed on the Company for non-compliance by Stock Exchange / SEBI or any authority on any matter related to capital markets during last 3 years.
- iii) The Company does not have any Whistle Blower Policy system.
- iv) The Company has complied with the mandatory requirements of Clause 49 of the Listing Agreement.

13. Means of Communication:

- i) Quarterly financial results are published in "The Hindu Business Line" (English) and "Andhra Bhoomi" (Telugu). Copies of the Results published are forwarded to Stock Exchange and they are displayed on the Website of the Company, i.e., www.andhrapetrochemicals.com as well as on the SEBI's Website www.sebiedifar.nic.in.
- 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.

14. General Shareholder Information:

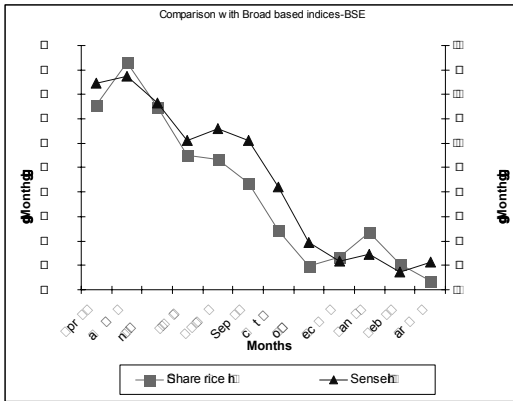
- i) Annual General Meeting
 - Date and Time : Monday, 31st August, 2009 at 3:00 p.m.
 - Venue : Regd. Office: Venkatarayapuram, TANUKU –534215 West Godavari Dist., Andhra Pradesh
- ii) Financial Year : 1st April to 31st March
- iii) Dates of Book Closure : Monday, 24th August, 2009 to Monday, 31st August, 2009 (both days inclusive)

The Andhra Petrochemicals Limited

- iv) Listing on Stock Exchange and Stock Code:
The Bombay Stock Exchange Ltd.,
Physical Stock Code: 12
Demat Stock Code: 500012
ISIN: INE714B01016
- v) Market price data: High / low price of Company's Equity Shares on The Bombay Stock Exchange Ltd., Mumbai during each month of the Financial Year 2008-2009.

Month	High		Low	
	Rs.	Ps.	Rs.	Ps.
April, 2008	25.15		19.70	
May, 2008	28.60		20.50	
June, 2008	25.00		19.00	
July, 2008	21.00		17.25	
August, 2008	20.65		17.75	
September, 2008	18.75		12.75	
October, 2008	14.85		9.50	
November, 2008	11.95		9.52	
December, 2008	12.70		9.61	
January, 2009	14.69		9.43	
February, 2009	12.10		9.10	
March, 2009	10.75		8.06	

- vi) Performance in comparison to BSE sensx:



- vii) Share Transfer System:

Transfer of Equity Shares in physical mode are effected within the statutory time limit from the date of receipt. Share transfers are approved weekly.

- viii) a) Shareholding pattern as on 31st March, 2009:

Sl No.	Category	No. of shares	% of holding
1	Promoters, Directors, Relatives and Associated Companies	34307455	40.38
2	Financial Institutions	638962	0.75
3	Mutual Funds	13100	0.02
4	Banks	1837	0.00
5	Foreign Institutional Investors	589268	0.69
6	Non-Resident Indians	579900	0.68
7	Bodies Corporate	5611246	6.60
8	Indian Public	43229832	50.88
Total:		84971600	100.00

- b) Distribution of shareholding as on 31st March, 2009:

Shareholding of Nominal value of Rs.	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Up to 5000	87223	88.02	13501362	15.89
5001 to 10000	6540	6.60	5630590	6.63
10001 to 20000	2750	2.77	4360825	5.13
20001 to 30000	884	0.89	2323332	2.73
30001 to 40000	379	0.38	1391924	1.64
40001 to 50000	423	0.43	2047390	2.41
50001 to 100000	505	0.51	3867016	4.55
100001 onwards	394	0.40	51849161	61.02
Total:	99098	100.00	84971600	100.00

- ix) As of 31st March, 2009, 5,48,19,235 shares constituting 64.51% of paid-up capital are dematerialised.

	No. of Shares	% of paid-up capital
National Securities Depository Ltd., Central Depository Services (India) Ltd.,	4,47,86,319	52.70
Total	1,00,32,916	11.81
Total	5,48,19,235	64.51

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

- x) Plant location : Opp: Naval Dockyard
Post Box No.1401
VISAKHAPATNAM - 530 014
Andhra Pradesh

- xi) Address for correspondence :
Dy. Manager (Finance) &
Asst. Company Secretary
The Andhra Petrochemicals Ltd.,
Venkatarayapuram
TANUKU - 534 215
West Godavari District, Andhra Pradesh
Phone Nos. 08819 - 224755, 224075
08819 - 220975 (Shares Dept.)
E-mail : info.tnk@andhrapetrochemicals.com
investors@andhrapetrochemicals.com

B. NON-MANDATORY REQUIREMENTS:

The Company has not adopted any of the non-mandatory requirements mentioned in Clause 49 of the Listing Agreement. The same will be adopted as and when considered necessary.

