

**THE
ANDHRA PETROCHEMICALS
LIMITED**



**33rd Annual Report
2016 - 17**

THE ANDHRA PETROCHEMICALS LIMITED

Board of Directors

Sri M R B Punja (Chairman)
Dr. B B Ramaiah (Managing Director)
Sri P Narendranath Chowdary
Sri A A Krishnan
Sri Surinder Kumar Kapoor
Sri Mullapudi Thimmaraja
Dr. (Smt.) D Manjulatha
Sri Shamsher Singh Rawat, I.A.S.,
(Nominee of APIDC upto 30.5.2016)
Sri B Sreedhar, I.A.S.,
(Nominee of APIDC from 11.8.2016 to 18.10.2016)
Sri Karthikeya Misra, I.A.S.,
(Nominee of APIDC from 26.10.2016 to 5.7.2017)
Sri Siddharth Jain, I.A.S.,
(Nominee of APIDC from 5.8.2017)
Smt. Y V Anuradha, I.A.S.,
(Nominee of APIDC)
Sri Animesh Kumar Sinha
(Nominee of IDBI Bank Ltd., from 5.4.2016)
Sri Ravi Pendyala
Dr. V N Rao
(from 26.10.2016)

Key Managerial Personnel

Dr. V N Rao
Chief Executive & Chief Operating Officer (upto 25.10.2016)
Sri K Narasappa
President (from 23.5.2017)
Sri P Ratna Rao
General Manager (Finance)

Statutory Auditors

M/s. Brahmaya & Co.,
Chartered Accountants
D.No. 33-25-33-B
Govindarajulu Naidu Street
Suryarao Pet
Vijayawada - 520 002

Cost Auditors

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

Secretarial Auditors

M/s. D Hanumanta Raju & Co.,
Company Secretaries
B-13, F-2, P S Nagar
Vijayanagar Colony
Hyderabad - 500 057

Bankers

State Bank of India
State Bank of Hyderabad
Andhra Bank
IDBI Bank Ltd.

Registered Office

Venkatarayapuram
Tanuku - 534 215
West Godavari District
Andhra Pradesh
Tel : 08819 - 224075 / 220975
Fax : 08819-224168
CIN : L23209AP1984PLC004635
E-mail: info.tnk@andhrapetrochemicals.com
investors@andhrapetrochemicals.com
Website: www.andhrapetrochemicals.com

Factory

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

Registrar & Share Transfer Agent

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

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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: info.tnk@andhrapetrochemicals.com, Website: www.andhrapetrochemicals.com

NOTICE

NOTICE is hereby given that the Thirty Third Annual General Meeting of THE ANDHRA PETROCHEMICALS LIMITED will be held at the Registered Office of the Company, Venkatarayapuram, Tanuku - 534215, West Godavari District, Andhra Pradesh on Wednesday, the 27th day of September, 2017 at 3:00 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements for the year ended 31st March, 2017 and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Sri P Narendranath Chowdary (DIN 00015764) who retires by rotation and being eligible offers himself for reappointment.
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 M/s C.V.Ramana Rao & Co., (Firm Regn. No. 002917S), Chartered Accountants, Visakhapatnam, as Statutory Auditors for a period of 5 years, i.e., for the years 2017-18 to 2021-22 and fix their remuneration for the year 2017-18.

In compliance with the provisions of the Companies Act, 2013 M/s C.V. Ramana Rao & Co., is proposed to be appointed as new Statutory Auditors, to hold office from the conclusion of the 33rd Annual General Meeting (AGM) till the conclusion of the 38th AGM, in place of the present Auditors M/s Brahmayya & Co., (Firm Regn. No. 000513S), Chartered Accountants, Vijayawada, whose 3 year term will be expiring at the conclusion of the ensuing 33rd AGM.

SPECIAL BUSINESS:

5. To consider, and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to Section 148 of the Companies Act, 2013 and Companies (Audit and Auditors) Rules, 2014, the remuneration of Rs.1,10,000/- plus service tax as applicable and reimbursement of actual travel and out-of-pocket expenses for the Financial Year 2017-18 to be paid to M/s Narasimha Murthy & Co., (Regn. No. 000042), Cost Accountants, Hyderabad, for the conduct of the cost audit of the Company as approved by the Board of Directors of the Company, be and is hereby ratified and confirmed."
6. To consider, and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:
"RESOLVED THAT Sri Siddharth Jain, I.A.S., (DIN 07868198) who was appointed by the Board of Directors as Additional Director of the Company with effect from 5th August, 2017 pursuant to Article 97 of the Articles of Association of the Company, holds office upto the date of the 33rd Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 ("Act") or any statutory modification thereof or any re-enactment of the said Act, and in respect of whom the Company has received a notice in writing from a Member of the Company under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director of the Company, be and is hereby appointed as Director of the Company liable to retire by rotation."
7. To consider, and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:
"RESOLVED THAT Dr. V N Rao (DIN 00861884) who was appointed by the Board of Directors as Additional Director of the Company with effect from 26th October, 2016 pursuant to Article 97 of the Articles of Association of the Company, holds office upto the date of the 33rd Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 ("Act") or any statutory modification thereof or any re-enactment of the said Act, and in respect of whom the Company has received a notice in writing from a Member of the Company under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director of the Company, be and is hereby appointed as Director of the Company liable to retire by rotation."

Vijayawada
5.8.2017

By Order of the Board
Dr. B B RAMAIAH
Managing Director

Registered Office:
Venkatarayapuram
TANUKU - 534 215
Andhra Pradesh

NOTES:

1. The relative Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, in respect of Item Nos. 5, 6 and 7 is annexed hereto.
2. A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a Member of the Company. A person can act as Proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. A Member holding more than ten percent of the total share capital of the Company may appoint a single person as Proxy and such person cannot act as a Proxy for any other person or shareholder.

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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.

- Your Company provides Electronic Voting facility and its particulars and instructions are enclosed and form part of this Notice.
- The Register of Members and Share Transfer Books of the Company will remain closed from Monday, the 18th September, 2017 to Wednesday, the 27th September, 2017 (both days inclusive).
- 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.
- Members who hold shares in dematerialised form are requested to write their Client ID and DP ID numbers on the Attendance Slip for easy identification of attendance at the Meeting.
- Shareholders holding shares in Physical Mode are requested to intimate their change of address, if any, to the RTA viz., XL Softech Systems Ltd., Hyderabad and the shareholders holding shares in Demat Mode are requested to notify their change of address, if any, to the DP (and not to the Company / RTA) with whom they have Demat Account.
- 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., 20th September, 2017 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.
- Pursuant to provisions of Section 124 (5) of the Companies Act, 2013, any dividend which remains unpaid or unclaimed for a period of seven years is required to be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government. Accordingly, the unclaimed dividend for the Financial Year 2006-07 amounting to Rs.36,81,588/- has been transferred to IEPF on 22 October, 2014. Details of unclaimed dividend and due dates for transfer to the Fund are as follows:

Sl. No.	Dividend for the Financial Year	Due date for transfer to IEPF
1	2010-11	21 October, 2018
2	2011-12	27 October, 2019

Shareholders who have not encashed their Dividend Warrants issued in respect of dividend declared for the years 2010-11 and 2011-12 are requested to write to the Regd. Office of the Company in order to enable the Company to proceed with their requests in case the Dividend Warrants remain unencashed.

SPECIFIC ATTENTION OF SHAREHOLDERS

Sub: Furnishing of e-mail ID

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

Shareholders in

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

Electronic / Demat Mode: E-mail ID be furnished to the DP with whom demat account has been opened and not to the Company/ RTA. The Company / RTA cannot act on e-mail IDs received directly from the members holding shares in Demat Mode for registration of e-mail IDs.

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 :

Sri P Narendranath Chowdary has been the Director of the Company since 8.8.1996. He is a Graduate in Faculty of Science. He joined The Andhra Sugars Limited (Promoter of the Company) as a Director in the year 1968 and was subsequently elevated as Whole-time Director in 1976, Joint Managing Director in 1983 and Managing Director in 2012. He looks after day-to-day affairs of chemical complexes at Kovvur and Saggonda. Under his dynamic leadership, The Andhra Sugars Limited received an award for Best Energy Conservation in the Chloro-Alkali Industry instituted by Department of Power, Government of India. He is the Managing Trustee of Sree Pendyala Venkata Krishna Rangaraya Memorial Trust, Dommeru, which has been engaging in laudable service of spreading education among the rural population in West Godavari District.