CEO's declaration on compliance with the Company's Code of Conduct

As provided under Clause 49 of the Listing Agreement with the Stock Exchange, 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 31st March, 2009.

Place : Hyderabad
Date : 25-05-2009

Dr. MULLAPUDI HARISCHANDRA PRASAD
Managing Director

AUDITORS' CERTIFICATE

To
The Members of
The Andhra Petrochemicals Limited,
Tanuku.

We have examined the compliance of conditions of Corporate Governance by The Andhra Petrochemicals Limited, Tanuku for the year ended March 31, 2009, as stipulated in Clause 49 of the Listing Agreement of the Company with stock exchange.

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

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

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

for BRAHMAYYA & CO.,
Chartered Accountants
C V Ramana Rao
Partner
Membership No.018545

Camp : Hyderabad
Date : 25-05-2009

AUDITORS' REPORT

To
The Members of
The Andhra Petrochemicals Limited,
Tanuku.

1. We have audited the attached Balance Sheet of The Andhra Petrochemicals Limited, Tanuku as at 31st March, 2009 the Profit and Loss Account for the year ended on that date annexed thereto and cash flow statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we set out in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - a) We have 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 appears from our examination of such books.
 - c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
 - d) In our opinion the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in Sub Section (3c) of Section 211 of the Companies Act, 1956.
 - e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009.
 - ii) in the case of the Profit and Loss account, of the Profit for the year ended on that date.
 - iii) in the case of the cash flow statement, of the cash flows for the year ended on that date.
 - f) On the basis of written representations received from the Directors as on March 31st, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31st, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

for BRAHMAYYA & CO.,
Chartered Accountants
C V Ramana Rao
Partner
Membership No.018545

Camp : Hyderabad
Date : 25-05-2009

The Andhra Petrochemicals Limited

**ANNEXURE TO THE AUDITORS' REPORT
REFERRED TO IN PARAGRAPH 3 OF OUR REPORT
OF EVEN DATE:**

- 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 Fixed Assets disposed off by the Company during the year do not form a substantial part thereof.
- ii) a) Physical verification of inventory has been conducted during the year by the management at reasonable intervals.
- b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on such verification between the physical stocks and the book records were not material.
- iii) a) The Company has during the year granted an unsecured inter-corporate loan of Rs. 20 crores to one company, which is covered in the register maintained under section 301 of the Companies Act, 1956.
- b) In our opinion, the rate of interest and other terms and conditions on which the said loan has been granted by the Company is not, prima facie, prejudicial to the interest of the Company.
- c) The Company has received refund of the full principle amount of the inter-corporate loan together with the interest accrued thereon. Accordingly, clause 4(iii)(d) of the Order is not applicable.
- d) The Company has not taken any loans, secured or unsecured from companies, firms, or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, clauses 4(iii) (f) & (g) of the Order are not applicable.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control systems.
- v) a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts and arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- b) In our opinion and according to the information and explanations given to us, the contracts and arrangements made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi) The Company has not accepted any deposits from public. Accordingly the clause 4(vi) of the order is not applicable.
- vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- viii) 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 section 209(1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- ix) a) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income-tax, sales-tax, wealth-tax, service-tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it were in arrears as at 31st March 2009 for a period of more than six months from the date they became payable.
- c) As at 31st March 2009, there have been no disputed dues, which have not been deposited with the respective authorities in respect of

Income tax, Sales tax, Wealth-tax, Service tax, Customs duty, Excise Duty and Cess.

- x) The Company has no accumulated losses and has not incurred cash losses in the financial year covered by our audit and the immediately preceding financial year.
- xi) The Company has not defaulted in payment of any loan installment or interest in respect of term loans from financial institutions and banks.
- xii) The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly the clause 4(xii) of the order is not applicable.
- xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Accordingly the clause 4(xiii) of the order is not applicable.
- xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other instruments. Accordingly the clause 4(xiv) of the order is not applicable.
- xv) The Company has not given any guarantee for loans taken by others from banks or financial institutions. Accordingly the clause 4(xv) of the order is not applicable.
- xvi) In our opinion, the Term Loans have been applied for the purposes for which they were raised.
- xvii) According to the information and explanations given to us and on overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.
- xviii) During the year, the Company has not made any allotment of shares. Accordingly the clause 4(xviii) of the order is not applicable.
- xix) The Company has not issued any debentures so far. Accordingly clause 4(xix) of the order is not applicable.
- xx) During the year, the Company has not raised money by Public issue. Accordingly the clause 4(xx) of the order is not applicable.
- xxi) 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.

**for BRAHMAYYA & CO.,
Chartered Accountants
C V Ramana Rao
Partner
Membership No.018545**

**Camp : Hyderabad
Date : 25-05-2009**

Accounting Policies

- 1. General:**
The accounts are prepared on accrual basis under the historical cost convention and in accordance with the accounting standards specified under sub section (3c) of section 211 of the Companies Act, 1956.
- 2. Fixed Assets:**
 - a. Fixed assets are stated at cost less accumulated depreciation. Cost of acquisition of fixed assets is net of Cenvat / Vat and inclusive of freight, duties, taxes, incidental expenses including interest on specific borrowings and preoperative expenses as allotted.
 - b. Expenditure during construction/erection period is included under Capital Work-in-Progress and allocated to the respective fixed assets on completion of construction/erection.
- 3. Investments:**
Investments are stated at cost, inclusive of all expenses relating to acquisition. Provision for diminution in the market value of long-term investments is made, if in the opinion of the Management such diminution is permanent in nature.
- 4. Inventories:**
Inventories are valued at the lower of the cost (net of CENVAT / VAT Credit) or net realisable value (except scrap / waste which are valued at net realisable value). Cost is computed on monthly weighted average basis. Finished Goods and Process Stock include cost of conversion and other costs incurred in bringing the inventories to their present location and condition.
- 5. Borrowing Costs:**
Borrowing cost is charged to Profit and Loss Account except cost of specific borrowing for acquisition of qualifying assets which is capitalised till date of commercial use of the asset.
- 6. Sales:**
Sales are inclusive of Excise Duty and net of rebates and Sales Tax.
- 7. Employee Benefits:**
 - (i) Defined Contribution Plans**
Employee Benefits in the form of Employee Provident Pension Funds are considered as Defined Contribution plans and the contributions are charged to the Profit & Loss Account of the year when the contributions to the said fund are due.
 - (ii) Defined Benefit Plans**
Retirement Benefit in the form of Gratuity, is considered as Defined Benefit Obligation and is provided for on the basis of an actuarial valuation using the projected unit credit method as at the date of Balance Sheet.
 - (iii) Other Long Term Benefits**
Long-Term Compensated Absences are provided on the basis of an actuarial valuation using the Projected Unit Credit Method as at the date of Balance Sheet.
Actuarial gain / losses, if any, are immediately recognised in the Profit & Loss Account.
- 8. Depreciation:**
Depreciation on buildings and plant and machinery is charged under straight-line method and on the remaining assets under written down value method at the rates specified in Schedule XIV of the Companies Act, 1956.
- 9. Foreign Currency Transactions:**
Transactions on account of foreign currency are accounted for at the rates prevailing on the date of the transaction. Foreign Currency assets and liabilities are restated at the rates prevailing as on the date of Balance Sheet. Exchange rate differences are dealt with in the Profit and Loss Account. Premium or discount on forward exchange contracts are amortised and recognised in the Profit & Loss Account over the period of the contract.

Balance Sheet as at 31st March, 2009

(Rs. in lakhs)

	Schedule No	As at 31-03-2009	As at 31-03-2008
I. SOURCES OF FUNDS :			
1. Shareholders' Funds :			
a) Share Capital	1	8497.16	8497.16
b) Reserves and Surplus	2	8228.14	6609.93
		<u>16725.30</u>	<u>15107.09</u>
2. Loan Funds:			
Secured Loans	3	1404.56	1196.54
		<u>1404.56</u>	<u>1196.54</u>
3. Deferred Tax Liability			
		<u>1572.62</u>	<u>1915.96</u>
Total		<u>19702.48</u>	<u>18219.59</u>
II. APPLICATION OF FUNDS :			
1. Fixed Assets :			
a) Gross Block	4	23224.40	23202.38
b) Less: Depreciation		17486.85	16296.16
c) Net Block		5737.55	6906.22
d) Capital Work-in-progress	5	7762.69	1723.01
		<u>13500.24</u>	<u>8629.23</u>
2. Investments			
	6	526.31	526.31
3. Current Assets, Loans and Advances:			
a) Inventories	7	2818.61	2545.42
b) Sundry debtors	8	1531.84	1888.02
c) Cash and Bank Balances	9	1674.71	4671.86
d) Interest Receivable		5.74	101.65
e) Loans and Advances	10	629.76	585.80
		<u>6660.66</u>	<u>9792.75</u>
Less:			
a) Current Liabilities	11	827.42	553.76
b) Provisions	12	157.31	174.94
		<u>5675.93</u>	<u>9064.05</u>
Net Current Assets		<u>5675.93</u>	<u>9064.05</u>
Total		<u>19702.48</u>	<u>18219.59</u>
Significant Accounting Policies and Notes on Accounts	18		

Per our report of even date for Brahmayya & Co., Chartered Accountants C V Ramana Rao Partner Membership No.018545 Camp : HYDERABAD Date : 25-05-2009	M R B Punja	for and on behalf of the Board	
	Dr. Mullapudi Harischandra Prasad	Chairman	
	Dr. Anumolu Ramakrishna	Managing Director	
	K. Raghu Ram	Dy. Manager (Finance) & Asst. Company Secretary	
	HYDERABAD		
	25-05-2009		

Profit and Loss Account for the Year ended 31st March, 2009

(Rs. in lakhs)