Other Directorships held:

Managing Director - The Andhra Sugars Ltd.; Chairman - Sree Akkamamba Textiles Ltd., JOCIL Ltd., The Andhra Farm Chemicals Corpn. Ltd., and Hindustan Allied Chemicals Ltd. Director - Sree Satyanarayana Spinning Mills Ltd., and A.P. Gas Power Corpn. Ltd.

Other Committeeships held:

Member - Shareholders / Investors Grievance Committee, The Andhra Sugars Ltd.; Share Transfer & Shareholders / Investors Grievances Committee, JOCIL Ltd.; Managerial Remuneration Committee, Shareholders' Grievance Committee, Sree Satyanarayana Spinning Mills Ltd., Chairman - Shareholders / Investors Grievance Committee, Sree Akkamamba Textiles Ltd.

He holds 4,216 Equity Shares in the Company.

Sri Mullapudi Thimmaraja has been the Director on the Board since 7.11.1992. He is a Graduate in Chemical Engineering. He did his Post Graduation in Business Administration from the University of Florida, U.S.A. For more than two decades he has been the Whole-time Director of the Promoter Company The Andhra Sugars Ltd., a multi-product and multi-division company manufacturing Sugar and wide range of Organic and Inorganic Chemicals.

The Andhra Petrochemicals Limited

Other Directorships held:

Joint Managing Director - The Andhra Sugars Ltd.; Director - JOCIL Ltd.

Other Committeeships held:

Member - Audit Committee and Shareholders / Investors Grievances Committee, JOCIL Ltd.; Shareholders / Investors Grievances Committee, The Andhra Sugars Ltd.

He holds 1,630 Equity Shares in the Company.

ANNEXURE TO NOTICE

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

ITEM NO.5:

On the recommendation of Audit Committee at its meeting held on 23.5.2017, the Board has considered and approved appointment of M/s Narasimha Murthy & Co., Cost Accountants, for the conduct of the cost audit of the Company at a remuneration of Rs.1,10,000/- plus service tax as applicable and reimbursement of actual travel and out-of-pocket expenses for the Financial Year 2017-18.

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 has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out in Item No.5 of the Notice for ratification of the remuneration payable to the Cost Auditors for the Financial Year 2017-18. Your Board recommends necessary Resolution for your approval.

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

ITEM NO.6:

Sri Siddharth Jain, I.A.S., did his Graduation in Geology. Earlier he worked as Project Director, Outer Ring Road, Hyderabad; Collector and District Magistrate, Khammam and West Godavari Districts.

Other Directorships held:

Vice Chairman & Managing Director - Andhra Pradesh Industrial Development Corporation Ltd.

Other Committeeships held: NIL

Board of Directors appointed him as Additional Director from 5.8.2017. He holds office upto the date of 33rd AGM. Company has received a notice in writing from a Member by complying with the provisions of Section 160 of the Companies Act, 2013 signifying its intention to propose Sri Siddharth Jain, I.A.S., a candidate for the office of Director. His appointment would be beneficial to the Company. Your Board therefore recommends necessary Resolution for your approval.

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

ITEM NO.7:

Dr. V N Rao holds M.Tech (Chemical Engineering) and Ph.D. (Chemical Engineering) both from IIT, Chennai. Earlier he worked in Coromandel Fertilisers Ltd., Visakhapatnam; Zuari Agrochemicals Ltd., Goa and Tata Chemicals Ltd., Mithapur. He also worked as Consultant and carried out various consultancy assignments both technical and managerial in the fields of chemicals, petrochemicals, cement and refractories etc.

Other Directorships held:

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

Other Committeeships held:

Member - Audit Committee of APGPCL

He joined the Company in the year 1995 as Vice-President (Technical). He was later elevated as Chief Executive. He retired on 25.10.2016 as Chief Executive & Chief Operating Officer of the Company

Board of Directors appointed him as Additional Director from 26.10.2016. He holds office upto the date of 33rd AGM. Company has received a notice in writing from a Member by complying with the provisions of Section 160 of the Companies Act, 2013 signifying his intention to propose Dr. V N Rao a candidate for the office of Director. His appointment would be beneficial to the Company. Your Board therefore recommends necessary Resolution for your approval.

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

**Vijayawada
5.8.2017**

**By Order of the Board
Dr. B B RAMAIAH
Managing Director**

Registered Office:
Venkatarayapuram
TANUKU - 534 215
Andhra Pradesh

ENCLOSURE TO NOTICE:

Pursuant to provisions of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Company is pleased to offer e-voting facility to the members to cast their votes electronically as an alternative to participation at the Annual General Meeting (AGM) to be held on Wednesday, the 27th September, 2017 at 3 p.m. at the Regd. Office of the Company. The Company has engaged the services of Central Depository Services (India) Limited ("CDSL") to provide e-voting facility.

Sri Nekkanti S R V 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 our website www.andhrapetrochemicals.com

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 24th September, 2017 from 9 a.m. and ends on 26th September, 2017 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 20th September, 2017 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

E-voting particulars are given in the Proxy Form.

- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
- For CDSL: 16 digits beneficiary ID,
 - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details or Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <The Andhra Petrochemicals Ltd.,> on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

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- (xvii) If a demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) Note for Non - Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. , other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - 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 and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Thirty Third Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2017.

CORPORATE OVERVIEW:

Your Company is the sole manufacturer of Oxo-Alcohols in India. The Oxo-Alcohols consist of the products viz., 2 Ethyl Hexanol, Normal Butanol and Iso Butanol. Your Company is an associate of The Andhra Sugars Ltd., and has its Regd. Office at Venkatarayapuram, Tanuku.

FINANCIAL RESULTS:

Performance of the Company for the Financial Year ended 31st March, 2017 is summarised below:

(Rs. in Lakhs)

	2016-17	2015-16
Net Sales (excl. Excise Duty)	32889.89	33408.75
Profit / (Loss) before Interest & Depreciation	1486.90	(1001.73)
Less: Interest	1558.07	1337.70
Depreciation	903.61	985.75
Profit / (Loss) after Interest and Depreciation before Extra-ordinary item	(974.78)	(3325.18)
Exceptional items	(115.69)	694.75
Profit / (Loss) before Tax	(1090.47)	(2630.43)
Provision for:		
Current Tax for earlier years	--	2.15
Deferred Tax	(354.39)	(264.66)
Profit / (Loss) after Taxation	(736.08)	(2367.92)
Other Comprehensive Income	350.44	(618.15)
Total Comprehensive Income for the period (Net Loss)	(385.59)	(2986.07)
Balance brought forward from previous year	299.77	3285.84
Profit carried forward to next year	(85.82)	299.97

OPERATIONAL AND FINANCIAL PERFORMANCE:

During the Financial Year 2016-17, the Plant produced 60,021 MTs (previous year 57,348 MTs), total Alcohols which works out to 83% (approx.) capacity utilization. Sales during the year were 58,254 MTs (previous year 57,245 MTs). Company had incurred a Net Loss of Rs.3.86 crores during the current Financial Year 2016-17 as compared to Rs.29.86 crores Net Loss incurred during the previous year. Details are given in Audited, unqualified Financial Statements forming part of this Report.

DIVIDEND:

Due to loss incurred during the year under report, your Directors are unable to recommend any dividend for the Financial Year 2016-17.

CAPITAL & RESERVES:

Authorised and Paid-up Capital:

The Authorised Capital of the Company is Rs.125 crores and the Paid-up Capital is Rs.84.97 crores.

Reserves:

The total Reserves position as on 31.3.2017 stood at Rs.28.50 crores against Rs. 32.36 crores in the previous year.

MANAGEMENT DISCUSSION AND ANALYSIS:

INDUSTRY STRUCTURE AND DEVELOPMENTS:

The year 2016-17 was difficult for your company, in view of the supply exceeding demand, in international market, resulting in dumping of Oxo-Alcohols into India in high quantities and at low prices. Dumping at low prices impacted the Plant operations. To address this injury, Company filed petition for Anti-Dumping Duty on Normal Butanol and Acyclic Alcohols.

For the year company posted net loss of Rs. 3.86 crores mainly on account of external factors beyond the control of the company.

OPPORTUNITIES AND THREATS:

Estimated demand of Oxo-Alcohols at 2,20,000 MTPA, with healthy growth rate of 8% to 10% per annum, in general, is a good opportunity for the Company with existing capacity of 80,000 MTPA, considering the huge demand-supply gap in the country. As such there are no constraints in the Company's production capability with Hindustan Petroleum Corporation Limited (HPCL) able to meet full Propylene requirement. Sales realization is also expected to improve over time, firstly on account of Anti-Dumping Duties imposed by Govt. of India on imports from certain countries and secondly fructifying Company's efforts of bringing certain other countries and products in this fold, though it may take some time. This appears to be some positive development for the Company.

However, downturn in product price scenario internationally and dumping of the products and currency fluctuations may impact the Company's performance and recovery process to some extent.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

As required by the provisions of Companies Act, 2013, Internal Control Systems Report has been appended to Independent Auditor's Report given by Statutory Auditors regarding Financial Year 2016-17. The Company has internal control systems commensurate with the size of the business operations. A Chartered Accountancy 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:

As far as the Human Resources is concerned, the employees are being trained to meet the Plant requirements from time to time by motivating them in a positive way. Industrial relations continue to be cordial throughout the year.

The total number of employees employed as on 31.3.2017 is 291.

FUTURE OUTLOOK:

Company's performance capability is expected to be good as the Propylene supply from HPCL got normalised. However, 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 from the sources other than that covered by Anti-Dumping Duty.

RISKS AND CONCERNS:

The Company is depending for its major raw material, i.e., Propylene from a single source, HPCL refinery. However, the risk is built in the project evaluation. Crude prices, exchange rate fluctuations and political instability in the Gulf area are of major concerns.

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:

Safety:

- Company has achieved 11 million accident-free man hours in the last 8 years.
- Company has received the following Safety Awards:
Silver Trophy (Runners up) in achieving accident-free year - 2014 in National Safety Awards (NSA) presented by Directorate General Factory Advice Services & Labour Institute (DGFASLI), Govt. of India on 17.09.2016
- Factory department conducted Safety Audit in May, 2016 at the Company's Plant and certified "A" - Grade Safety Systems (Securing 95% points) in the Plant
- 6,500 training man hours have been organised for employees including contract workmen for induction as well as refresher training
- Safety of Human and Plant Assets are of 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.

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Environment:

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

INSURANCE:

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

LISTING:

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

EXTRACT OF ANNUAL RETURN:

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

DIRECTORS:

During the year under report APIDC withdrew the nomination of Sri Shamsher Singh Rawat, I.A.S., Sri B Sreedhar, I.A.S., and Sri Kartikeya Misra, I.A.S., as its Nominee Directors. Your Directors place on record their warm appreciation for the valuable guidance rendered by them during their tenure as Directors of the Company.

Sri Siddharth Jain, I.A.S., Nominee of APIDC, has been co-opted by the Board at the Board Meeting held on 5.8.2017 as Additional Director. His appointment is being placed for the approval of the Shareholders at the ensuing 33rd AGM.

The appointment of Dr. V N Rao, as Director of the Company, who was co-opted by the Board Meeting held on 26.10.2016. His appointment is being placed for the approval of the shareholders at the ensuing 33rd AGM.

IDBI Bank Ltd., nominated Sri Animesh Kumar Sinha as its Nominee Director on the Board of the Company from 5.4.2016.

Independent Directors, viz., Sri M R B Punja, Sri A A Krishnan, Sri Surinder Kumar Kapoor and Smt. D Manjulatha have given declarations at the first meeting of the Board of Directors held during the Financial Year 2017-18 (i.e., on 23.5.2017) that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013.

In accordance with the provisions of the Companies Act, 2013 and Articles of Association of the Company, Directors Sri P Narendranath Chowdary and Sri Mullapudi Thimmaraja retire by rotation at the ensuing 33rd AGM and being eligible offer themselves for reappointment.

KEY MANAGERIAL PERSONNEL:

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

Sl No.	Name of the person	Designation
1.	Dr. V N Rao (upto 25.10.2016)	Chief Executive & Chief Operating Officer
2.	Sri K Narasappa (w.e.f., 23.5.2017)	President
3.	Sri P Ratna Rao	General Manager (Finance)

AUDIT COMMITTEE:

Audit Committee comprises of Sri A A Krishnan, Non-Executive Independent Director, as Chairman and Sri M R B Punja, Sri Surinder Kumar Kapoor, Non-Executive Independent Directors, and Sri Ravi Pendyala, Non-Executive Non-Independent Director, as its members.

SECRETARIAL AUDIT:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and rules made thereunder, the Company has appointed D Hanumanta Raju & Co., Practising Company Secretaries (CP No.7824), Hyderabad, to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is included as **(Annexure - "B")** and forms an integral part of this report. With regard to the observations in the Secretarial Audit Report, steps have been taken to appoint Company Secretary for which advertisement was issued twice. In the absence of the Company Secretary, who is Compliance Officer, certification of the required Certificate could not be made. No material events occurred since the date of finalisation of Financial Statements to the date of Report. Clerical errors have been rectified.

BOARD EVALUATION:

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

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

The 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 2016-17 are given in the Corporate Governance Report which forms part of this report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS BY THE COMPANY:

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

WHISTLE BLOWER POLICY:

As per the provisions of the Companies Act, 2013 and Securities & Exchange of India (Listing Obligations and Disclosure Requirements)

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Regulations, 2015, your Company has established a Vigil Mechanism / Whistle Blower Policy for Directors and employees to report genuine concerns (unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct) in prescribed manner.

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

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

RISK MANAGEMENT:

Your Board of Directors at its Meeting held on 27.3.2015 framed and adopted a Risk Management Policy of the Company to identify and mitigate the risks. The risk management framework defines the risk management approach of the Company and includes periodic review of such risks and also risk mitigation measures and reporting mechanism of such risks. Risk Management Policy of your Company can be viewed by entering the url [http://www.andhrapetrochemicals.com/POLICY ON CORPORATE RISK MANAGEMENT.pdf](http://www.andhrapetrochemicals.com/POLICY%20ON%20CORPORATE%20RISK%20MANAGEMENT.pdf) in the web browser.

CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE:

For details of CSR Committee composition, please refer Corporate Governance section of this report.

As per the provisions of Schedule VII of the Companies Act, 2013 and Company's CSR Policy, as there is no average net profit for the three immediately preceding Financial Years, the Company is not required to incur CSR expenditure for the Financial Year 2016-17. The report on CSR activities as required under Companies (CSR Policy) Rules, 2014 is set out as **Annexure - "C"** forming part of this report.

NOMINATION AND REMUNERATION COMMITTEE:

Nomination and Remuneration Committee comprises of Sri Surinder Kumar Kapoor, Sri M R B Punja and Sri P Narendranath Chowdary as its members. Sri Surinder Kumar Kapoor is the Chairman of the Committee.

NOMINATION AND REMUNERATION POLICY:

The Board of Directors of your Company has, on recommendation of the Nomination & Remuneration Committee, adopted a Nomination & Remuneration Policy which lays down the framework in relation to the criteria for selection and appointment of Board members and remuneration of Directors / Key Managerial Personnel and Senior Management of the Company. This Policy can be accessed on the Company's website at the link: [http://www.andhrapetrochemicals.com/NOMINATION REMUNERATION POLICY.pdf](http://www.andhrapetrochemicals.com/NOMINATION%20REMUNERATION%20POLICY.pdf).

AUDITORS:

M/s C V Ramana Rao & Co., Chartered Accountants, Visakhapatnam, have been appointed as new Statutory Auditors of the Company for the five Financial Years 2017-18, 2018-19, 2019-20, 2020-21 and 2021-22. Their appointment and fixation of remuneration is being placed at the ensuing 33rd AGM for the approval of members.

COST AUDITORS:

M/s Narasimha Murthy & Co., Cost Accountants, Hyderabad, were appointed as Cost Auditors of the Company for the year ended 31st March, 2017. Cost Auditors' Report in respect of Financial Year 2015-16 has been filed with the Ministry of Corporate Affairs on 26th August, 2016 i.e., within the stipulated time.

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:

BAL column redundant overhead shell and tube condenser (E 142) was modified and connected to 2-EH Plant aldol system as stand by to existing EPA PHE coolers to improve on-stream factor and productivity, whenever EPA PHE cooler gets fouled or taken for cleaning/maintenance.

Earlier 2-EH Plant load had to be reduced to clean EPA PHE. Now with this modification, Plant can be operated on normal load, without reducing load.