	Schedule No	This Year	Previous Year
INCOME :			
Sales		27800.77	32788.02
Less: Excise Duty collected		3306.93	4639.44
		24493.84	28148.58
Accretion to / (decretion in) stocks	13	613.32	470.77
Other Income	14	641.14	642.38
		25748.30	29261.73
EXPENDITURE :			
Raw materials consumed		18000.81	18864.92
Payments and benefits to Employees	15	850.41	836.71
Other Expenses	16	2888.56	2506.51
Interest	17	303.34	293.30
Depreciation	4	1206.16	1201.07
		23249.28	23702.51
Profit before Taxation		2499.02	5559.22
Provision for:			
Current Tax		1223.00	2200.00
Deferred Tax		(343.34)	(266.63)
Fringe Benefit Tax		4.12	4.10
Profit after Taxation		1615.24	3621.75
Balance brought forward from previous year		5173.93	1552.41
Direct Taxes for earlier years		2.97	(0.23)
Balance of Profit carried forward to next year		6792.14	5173.93
Earning per Equity Share of Rs.10/- each (Basic & Diluted)		1.90	4.26

Significant Accounting Policies and Notes on Accounts 18

Per our report of even date for Brahmayya & Co., Chartered Accountants C V Ramana Rao Partner Membership No.018545 Camp : HYDERABAD Date : 25-05-2009	for and on behalf of the Board		
	M R B Punja		Chairman
	Dr. Mullapudi Harischandra Prasad		Managing Director
	Dr. Anumolu Ramakrishna		Director
	K. Raghu Ram	Dy. Manager (Finance) & Asst. Company Secretary	
	HYDERABAD		
	25-05-2009		

Schedules attached to and forming part of the Balance Sheet

(Rs. in lakhs)

As at 31-03-2009 As at 31-03-2008

Share Capital:	SCHEDULE – 1	
Authorised: 8,50,00,000 Equity Shares of Rs.10/- each	<u>8500.00</u>	<u>8500.00</u>
Issued, Subscribed and Paid-up: 8,49,71,600 Equity Shares of Rs.10/- each fully paid-up	<u>8497.16</u>	<u>8497.16</u>
Total	<u>8497.16</u>	<u>8497.16</u>

Reserves and Surplus:	SCHEDULE – 2	
Share Premium	412.63	412.63
Capital Reserve *	23.37	23.37
General Reserve	1000.00	1000.00
Surplus in Profit & Loss A/c	<u>6792.14</u>	<u>5173.93</u>
Total	<u>8228.14</u>	<u>6609.93</u>

* Represents the cessation of liability on one time settlement of Term Loans.

Secured Loans:	SCHEDULE – 3	
A) Rupee Term Loans from:		
IDBI Bank Ltd.	334.59	780.62
IFCI Ltd.	153.02	357.05
Life Insurance Corporation of India	20.96	48.91
Sub-Total (A)	<u>508.57</u>	<u>1186.58</u>
B) Rupee Term Loans for Optimisation & Modernisation of Project from:		
IDBI Bank Ltd.	143.58	-
State Bank of India	122.30	-
State Bank of Hyderabad	122.30	-
Andhra Bank	122.30	-
Sub-Total (B)	<u>510.48</u>	<u>-</u>
C) Working Capital Loans from Banks in Indian Currency	<u>385.51</u>	<u>9.96</u>
Sub-Total (C)	<u>385.51</u>	<u>9.96</u>
Total (A+B+C)	<u>1404.56</u>	<u>1196.54</u>

Fixed Assets:

SCHEDULE – 4

(Rs.in lakhs)

Sl. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Cost as at 31.3.2008	Additions	Deductions	Cost as at 31.3.2009	Up to 31.3.2008	For the year	On deductions	Up to 31.3.2009	As at 31.3.2009	As at 31.3.2008
1	Land	9.07	-	-	9.07	-	-	-	-	9.07	9.07
2	Buildings*	1169.03	-	-	1169.03	374.17	26.75	-	400.92	768.11	794.86
3	Plant & Machinery	21849.09	23.50	19.59	21853.00	15802.06	1163.34	14.79	16950.61	4902.39	6047.03
4	Furniture & Office Equipment	153.77	9.21	-	162.98	101.41	13.19	-	114.60	48.38	52.36
5	Vehicles	21.42	9.61	0.71	30.32	18.52	2.88	0.68	20.72	9.60	2.90
Total		23202.38	42.32	20.30	23224.40	16296.16	1206.16	15.47	17486.85	5737.55	6906.22
Previous year total		23160.49	41.91	0.02	23202.38	15095.11	1201.07	0.02	16296.16	6906.22	8065.38

* Constructed on Lease-hold Land.

Capital Works-in-Progress

SCHEDULE - 5

(Rs. in lakhs)

	As at 31-03-2009	As at 31-03-2008
Capital works-in-progress	1272.16	4.28
Capital Advances	6126.95	1542.50
Expenditure incurred during construction period awaiting allocation to Fixed Assets (Schedule - 5 A)	363.58	176.23
Total	7762.69	1723.01

Expenditure Incurred During Construction Period:

SCHEDULE - 5 A

(Pending capitalisation to Fixed Assets)			
Balance at the beginning of the year	(A)	176.23	-
Expenditure incurred during the year:			
a) Professional charges		9.64	26.17
b) Travelling charges		37.60	2.00
c) Loan processing and other charges		87.66	143.24
d) Taxes & Licences		0.02	3.43
e) Other expenses		41.05	1.39
f) Interest		11.38	-
Total for the year	(B)	187.35	176.23
Total Expenditure awaiting allocation to Fixed Assets	(A+B)	363.58	176.23