2. Steps taken by the Company for utilising alternative sources of energy:

Company could not take up any steps in this regard due to poor financial position.

3. Capital Investment on energy conservation equipments: Rs.50,000/-.

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 100% load.

b) Imported Technology: NIL

c) Expenditure incurred on R & D: NIL

III) Foreign Exchange earning and outgo: (On cash basis)

(Rs. in lakhs)

	For the year ended 31.3.2017	For the year ended 31.3.2016
i. Earnings	--	--
ii. Outgo	425.51	541.02

PARTICULARS OF EMPLOYEES:

Statement of particulars of employees of the Company as required under Section 197 (12) of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forming part of this report is annexed hereto (**Annexure-"D"**).

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Employee mentioned in the said Annexure is not a relative of any Director of the Company. 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, 2017, out of the total number of 8,49,71,600 Equity Shares, 7,72,01,238 Equity Shares (constituting 90.86%) stand dematerialised.

RELATED PARTY TRANSACTIONS:

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

The Policy on Related Party Transactions as approved by the Board of Directors is available on the website of the Company. The weblink of the same is http://www.andhrapetrochemicals.com/POLICY_ON_RELATED_PARTY_TRANSACTIONS.pdf.

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

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

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

Your Company has in place a Prevention of Sexual Harassment Policy in line with the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee (ICC) was set up to redress complaints received regarding sexual harassment. During the year 2016-17, there were no complaints received by the ICC.

PARTICULARS OF REMUNERATION:

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

- (a) the ratio of the remuneration of each director to the median remuneration of the employees of the company for the Financial Year:
Our Directors draw remuneration only by way of sitting fees. The details of the same are provided in Corporate Governance which forms an Annexure to this report. No other remuneration is drawn by them including the Managing Director. 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:

There is no change in sitting fee during the current Financial Year. Other details are as follows:

Name of the Person	% increase in remuneration
Dr. V N Rao, Chief Executive & Chief Operating Officer (Upto 25.10.2016)	--
Sri P Ratna Rao, General Manager (Finance)	9.85%

- (c) the percentage increase in the median remuneration of employees in the Financial Year : 4.05%
- (d) the number of permanent employees on the rolls of Company: 291
- (e) the explanation on the relationship between average increase in remuneration and Company performance;
On an average, employees received an increase of 4.05%. The increase in remuneration is in line with the market trends. The increased percentage in the median remuneration compared to previous year is increased due to increase in number of employees during the Financial Year 2016-17. A direct co-relation of employee remuneration and Company performance as envisaged in the rules is not feasible considering the qualitative factors involved in measuring performance.
- (f) comparison of the remuneration of the Key Managerial Personnel against the performance of the Company:

Particulars	Rs. in lakhs
Remuneration of Key Managerial Personnel (KMP) during Financial Year 2016-17 (aggregated)	113.24
Revenue from operations	37249.50
Remuneration (as % of revenue)	0.30%

- (g) variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current Financial Year and previous Financial Year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the networth of the Company as at the close of the current Financial Year and previous Financial Year:

Particulars	Unit	As at 31 st March, 2017	As at 31 st March, 2016	Variation
Closing rate of share at BSE	Rs.	25.45	11.05	130.32%
EPS (Consolidated)	Rs.	(0.87)	(2.83)	(69.26%)
Market capitalisation	Rs./lakh	21625.27	9389.36	130.32%
Price Earnings ratio	Ratio	(29.25)	(3.90)	25.35%

Percentage in bracket represents negative percentage

- (h) 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 2016-17 was 4.05%. Percentage increase in the managerial remuneration for the year was NIL.

- (i) Comparison of each remuneration of the Key Managerial Personnel against the performance of the Company

Particulars	Chief Executive Officer (Upto 25.10.2016)	Chief Financial Officer
	Rs. in lakhs	Rs. in lakhs
Remuneration	88.01	25.23
Revenue	37249.50	37249.50
Remuneration (as % of revenue)	0.24%	0.07%

- (j) the key parameters for any variable component of remuneration availed by the Directors: Not applicable as Directors do not draw any remuneration except by way of sitting fees.

- (k) the ratio of the remuneration of the highest paid Director to that of the employees who are not directors but receive remuneration in excess of the highest paid Director during the year:

Not applicable as Directors' remuneration consists of only sitting fees.

- (l) 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.

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, 2017, 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, 2017 and of the loss of the Company for the year ended on that date;
- iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the annual accounts have been prepared on a going concern basis;
- v) that the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- vi) that the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

REPORT ON CORPORATE GOVERNANCE:

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

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, Shareholders, Customers, HPCL, GAIL and other Suppliers. Your Directors also wish to place on record their deep sense of appreciation of the valuable contribution made by the employees at all levels.

Vijayawada
5.8.2017

On behalf of the Board
M R B Punja
Chairman

ANNEXURE - "A"

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31/03/2017 of THE ANDHRA PETROCHEMICALS LIMITED

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

I. REGISTRATION AND OTHER DETAILS:

1 CIN : L23209AP1984PLC004635
 2 Registration Date : 18/04/1984
 3 Name of the Company : The Andhra Petrochemicals Ltd
 4 Category / sub category of the Company : Company limited by shares / Indian Non-govt. Company
 5 Address of the Regd Office and contact details : VENKATARAYAPURAM, TANUKU 534215

West Godavari District, Andhra Pradesh
 Tel: 08819-224075

6 Whether listed Company : Yes
 7 Name, address & contact details of the Register and Transfer Agent, if any
 XL Softech Systems Ltd.,
 3, Sagar Society, Road No.2
 Banjara Hills, HYDERABAD 500034
 Tel: 040-23545913 / 914 /915

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

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

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

IV. SHARE HOLDING PATTERN

(Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year 1.4.2016				No. of Shares held at the end of the year 31.3.2017				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter s									
(1) Indian									
a) Individual/ HUF	--	--	--	--	--	--	--	--	--
b) Central Govt	--	--	--	--	--	--	--	--	--
c) State Govt(s)	--	--	--	--	--	--	--	--	--
d) Bodies Corp.	38274594	5800	38280394	45.05	38274594	5800	38280394	45.05	0
e) Banks / FI	--	--	--	--	--	--	--	--	--
f) Any other	--	--	--	--	--	--	--	--	--
Sub Total (A)(1)	38274594	5800	38280394	45.05	38274594	5800	38280394	45.05	0
(2) Foreign	--	--	--	--	--	--	--	--	--
a) NRIs - Individuals	--	--	--	--	--	--	--	--	--
b) Other - Individuals	--	--	--	--	--	--	--	--	--
c) Bodies corporate	--	--	--	--	--	--	--	--	--
d) Banks / FI	--	--	--	--	--	--	--	--	--
e) Any other	--	--	--	--	--	--	--	--	--
Sub Total (A)(2)	--	--	--	--	--	--	--	--	--
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	38274594	5800	38280394	45.05	38274594	5800	38280394	45.05	0

The Andhra Petrochemicals Limited

Category of Shareholders	No. of Shares held at the beginning of the year 1.4.2016				No. of Shares held at the end of the year 31.3.2017				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds UTI includes	--	33200	33200	0.04	--	33200	33200	0.04	0
b) Banks / FI	400	437	837	0	--	437	437	0	0
c) Central Govt	--	--	--	--	--	--	--	--	--
d) State Govt(s)	1000	--	1000	0	1000	--	1000	0	0
e) Venture Capital Funds	--	--	--	--	--	--	--	--	--
f) Insurance Companies	--	--	--	--	--	--	--	--	--
g) FIs	--	11500	11500	0.01	--	11500	11500	0.01	0
h) Foreign Venture Capital Funds	--	--	--	--	--	--	--	--	--
i) Others (specify)	--	--	--	--	--	--	--	--	--
Sub-total (B)(1):-	1400	45137	46537	0.05	1000	45137	46137	0.05	0
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	5675821	93125	5768946	6.79	5002452	71025	5073477	5.97	-0.82
ii) Overseas	--	--	--	--	--	--	--	--	--
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	17538352	7416100	24954452	29.37	15186753	7275203	22461956	26.43	-2.94
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	10840623	51963	10892586	12.82	14149648	51963	14201611	16.71	3.89
NRI	391037	4800	395837	0.47	432537	4800	437337	0.51	0.04
Clearing Members	50526	--	50526	0.06	53360	--	53360	0.06	0
HUF	1491544	5191	1496735	1.76	1326550	5191	1331741	1.57	-0.19
Trusts	5301	200	5501	0.01	5301	200	5501	0.01	0
Directors&their relatives	2769043	311043	3080086	3.62	2769043	311043	3080086	3.62	0
c) Others (specify)	--	--	--	--	--	--	--	--	--
Sub-total (B)(2):-	38762247	7882422	46644669	54.90	38925644	7719425	46645069	54.89	-0.01
Total Public Shareholding (B)=(B)(1)+ (B)(2)	38763647	7927559	46691206	54.95	38926644	7764562	46691206	54.95	0
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	77038241	7933359	84971600	100	77201238	7770362	84971600	100	

The Andhra Petrochemicals Limited

ii. Shareholding of Promoters

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

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

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

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

Sl No.	Name of the top 10 shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	KLJ Plasticizers Ltd.	2113206	2.49	1985511	2.34
2	Sri Bolla Ramesh Kumar	1615708	1.90	1615708	1.90
#3	Sri Rajender Prasad Gupta	811071	0.95	---	---
4	Sri Kanhaiya Lal Jain	1130938	1.33	1130938	1.33
5	Sri Pushp Jain	826340	0.97	826340	0.97
6	Bhadani Financers (P) Ltd.	561920	0.66	561920	0.66
7	Subhbjay Trade Comm Pvt Ltd.	497293	0.59	497293	0.59
8	Sri Uday Ananth Nayak	501786	0.59	667286	0.79
9	Sri Mangilal Sethia	376221	0.44	364370	0.43
#10	Sri Hemanth Dhandapani	406762	0.48	---	---
*11	Sri Lakshminarayanan T	--	--	5003948	5.89
*12	Sri Arpana Niteen Jadhav	--	--	500000	0.59

Ceased to be top ten shareholder at the end of the year

* Became top ten shareholder at the end of the year

v. **Shareholding of Directors and Key Managerial Personnel:**

Sl No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	Sri M R B Punja, Chairman				
	At the beginning of the year	0	0.00	0	0.00
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): At the End of the year	0 0	0 0.00	0 0	0 0.00
2	Dr B B Ramaiah, Managing Director				
	At the beginning of the year	1222810	1.44	0	0.00
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): At the End of the year	0 1222810	0 1.44	0 0	0 0.00
3	Sri A A Krishnan, Director				
	At the beginning of the year	0	0	0	0
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): At the End of the year	0 0	0 0	0 0	0 0
4	Sri Surinder Kumar Kapoor, Director				
	At the beginning of the year	0	0	0	0
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): At the End of the year	0 0	0 0	0 0	0 0
5	Sri P Narendranath Chowdary, Director				
	At the beginning of the year	4216	0.00	0	0.00
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): At the End of the year	0 4216	0 0.00	0 0	0 0.00

The Andhra Petrochemicals Limited

Sl No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
6	Sri Mullapudi Thimmaraja, Director				
	At the beginning of the year	1630	0.00	0	0.00
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): At the End of the year	0 1630	0 0.00	0 0	0 0.00
7	Smt Y V Anuradha, I.A.S., Director				
	At the beginning of the year	0	0	0	0
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): At the End of the year	0 0	0 0	0 0	0 0
8	Smt. D Manjulatha, Director				
	At the beginning of the year	612	0.00	0	0.00
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): At the End of the year	0 612	0 0.00	0 0	0 0.00
9	Sri Shamsher Singh Rawat, I.A.S., Director (upto 30.5.2016)				
	At the beginning of the year	0	0	0	0
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): At the End of the year	0 0	0 0	0 0	0 0
10	Sri Ravi Pendyala, Director				
	At the beginning of the year	1020	0.00	0	0.00
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): At the End of the year	0 1020	0 0.00	0 0	0 0.00
11	Dr. V N Rao, (KMP upto 25.10.2016 and Director from 26.10.2016)				
	At the beginning of the year	0	0	0	0
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): At the End of the year	0 0	0 0	0 0	0 0
12	Sri Karthikeya Misra, I.A.S., Director (from 26.10.2016)				
	At the beginning of the year	0	0.00	0	0.00
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): At the End of the year	0 0	0 0.00	0 0	0 0.00
13	Sri Animesh Kumar Sinha, Director (from 5.4.2016)				
	At the beginning of the year	0	0.00	0	0.00
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): At the End of the year	0 0	0 0.00	0 0	0 0.00
14	Sri P Ratna Rao, General Manager (Finance), KMP				
	At the beginning of the year	0	0	0	0
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): At the End of the year	0 0	0 0	0 0	0 0

V. INDEBTEDNESS

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

(Rs. In lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	7824.85	1500	--	9324.85
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	16.82	--	--	16.82
Total (i+ii+iii)	7841.67	1500	--	9341.67
Change in Indebtedness during the financial year				
* Addition	1173.59	5000	--	6173.59
* Reduction	1889.30	2500	--	4389.30
Net Change	-715.71	2500	--	1784.29
Indebtedness at the end of the financial year				
i) Principal Amount	7113.82	4000	--	11113.82
ii) Interest due but not paid	0	--	--	--
iii) Interest accrued but not due	12.14	--	--	12.14
Total (i+ii+iii)	7125.96	4000	--	11125.96

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Rs.)

Sl No.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
		Dr B B Ramaiah, Managing Director	--	--	--	
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	NIL			NIL	
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961					
	(c) Profits in lieu of salary under section 17(3) of the Income- tax Act, 1961					
2	Stock Option					
3	Sweat Equity					
4	"Commission"- as % of profit"- others, specify..."					
5	Others, please specify					
	Total (A)	NIL			NIL	
	Ceiling as per the Act				4200000	

The Andhra Petrochemicals Limited

B. Remuneration to other Directors:

(Rs.)

Sl No.	Particulars of Remuneration	Name of Director						Total Amount
		Sri M R B Punja	Sri A A Krishnan	Sri S K Kapoor	Dr (Smt) D Manjulatha			
1	Independent Directors							
	Fee for attending board / committee meetings	120000	70000	120000	30000			340000
	Commission	0	0	0	0			0
	Others, please specify	0	0	0	0			0
	Total (1)	120000	70000	120000	30000			340000
2	Other Non-Executive Directors	Smt Y V Anuradha	Sri Animesh Kumar Sinha	Sri Ravi Pendyala	Dr V N Rao	Sri P Narendranath Chowdary	Sri Mullapudi Thimmaraja	
	Fee for attending board / committee meetings	20000	30000	120000	20000	0	0	190000
	Commission	0	0	0	0	0	0	0
	Others, please specify	0	0	0	0	0	0	0
	Total (2)	20000	30000	120000	20000	0	0	190000
	Total (B)=(1+2)							530000
	Total Managerial Remuneration							530000
	Overall Ceiling as per the Act							4200000

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

(Rs.)

Sl No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO (upto 25.10.2016)	Company Secretary	CFO	Total
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	8702158	0	2523348	11225506
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	99142	0	0	99142
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961				
2	Stock Option				
3	Sweat Equity				
4	Commission				
	- as % of profit				
	others, specify...				
5	Others, please specify				
	Total	8801300	0	2523348	11324648

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

(Rs.)

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY		NIL			
Penalty					
Punishment					
Compounding					
B. DIRECTORS		NIL			
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT		NIL			
Penalty					
Punishment					
Compounding					

Annexure - "B"

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2017

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

To

The Members,
THE ANDHRA PETROCHEMICALS LIMITED
VENKATARAYAPURAM, TANUKU,
WEST GODAVARI DIST.
ANDHRA PRADESH - 534 215

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 our opinion thereon.