The Andhra Petrochemicals Limited

(Rs. in lakhs)
As at 31-03-2009 As at 31-03-2008

Investments:

SCHEDULE – 6

Investment at cost:

Long Term - Non-Trade - unquoted:
 4,02,000 Equity Shares of Rs.10/- each
 fully paid-up in Andhra Pradesh Gas
 Power Corporation Ltd.
 Total

526.31	526.31
<u>526.31</u>	<u>526.31</u>

Inventories (as certified by the Management):

SCHEDULE – 7

Stores and Spares
 Stores-in-transit
 Raw Materials
 Work-in-process
 Finished Goods
 Total

909.78	1035.49
77.18	8.66
129.44	401.20
685.80	528.08
1016.41	571.99
<u>2818.61</u>	<u>2545.42</u>

Sundry Debtors (unsecured):

SCHEDULE – 8

Outstanding for a period exceeding six months
 and considered doubtful
 Other debts considered good

 Less: Provision for doubtful debts
 Total

5.25	5.25
1531.84	1888.02
<u>1537.09</u>	<u>1893.27</u>
5.25	5.25
<u>1531.84</u>	<u>1888.02</u>

Cash and Bank Balances:

SCHEDULE – 9

Cash on hand
 Cheques on hand
 At Scheduled Banks :
 In Current Accounts*
 In Margin Money Deposits
 In Term Deposits
 Total

1.92	1.54
107.82	123.56
164.97	1925.25
-	2621.51
1400.00	-
<u>1674.71</u>	<u>4671.86</u>

* Includes Rs.38.26 lakhs on account of unclaimed dividend. Previous year Rs. 39.55 lakhs.

Loans and Advances:

SCHEDULE – 10

(Unsecured, considered good and
 recoverable in cash or kind or
 for value to be received)
 Advances Recoverable
 Pre-paid Expenses
 Deposit with Excise Authorities
 Other Deposits Recoverable
 Income Tax refund receivable
 Total

292.13	317.13
10.77	32.68
181.93	119.09
144.93	107.28
-	9.62
<u>629.76</u>	<u>585.80</u>

The Andhra Petrochemicals Limited

(Rs. in lakhs)

As at 31-03-2009 As at 31-03-2008**Current Liabilities:****SCHEDULE – 11**

Creditors for Capital Works	103.01	-
Sundry Creditors *	596.84	380.52
Other Liabilities	20.92	23.85
Advances received against Sales	61.03	100.34
Trade Deposits	5.00	5.00
Interest Accrued but not due on term loans	2.36	4.50
Unclaimed Dividends #	38.26	39.55
Total	827.42	553.76

* Includes Rs.Nil (previous year Rs. Nil) due to Micro Small and Medium Enterprises to the extent such parties have been identified from the available information and there are no Micro Small and Medium Enterprises where the outstandings are due for more than 45 days.

There are no dues to Small Scale Industrial Undertakings to the extent such parties have been identified from the information available with the Company (Previous year no dues).

Amounts due and outstanding to be credited to Investors Education and Protection Fund Rs. Nil (Previous year Rs. Nil).

Provisions:**SCHEDULE – 12**

Provision for:		
Gratuity	53.89	51.67
Compensated absences	85.14	54.82
Income Tax (Net of prepaid taxes)	18.24	68.44
Fringe Benefit Tax (Net of prepaid taxes)	0.04	0.01
Total	157.31	174.94

Schedules attached to and forming part of the Profit and Loss Account

(Rs. in lakhs)

Accretion to / (Decretion in) Stocks:**This Year**

Previous Year

SCHEDULE – 13**A) Closing Stock:**

Finished goods	1016.41	571.99
Work-in-process	685.80	528.08
Total (A)	1702.21	1100.07

B) Opening Stock:

Finished goods	571.99	459.71
Work-in-process	528.08	167.12
Total (B)	1100.07	626.83
Accretion to / (decretion in) stocks (A-B)	602.14	473.24
Adjustment of Excise Duty on Stocks	11.18	(2.47)
Total	613.32	470.77

The Andhra Petrochemicals Limited

(Rs. in lakhs)

This Year Previous Year**Other Income:****SCHEDULE – 14**

Interest received (TDS Rs.124.76 lakhs previous year Rs.133.61 lakhs)	631.11	615.60
Miscellaneous Receipts	5.72	15.79
Provisions no longer required	3.60	4.56
Exchange Variation Gain	0.71	6.43
Total	641.14	642.38

Payments and Benefits to Employees:**SCHEDULE – 15**

Salaries, Allowances and Bonus	726.79	679.43
Contributions to Provident and other funds	55.09	104.50
Staff welfare expenses	68.53	52.78
Total	850.41	836.71

Other Expenses:**SCHEDULE – 16**

Stores & spares and packing materials consumed	638.83	530.54
Power and Fuel	1726.30	1478.41
Insurance	17.14	35.39
Rent paid	24.86	21.04
Taxes and Licences	3.99	13.94
Repairs to Buildings	12.30	13.93
Repairs to Machinery	317.94	287.28
Repairs to Other Assets	8.45	4.60
Commission on sales	1.65	2.52
Directors' Fee and expenses	6.52	6.11
Payments to Auditors (vide Note No.18 of Schedule-18)	6.41	2.48
Miscellaneous expenses	120.85	110.27
Loss on Sale of Assets	3.31	-
Assets Written Off	0.01	-
Total	2888.56	2506.51