Based on our verification of the company'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 March 31, 2017, 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 March 31, 2017 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 there under.
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment.
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (Not applicable to the Company during the period of audit);
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 ;(Not applicable to the Company during the period of audit); and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;(Not applicable to the Company during the period of audit)
 - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

The Andhra Petrochemicals Limited

(vi) Other laws specifically applicable to the company include:

- A. Water (Prevention and control of Pollution) Act, 1974
- B. Air (Prevention and control of Pollution) Act, 1981
- C. Boilers Act, 1923
- D. Explosives Act, 1884

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) The Listing Agreements entered into by the Company with BSE Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except the following:

1. The Company has not appointed "Company Secretary" and the "Compliance Officer" as required under Section 203(1) of the Companies Act, 2013 read with Rule 8 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 6(1) of SEBI (LODR) Regulations, 2015.
2. The Company has not filed "Compliance Certificate" with Stock Exchange as required under Regulation 7(3) of SEBI (LODR) Regulations, 2015 for the half year ended 31.03.2016 and 30.09.2016 which has to be filed in the month of April, 2016 and October, 2016 respectively.
3. The Company has not disclosed "Material Changes and commitments, if any, affecting the financial positions of the company which have occurred between the end of the financial year of the company to which the Financial Statements relate and the date of the report", as required under Section 134(3) (l) of the Companies Act, 2013.
4. The Company has not followed all the provisions of Secretarial Standards, with regard to few Board and Committee Meeting Minutes. We further report that

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

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

Decisions at the Board Meetings are carried out unanimously as recorded in the Minutes.

We further report that 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 the company has no specific events / actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

Place: Hyderabad

Date : 5.8.2017

for D. HANUMANTA RAJU & CO

COMPANY SECRETARIES

CS Shaik Razia

PARTNER

FCS: 7122, CP NO: 7824

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,
WEST GODAVARI DIST.
ANDHRA PRADESH-534 215

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. Where ever 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 and with which the management has conducted the affairs of the company.

Place: Hyderabad

Date : 5.8.2017

for D. HANUMANTA RAJU & CO

COMPANY SECRETARIES

CS Shaik Razia

PARTNER

FCS: 7122, CP NO: 7824

ANNEXURE - "C"

CSR Activities:

1. A brief outline of the Company's CSR Policy including over view of the projects or programmes proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programmes:

The CSR Policy was approved by the Board of Directors at its Meeting held on 20.7.2014 and has been uploaded on the Company's website. The web-link is <http://www.andhrapetrochemicals.com/csr policy.pdf>

2. The Composition of the CSR Committee:

Presently, Corporate Social Responsibility (CSR) Committee comprises the following Directors viz., Dr. B B Ramaiah, Managing Director, as Chairman of the Committee with Sri A A Krishnan and Sri P Narendranath Chowdary as its Members.

3. Average Net Profit of the Company for the last three Financial Years:

There is no average net profit for the last 3 years.

4. Prescribed CSR expenditure (2% of the amount as in Item No. 3 above)

The Company is not required to incur CSR expenditure for the Financial Year 2016-17

5. Details of CSR expenditure incurred during the Financial Year

- a) Total amount to be spent for the Financial Year: NIL
- b) Amount unspent if any: Not Applicable
- c) Manner in which the amount was spent during the Financial Year: Not Applicable

Sl No.	CSR project or activity identified	Sector in which the project is covered	Projects or programmes (1) Local area or other (2) Specify the State and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects programs sub-heads: (1) Direct expenditure on projects (2) overheads	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through implementing agency
TOTAL							
Not Applicable							

6. **Reasons for Unspent:** Not Applicable

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

Date: 5.8.2017		
RESPONSIBILITY STATEMENT		
We confirm that the implementation and monitoring of Corporate Social Responsibility (CSR) Policy is in compliance with CSR objectives and Policy of the Company.		
<table style="width: 100%;"> <tr> <td style="width: 50%; text-align: center;"> Sd/- (P. Ratna Rao) General Manager (Finance) </td> <td style="width: 50%; text-align: center;"> Sd/- (Dr. B B Ramaiah) Chairman of CSR Committee </td> </tr> </table>	Sd/- (P. Ratna Rao) General Manager (Finance)	Sd/- (Dr. B B Ramaiah) Chairman of CSR Committee
Sd/- (P. Ratna Rao) General Manager (Finance)	Sd/- (Dr. B B Ramaiah) Chairman of CSR Committee	

ANNEXURE - "D" to the Directors' Report

Information as per Section 197(12) of the Companies Act, 2013, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report for the year ended 31st March, 2017.

Name of the employee, Designation, Qualification, Experience, Date of commencement of employment in the Company, Nature of employment - whether contractual or otherwise, Gross Remuneration, Age, Particulars of last employment, % of Equity Shares held in the Company, Whether he is relative to Director or Manager of the Company:

Dr. V N Rao, Chief Executive & Chief Operating Officer (upto 25.10.2016), B.Tech.(Chemical Engineering), M.Tech.(Chemical Engineering), IIT - Chennai: Ph.D.(Chemical Engineering), IIT - Chennai, 47 years, 4.10.1995, Contractual, Rs.88,01,300*, 75 years, Consultant, NIL, No.

*Gross Remuneration includes Salary, performance incentive, rent free accommodation, reimbursement of medical expenses, leave encashment, car with driver and group personal accident insurance premium.

Annexure 'E' 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 31.3.2017 the Board consisted of 12 Directors.
Composition and category of Directors is as follows:

Non-Executive and Independent Directors	Promoter and Executive Directors	Promoters, Non-Executive & Non-Independent Directors
Sri M R B Punja Chairman	Dr. B B Ramaiah Managing Director (Sri P Narendranath Chowdary sister's husband) *	Sri P Narendranath Chowdary (Dr. B B Ramaiah daughter's husband) *
Sri A A Krishnan		Sri Mullapudi Thimmaraja
Sri Surinder Kumar Kapoor		Smt. Y V Anuradha, I.A.S.
Dr.(Smt.) D Manjulatha		Sri Kartikeya Misra, I.A.S. (from 26.10.2016) Sri Animesh Kumar Sinha (from 5.4.2016) Sri Ravi Pendyala Dr V N Rao (from 26.10.2016)

*Indicates inter se relationship between the Directors as per Section 2 (77) of the Companies Act, 2013.

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

- c) During the Financial Year 2016-17, four Board Meetings were held.

Dates on which they were held:

- (i) 20.5.2016, (ii) 11.8.2016, (iii) 26.10.2016 and (iv) 11.2.2017

- 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	Director ship	Chairman ship	Committee Membership*	Committee Chairmanship*
Sri M R B Punja	4	No	1	None	1	None
Dr. B B Ramaiah	4	Yes	3	1	None	None
Sri P Narendranath Chowdary	4	Yes	7	4	4	1
Sri A A Krishnan	3	No	1	None	None	None
Sri Surinder Kumar Kapoor	4	Yes	None	None	None	None
Smt Y V Anuradha, I.A.S.	2	No	1	None	None	None
Sri Shamsheer Singh Rawat, I.A.S. (Upto 1.6.2016)	Nil	No	5	None	None	None
Sri B Sreedhar, I.A.S. (from 11.8.2016 to 18.10.2016)	Nil	No	3	--	--	--
Sri Kartikeya Misra, I.A.S. (w.e.f. 26.10.2016)	Nil	Not applicable	3	--	--	--
Dr.(Smt.) D Manjulatha	3	No	2	None	None	None
Sri Animesh Kumar Sinha (w.e.f., 5.4.2016)	3	No	None	None	None	None
Sri Mullapudi Thimmaraja	3	No	2	None	3	None
Sri Ravi Pendyala	4	Yes	None	None	None	None
Dr. V N Rao (w.e.f. 26.10.2016)	2	Not applicable	1	None	1	None

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

Sri A A Krishnan, Chairman of the Audit Committee, could not attend the Annual General Meeting due to unavoidable circumstances. Sri Surinder Kumar Kapoor, Member of the Audit Committee, as authorised by the Audit Committee, attended the Annual General Meeting to answer queries of the shareholders.

Information given to the Board:

The Company provides the information as set out in Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the Board and Board Committees to the extent it is applicable and relevant. Such information is submitted either as part of agenda papers in advance of the meeting or by way of presentations and disclosures during the meeting.

Post Meeting Mechanism:

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

Familiarisation Programme for Directors:

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

Independent Directors:

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

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

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

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 posted on the Company's website at the link: http://www.andhrapetrochemicals.com/CODE_OF_CONDUCT_FOR_DIRECTORS.pdf

4. Audit Committee:

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

As on 31.3.2017, the Audit Committee consists of three Non-Executive Independent Directors - (i) Sri A A Krishnan, Chairman (ii) Sri M R B Punja and (iii) Sri Surinder Kumar Kapoor and one Non-Executive, Non-Independent Director Sri Ravi Pendyala. Members of the Audit Committee have considerable experience and expertise in the field of Industrial, Financial and Corporate Business Management.