Interest:**SCHEDULE – 17**

On Fixed Loans	109.16	190.28
To Banks and others	194.18	103.02
Total	303.34	293.30

Notes forming part of the Accounts

		SCHEDULE - 18	
		(Rs. in lakhs)	
		This Year	Previous Year
1.	Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances & letters of credits opened)	10034.35	1003.99
2.	Contingent liabilities not provided for:		
i.	Outstanding Guarantees to Banks including Letter of Credit opened with Banks for capital payments	982.39	2530.51
ii.	Bills discounted	—	2516.19
iii.	Grid support charges claimed by A.P.Transco – disputed by the Company	115.97	115.97
iv.	Demand by EPDC of A.P Ltd., towards differential electrical charges - contested by the Company	573.84	573.84
v.	Claims against the company by suppliers and contractors not acknowledged as debts	12.00	26.88

3. **Secured Loans:**

A. Term Loans:

All are secured by pari passu charge, by mortgage of the Company's immovable properties and hypothecation of movable assets including movable machinery, present and future. The loans are further secured by a floating charge on all the remaining movable assets, subject to charge in favour of Company's bankers on specified movables towards working capital facilities.

B. Term Loans for Optimisation and Modernisation Project:

The loans are agreed to be secured by hypothecation of movable assets including movable machinery, present and future.

C. Working Capital Loans from Banks:

Secured by the hypothecation of raw materials, semi-finished goods, finished goods, stores and spares and book debts and also collaterally secured by second charge on the fixed assets, both present and future, of the Company.

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

5. As per Accounting Standard 15 "Employees Benefits" the disclosure of Employee Benefits as defined in the Accounting Standard are given hereunder:

Defined Contributions Plans

Contributions to Defined Contribution plan, recognised as expense for the year, are as under:

	(Rs. in lakhs)	
	2008-09	2007-08
Employer's contributions to Provident and Pension Funds	40.61	37.18

Defined Benefit Plans

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

The Andhra Petrochemicals Limited

which recognises 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 recognised in the same manner as gratuity.

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

	(Rs. in lakhs)			
	Gratuity (Funded)		Compensated absences (Unfunded)	
	This year	Previous year	This year	Previous year
Defined Benefit obligation at beginning of the year	118.10	105.21	54.82	45.38
Interest Cost	9.53	7.89	3.85	2.41
Current Service Cost	10.22	9.77	16.47	6.47
Benefits paid	(5.68)	(7.39)	(6.97)	(7.72)
Actuarial loss / (gain) on obligation	(0.87)	2.62	16.97	8.28
Defined Benefit obligation at year end	131.30	118.10	85.14	54.82

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

	(Rs. in lakhs)	
	Gratuity (Funded)	
	This Year	Previous Year
Fair value of plan assets at beginning of the year	66.42	50.50
Expected return on plan assets	5.91	4.67
Contributions	10.76	18.64
Benefits paid	(5.68)	(7.39)
Actuarial loss / (gain) on obligation	—	—
Fair value of plan assets as at the end of the year	77.41	66.42

III. Reconciliation of fair value of assets and obligations as at 31.3.2009.

	(Rs. in lakhs)			
	Gratuity (Funded)		Compensated absences (Unfunded)	
	This year	Previous year	This year	Previous year
Fair value of plan assets	77.41	66.42	—	—
Present value of obligation	131.30	118.10	85.14	54.82
Amount recognised as liability in Balance Sheet	53.89	51.67	85.14	54.82

IV. Expenses recognised during the year (in the statement of Profit & Loss Account)

	(Rs. in lakhs)			
	Gratuity (Funded)		Compensated absences (Unfunded)	
	This year	Previous year	This year	Previous year
Current Service Cost	10.22	60.83	30.32	9.44
Interest Cost	9.53	7.89	3.85	2.41
Expected return on plan assets	(5.91)	(4.67)	—	—
Actuarial (gain)/ loss	(0.87)	2.62	(3.85)	(2.41)
Expenses recognised in the statement of Profit & Loss Account	12.97	66.67	30.32	9.44

V. Principals Actuarial Assumptions

	Gratuity (Funded)		Compensated absences (Unfunded)	
	This year	Previous year	This year	Previous year
Discount Rate	8.00%	8.00%	7.50%	8.00%
Salary Escalation Rate	7.00%	7.00%	4.00%	4.50%

As per the enterprise's accounting policy actuarial gains and losses are recognised immediately during the same year itself.

The above information is certified by the Actuary.

6. Details of related party transactions as per AS-18 issued by the Institute of Chartered Accountants of India:

I. List of related parties:

A. Investing party in respect of which The Andhra Petrochemicals Ltd., is an associate:
The Andhra Sugars Limited

B. Key Management Personnel:

Dr. Mullapudi Harischandra Prasad, Managing Director

C. Enterprises on which Key Management Personnel exercise significant influence:

1. Sree Akkamba Textiles Ltd.,
2. The Andhra Farm Chemicals Corporation Ltd.,
3. Royal Printing Works

II. Transactions with the related parties:

(Rs. in lakhs)

Particulars	Investing party in respect of which The Andhra Petrochemicals Ltd., is an associate		Key Management Personnel		Enterprises on which Key Management Personnel exercise significant influence	
Purchase of goods from	24.46	(26.27)	Nil	(Nil)	Nil	(Nil)
Services rendered by	1.74	(0.35)	Nil	(Nil)	3.59	(3.89)
Interest received on ICD of Rs. 20 crores which is repaid during the year itself	195.86	(185.38)	Nil	(Nil)	Nil	(Nil)

Figures in brackets are in respect of previous year.

7. Earnings per Share (EPS):

	This Year	Previous Year
a) Net Profit available to Shareholders (Rs.)	161821318	362151116
b) Weighted average No. of Equity Shares used as denominator for calculating EPS	84971600	84971600
c) Basic and diluted earnings per Equity Share of Rs.10/- each (Rs.)	1.90	4.26

The Andhra Petrochemicals Limited

8. Major components of deferred tax liabilities and assets	(Rs. in lakhs)	
arising on account of timing difference are:	This Year	Previous Year
Liabilities:		
Difference between tax and book depreciation	<u>1590.36</u>	<u>1941.96</u>
Assets:		
Items covered under Section 43B of Income Tax Act	<u>15.96</u>	24.22
Provision for doubtful debts	<u>1.78</u>	<u>1.78</u>
	<u>17.74</u>	<u>26.00</u>
Deferred Tax Liability	<u>1572.62</u>	<u>1915.96</u>

9. According to a 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 Accounting Standard – 28 (AS – 28), issued by the Institute of Chartered Accountants of India.

10. Particulars of capacity and production:	This Year	Previous Year
	M.T	M.T
a) Licenced and installed capacity:		
Oxo-Alcohols		
Licenced	30000 P.A	30000 P.A
Installed		
(As certified by the management)	39000 P.A	39000 P.A
b) Production:		
Oxo-Alcohols	36747	43047

	This Year		Previous Year	
	Quantity in M.T	Value Rs. in lakhs	Quantity in M.T	Value Rs. in lakhs
11. Sales:				
Oxo-Alcohols	35609	27800.77	42927	32788.02
12. Opening & Closing Stock of Finished Goods:				
a) Opening Stock				
Oxo-Alcohols	906	571.99	786	459.71
b) Closing Stock				
Oxo-Alcohols	2044	1016.41	906	571.99
13. Raw Materials consumed:				
Propylene (MT)	29132	12569.36	34676	13555.11
Naphtha (MT)	12668	5431.45	14154	5309.81
		<u>18000.81</u>		<u>18864.92</u>

	(Rs. in lakhs)	
	This Year	Previous Year
14. Value of imports during the year calculated on CIF basis:		
Capital goods	Nil	Nil
Components and spare parts	172.38	26.91

	This Year		Previous Year	
	Rs. in lakhs	%	Rs. in lakhs	%
15. a) Consumption of raw materials:				
Imported	Nil	Nil	Nil	Nil
Indigenous	18000.81	100	18864.92	100
b) Consumption of stores during the year (charged to appropriate heads of account):				
Imported	243.60	13	167.20	12
Indigenous	1648.89	87	1235.24	88
	<u>1892.49</u>	<u>100</u>	<u>1402.44</u>	<u>100</u>

	(Rs. in lakhs)	
	This Year	Previous Year
16. Expenditure in Foreign Currency on account of:		
Licence, Basic Engineering Fee & Tech. Services	1654.83	1191.60
Interest	—	0.17
Bank charges, Subscriptions and cost of services etc.	2.78	2.00
Travelling expenditure (excluding tickets purchased in rupees)	3.87	0.52

17. Earnings in Foreign Currency: Nil Nil

18. Payments made to Auditors towards:		
Statutory Audit Fees	1.00	1.00
Taxation matters incl. Tax Audit	3.69	0.09
Consultancy and certification	1.12	0.82
Out-of-pocket expenses	<u>0.11</u>	<u>0.09</u>
	5.92	2.00
Cost Audit fees	0.30	0.25
Out-of-pocket expenses	<u>0.19</u>	<u>0.23</u>
	<u>6.41</u>	<u>2.48</u>

19. Figures have been rounded off to the nearest thousand. Previous year's figures have been regrouped wherever necessary.