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 2016-17, four Audit Committee Meetings were held on:

(i) 20.5.2016, (ii) 11.8.2016, (iii) 26.10.2016 and (iv) 11.2.2017

Attendance of Directors at the Audit Committee Meetings:

Name of the Director	No. of Meetings attended
Sri A A Krishnan	3
Sri M R B Punja	4
Sri Surinder Kumar Kapoor	4
Sri Ravi Pendyala	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

The Andhra Petrochemicals Limited

- 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:

The Nomination and Remuneration Committee comprises three Directors. Sri Surinder Kumar Kapoor, Non-Executive Independent Director is the Chairman of the Committee. The other members are Sri M R B Punja and Sri P Narendranath Chowdary. 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.

Meeting and attendance:

The Nomination and Remuneration Committee met 4 times during the year 2016-17 on 20.5.2016, 11.8.2016, 26.10.2016 and 11.2.2017. The necessary quorum was present at all the meetings.

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

Sl. No.	Name of the Director	Position	Category	No. of meetings attended
1.	Sri Surinder Kumar Kapoor	Chairman	Non-Executive, Independent	4
2.	Sri M R B Punja	Member	-do-	4
3.	Sri P Narendranath Chowdary	Member	Non-Executive, Promoter	4

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

- i. 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
- ii. carry out evaluation of every Director's performance
- iii. formulate the criteria for determining qualifications, positive attributes and independence of a Director and
- iv. 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

- a. 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
- b. relationship of remuneration to performance is clear and meets appropriate performance bench marks and
- c. 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 2016-17.

Sri M R B Punja - Rs.1,20,000/-; Sri A A Krishnan - Rs.70,000/-; Smt. Y V Anuradha, I.A.S., - Rs.20,000/- (as she is the nominee of APIDC Ltd., sitting fees payable to her was paid to APIDC Ltd.); Sri Surinder Kumar Kapoor - Rs.1,20,000/-; Smt D Manjulatha - Rs.,30,000/-; Sri Ravi Pendyala - Rs.1,20,000/-, Sri Animesh Kumar Sinha - Rs.30,000/- (as he is the nominee of IDBI Bank Ltd., sitting fees payable to him was paid to IDBI Bank Ltd); Dr V N Rao - Rs.20,000/-. Sri P Narendranath Chowdary and Sri Mullapudi Thimmaraja, Directors, 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 31.3.2017.

Remuneration to Managing Director:

Managing Director does not draw any remuneration from the Company.

Performance Evaluation:

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

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

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

7. Subsidiaries:

The Company has no subsidiary.

8. Details of Equity Shares of the Company held by Non-Executive Directors as on 31st March, 2017:

Name of the Non-Executive Director	No. of shares of Rs.10/- each
Sri P Narendranath Chowdary	4216
Sri Mullapudi Thimmaraja	1630
Dr.(Smt.) D Manjulatha	612
Sri Ravi Pendyala	1020

9. MANAGEMENT:

Management Discussion & Analysis forms part of the Annual Report.

10. CEO/CFO CERTIFICATION:

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

11. Stakeholders Grievance / Relationship Committee:

a) Stakeholders Grievance / Relationship Committee comprises Sri P Narendranath Chowdary (Chairman of the Committee - Non-Executive Director), Sri Mullapudi Thimmaraja and Sri Ravi Pendyala 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 declared Dividend and other matters.

b) Investor complaints received and redressed during the year ended 31.3.2017:

Sl No.	Nature of Complaint	Complaints received and redressed
1	Non-receipt of dividend	12
2	Non-receipt of shares sent for transfer	4
	Total	16

12. Corporate Social Responsibility (CSR) Committee:

Pursuant to Section 135 of the Companies Act, 2013 and the Companies (CSR Rules), 2014, CSR Committee was constituted on 24.5.2014. Presently, it comprises three Directors viz., Dr. B B Ramaiah, Managing Director, is the Chairman of the Committee and Sri A A Krishnan and Sri P Narendranath Chowdary are the other members of the Committee.

The terms of reference of the CSR Committee broadly comprises:

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

Meeting and attendance:

The CSR Committee met one time during the year on 11.2.2017. The necessary quorum was present at the meeting. All the members of the Committee attended the said meeting.

The Company formulated CSR Policy which is uploaded on the website of the Company (weblink: http://www.andhrapetrochemicals.com/csr_policy.pdf)

13. Independent Directors Meeting:

Independent Directors Meeting was held on 23.5.2017 to discuss:

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

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
2014	12th September, 2014, 3:00 p.m.
2015	29th September, 2015, 3:00 p.m.
2016	29th September, 2016, 3:00 p.m.

The Andhra Petrochemicals Limited

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

Year	Subject Matter
2014	1. Supersession of Ordinary Resolution passed at the 23rd Annual General Meeting held on 6.9.2007 for according approval to the Board of Directors to borrow upto Rs.500 crores. 2. Supersession of Ordinary Resolution passed at the Extraordinary General Meeting held on 5.4.2008 for according approval to the Board of Directors for mortgaging or charging all movable / immovable properties of the Company upto Rs.192 crores.
2015	Accordinging consent to the Board of Directors to agree to the terms and conditions of sanction letter of the loans availed / proposed to be availed from the lenders with regard to their right of exercising the option of converting loans into Equity.
2016	1. Accordinging consent to the re-appointment of Dr B B Ramaiah as Managing Director, not liable to retire by rotation, for a period of 5 years with effect from 12.11.2016, without any remuneration. 2. Accordinging consent to the Board of Directors to finalise the scheme for invitation and acceptance of Fixed Deposits from the Public and Members, within limits prescribed in the Act and the overall borrowing limits of the Company, as approved by the Members, for the time being in force or any amendments made from time to time. 3. Amendment to Memorandum & Articles of Association of the Company in connection with the increase of Authorised Capital from Rs.85 crores to Rs.125 crores.

iii) Special Resolution passed through Postal Ballot and details of voting pattern:

Year	Subject Matter
2016	Accordinging consent to the Board of Directors to lease or otherwise dispose of part or whole of Oxo-Alcohols Plant at Visakhapatnam
	<p><u>Details of Voting Pattern:</u> No. of valid Postal Ballot Forms received: 45 No. of invalid Postal Ballot Forms received: 9 Total No. of votes polled: 3,95,51,760 No. of valid votes (including e-votes): 1,671 Net valid votes (including 32,455 e-votes): 3,95,50,089 Votes in favour of Special Resolution (including 29,130 e-votes): 3,95,46,784 Percentage of votes in favour: 99.99% Votes against the Special Resolution: 3,305 Percentage of votes against: 0.01%</p>
	<p><u>Person who conducted the Postal Ballot:</u> Sri Nekkanti S.R.V.V.S. Narayana M/s Nekkanti SRVVS Narayana & Co., Practising Company Secretaries, Hyderabad</p> <p><u>Procedure for Postal Ballot:</u> Procedure as prescribed under Rule 20 of the Companies (Management and Administration) Rules, 2014</p>

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. 2.34 of the Financial Statements in accordance with Indian Accounting Standard-24. A statement in summary form of transactions with related parties in the ordinary course of business and on arm's length basis, is periodically placed before the Audit Committee for review and recommendation to the Board for their ratification.

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

None of the transactions with Related Parties were in conflict with the interest of the Company. All the transactions are in the normal course of business and have no potential conflict with the interest of the Company at large and or carried out 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:

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 the last 3 years.