Per our report of even date for Brahmayya & Co., Chartered Accountants C V Ramana Rao Partner Membership No.018545 Camp : HYDERABAD Date : 25-05-2009	for and on behalf of the Board	
	M R B Punja	Chairman
	Dr. Mullapudi Harischandra Prasad Dr. Anumolu Ramakrishna	Managing Director Director
	K. Raghu Ram	Dy. Manager (Finance) & Asst. Company Secretary
	HYDERABAD	
	25-05-2009	

**BALANCE SHEET ABSTRACT AND
COMPANY'S GENERAL BUSINESS PROFILE**

I. Registration Details:	
Registration No.	4635
State Code	01
CIN	L23209AP1984PLC004635
Balance Sheet Date	31 st March 2009
	(Rs. in thousands)
II. Capital Raised during the year:	
Public Issue	Nil
Rights Issue	Nil
Bonus Issue	Nil
Private placement	Nil
III. Position of Mobilisation and Deployment of Funds:	
Total Liabilities	1970248
Total Assets	1970248
Source of Funds:	
Paid-up Capital	849716
Reserves & Surplus	822814
Secured Loans	140456
Unsecured Loans	Nil
Deferred Tax Liability	157262
Total	1970248
Application of Funds:	
Net Fixed Assets	1350024
Investments	52631
Net Current Assets	567593
Miscellaneous Expenditure	Nil
Accumulated Losses	Nil
Total	1970248
IV. Performance of Company:	
Turnover	2449384
Accretion/(Decretion) to stocks	61332
Other Income	64114
Total Expenditure	2324928
Profit before Tax	249902
Profit after Tax	161821
Earning per share Rs.	1.90
Dividend rate %	Nil
V. Generic names of three principal products/ services of Company (As per monetary terms)	
Item Code No.(ITC Code)	Product Description
1. 29051600	2-Oxo-Alcohols
2. 29051300	2-Ethyl Hexanol
3. 29051409	Normal Butanol Iso Butanol

**CASH FLOW STATEMENT FOR
THE YEAR 2008-2009**

	(Rs. in lakhs)	
	This Year	Previous Year
A) Cash Flow from Operating Activities:		
Profit/(Loss) for the year before extraordinary items:	2499.02	5559.22
Adjustment for:		
Depreciation	1206.16	1201.07
Interest paid	303.34	293.30
Interest received	(631.11)	(615.60)
Loss on sale of assets	3.31	—
Assets written off	0.01	—
Provision for compensated absences	30.32	6.47
Provision for Gratuity	2.21	51.67
Operating Profit before Working Capital changes	3413.26	6496.13
Inventories	(273.19)	(387.59)
Trade and other receivables	398.51	926.52
Trade payables	273.66	(63.33)
Cash generated from operations	3812.24	6971.73
Interest paid	(303.34)	(293.30)
Income Tax (paid)/refund received	(1264.69)	(1658.50)
Net Cash generated in operations	2244.21	5019.93
B) Cash Flow from Investing Activities:		
Additions to Fixed Assets including Capital Work-in-progress	(6082.00)	(1758.17)
Sale of Fixed Assets	1.51	—
Interest received	631.11	615.60
Net Cash used in investing activities	(5449.38)	(1142.57)
C) Cash Flow from Financing Activities:		
(Decrease) / Increase in borrowings (net)	208.02	(1629.50)
Dividend paid	—	(849.72)
	208.02	(2479.22)
Net increase/(decrease) in Cash & Cash equivalents (A+B+C)	(2997.15)	1398.14
Opening balance of Cash & Cash equivalents	4671.86	3273.72
Closing balance of Cash & Cash equivalents	1674.71	4671.86

Per our report of even date
for Brahmaya & Co.,
Chartered Accountants
C V Ramana Rao
Partner
Membership No.018545

Camp : HYDERABAD
Date : 25-05-2009

M R B Punja
Dr. Mullapudi Harischandra Prasad
Dr. Anumolu Ramakrishna

K. Raghu Ram

HYDERABAD
25-05-2009

for and on behalf of the Board

Chairman
Managing Director
Director

Dy. Manager (Finance) & Asst. Company Secretary



THE ANDHRA PETROCHEMICALS LIMITED

Regd. Office: Venkatarayapuram, Tanuku - 534215
W.G.District, Andhra Pradesh

25th Annual General Meeting

PROXY FORM

Client ID*

DP. ID*

Folio No.....

I/We _____ being a

Member(s)of the THE ANDHRA PETROCHEMICALS LIMITED hereby appoint _____

in the district of _____ or failing him _____ of

_____ in the district of _____

as my/our proxy to attend and vote for me/us and on my/our behalf at the 25th ANNUAL GENERAL MEETING of the Company to be held on Monday, the 31st August, 2009 and at the adjournment thereof.

Signed this _____ day of _____ 2009

For office use

Proxy No.:

Date of Receipt:

No. of Shares:

Signature of the Shareholder(s) _____

Affix a 15 Ps.

Revenue

Stamp

* Applicable for investors holding shares in electronic form.

N.B. The instrument appointing Proxy should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the Meeting.



THE ANDHRA PETROCHEMICALS LIMITED

Regd. Office: Venkatarayapuram, Tanuku - 534215
W.G.District, Andhra Pradesh

Client ID*

DP. ID*

ATTENDANCE SLIP **

Folio No.....

Name of 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 25th ANNUAL GENERAL MEETING being held on Monday, the 31st August, 2009.

.....
Signature of Member/Proxy

* Applicable for investors holding shares in electronic form.

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

Permitted to Post "Postage pre-paid in cash"
Permit No.PMG/VJ/PWPP/CO./1/1.7.2009 to 5.8.2009
Permitted to post at TANUKU H.P.O.

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If undelivered, please return to :
The Andhra Petrochemicals Limited,
Venkatarayapuram,
Tanuku - 534 215,
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