- iv) Whistle Blower Policy:

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

- v) Disclosure of Accounting Treatment:

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

- vi) Risk Management

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

16. Means of Communication:

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

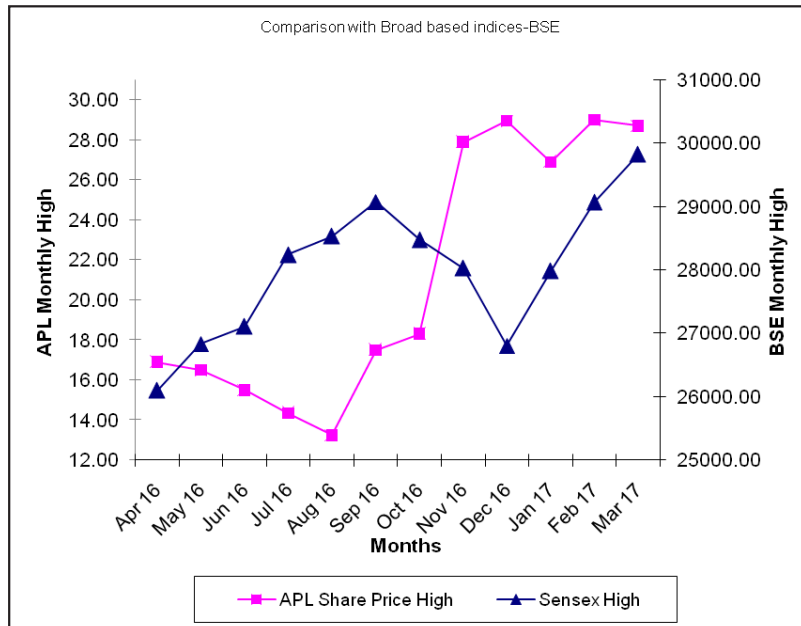
17. General Shareholder Information:

- i) Annual General Meeting
- Date and Time : Wednesday, 27th September, 2017 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, 18th September, 2017 to Wednesday, 27th September, 2017 (both days inclusive)
- iv) Listing on Stock Exchange and Stock Code : The Bombay Stock Exchange Ltd.
Physical Stock Code: 12
Demat Stock Code: 500012
ISIN: INE714B01016
- v) Market Price Data : High / low price of Company's Equity Shares quoted on The Bombay Stock Exchange Ltd., Mumbai during each month of the Financial Year 2016-17.

Month	High		Low	
	Rs.	Ps.	Rs.	Ps.
April, 2016	16.90		10.85	
May, 2016	16.50		12.20	
June, 2016	15.50		11.00	
July, 2016	14.35		12.50	
August, 2016	13.24		12.00	
September, 2016	17.49		11.57	
October, 2016	18.30		15.00	
November, 2016	27.90		16.22	
December, 2016	28.95		16.70	
January, 2017	26.90		21.10	
February, 2017	29.00		23.20	
March, 2017	28.70		23.90	

The Andhra Petrochemicals Limited

vi) Performance in comparison to BSE sensex :



vii) Registrars and Share Transfer Agent : XL Softech Systems Ltd.
 No.3, Sagar Society, Road No.2
 Banjara Hills, Hyderabad - 500 034
 Tel: 040-23545913 / 914 /915
 E-mail: xlfield@gmail.com
 xlfield@rediffmail.com

viii) Share Transfer System : Transfers of Equity Shares in physical mode are effected within the statutory time limit from the date of receipt subject to documents being valid and complete in all respects. The Company obtains through its Registrars and Share Transfer Agent from a Practising Company Secretary half-yearly certificate of compliance with the share transfer 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 31st March, 2017 :

Sl No.	Category	No. of shares	% of holding
1	Promoters, Directors, Relatives and Associate Companies	41360480	48.68
2	Financial Institutions	20600	0.02
3	Mutual Funds	12600	0.02
4	Banks	437	0.00
5	Foreign Institutional Investors	11500	0.01
6	Non-Resident Indians	437337	0.51
7	Bodies Corporate	5073477	5.97
8	Indian Public	38055169	44.79
Total		84971600	100.00

b) Distribution of shareholding as on 31st March, 2017 :

Shareholding of Nominal value of Rs.	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Upto 5000	68242	90.56	9603743	11.30
5001 to 10000	3833	5.09	3241964	3.81
10001 to 20000	1570	2.08	2460176	2.90
20001 to 30000	526	0.70	1373612	1.62
30001 to 40000	225	0.30	821904	0.97
40001 to 50000	271	0.36	1300542	1.53
50001 to 100000	359	0.48	2690761	3.17
100001 onwards	323	0.43	63478898	74.70
Total	75349	100.00	84971600	100.00

- x) As of 31st March, 2017, 7,72,01,238 shares constituting 90.86% of paid-up capital have been dematerialised.

	No. of shares	% of paid-up capital
National Securities Depository Ltd. :	4,41,72,102	51.99
Central Depository Services (India) Ltd. :	3,30,29,136	38.87
Total	7,72,01,238	90.86

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

Reconciliation of Share Capital Audit Report:

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

- xi) Plant location : Opp: Naval Dockyard
VISAKHAPATNAM - 530014
Andhra Pradesh
- xii) Address for correspondence : The Andhra Petrochemicals Limited
Venkatarayapuram, TANUKU - 534215
West Godavari District, Andhra Pradesh
Phone Nos. 08819-224075
08819-220975 (Shares Dept.)
Fax: 08819-224168
CIN: L23209AP1984PLC004635
Website: www.andhrapetrochemicals.com
E-mail: info.tnk@andhrapetrochemicals.com
investors@andhrapetrochemicals.com

B) NON-MANDATORY / DISCRETIONARY REQUIREMENTS:

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

i) Separate posts of Chairman and CEO

Sri M R B Punja is the Chairman and Dr. B B Ramaiah is the Managing Director. Dr. V N Rao is the Chief Executive & Chief Operating Officer upto 25.10.2016.

ii) Reporting of Internal Auditor

Internal Auditors directly report to the Audit Committee.

iii) Audit qualification

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

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

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

As provided in Regulation 34(3) of and Para D of Schedule V to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all Board Members and Senior Management Personnel have affirmed the compliance of the Company's Code of Conduct for the Board Members and Senior Management Personnel, as applicable, for the year ended 31st March, 2017.

Place: Vijayawada
Date: 5.8.2017

Dr. B B Ramaiah
Managing Director

The Andhra Petrochemicals Limited

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 31st March, 2017, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and paras c and d of shedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the said company with stock exchanges.

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

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

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

**Camp: Vijayawada
Date: 5.8.2017**

**For BRAHMAYYA & CO.,
Chartered Accountants
Firm Regn No. 000513S
(C. V. Ramana Rao)
Partner
Membership No.018545**

INDEPENDENT AUDITORS' REPORT

To
The Members of
The Andhra Petrochemicals Limited,
Tanuku.

Report on the Ind AS Financial Statements:

We have audited the accompanying Ind AS financial statements of **The Andhra Petrochemicals Limited, Tanuku**, which comprise the Balance Sheet as at March 31, 2017 and the Statement of Profit and Loss (including Other Comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements:

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

1. Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.
2. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.
3. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statement.

Opinion:

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31st March, 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

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 of India in terms of sub-section (11) of section 143 of the Act, we give in the **Annexure A**, a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, 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, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed 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 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 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**".
 - g) 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, in our opinion and to the best of our information and according to the explanations given to us:

The Andhra Petrochemicals Limited

- i. The Company does not have any pending litigations that would impact its financial position.
- 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.
- iv. The company has provided requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of account maintained by the Company.

**For BRAHMAYYA & CO.,
Chartered Accountants
Firm Regn No. 000513S
(C. V. Ramana Rao)
Partner
Membership No.018545**

**Camp: Hyderabad
Date: 23.05.2017**

Annexure A to the Independent Auditor's 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 2017. 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 2017 for a period of more than six months from the date they became payable.
 - b) As at 31st March 2017, 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, except the following:

Sr. No.	Name of the Statute	Nature of the Dues	Amount * (Rs. in lakhs)	Period to which the amount relates	Forum where dispute is pending
1.	The Income Tax Act, 1961.	Tax Deduction at Source	1.72	Assessment Year 2006-07	Income Tax Appellate Tribunal, Visakhapatnam.
2.	The Income Tax Act, 1961.	Income Tax	4.39	Assessment Year 2008-09	Deputy Commissioner of Income Tax, Circle - 1, Visakhapatnam.
3.	The Income Tax Act, 1961	Fringe benefit tax	2.28	Assessment Year 2008-09	Commissioner of Income Tax (Appeals), Visakhapatnam.
4.	The Income Tax Act, 1961	Tax Deduction at Source	15.68	Assessment Years 2008-09 & 2009-10	Commissioner of Income Tax (Appeals), Visakhapatnam.
5.	Central Sales Tax Act, 1956.	Central Sales Tax	1.55	Financial year 2014-15	Additional deputy commissioner of commercial taxes, Vijayawada.
6.	Central Sales Tax Act, 1956.	Central Sales Tax	4.74	Financial year 2015-16	Additional deputy commissioner of commercial taxes, Vijayawada.
7.	Central Excise Act, 1944	Ineligible cenvat credit on Service tax paid on certain services	9.60	Period from December, 2011 to September, 2015.	Commissioner of Central Excise (Appeals), Visakhapatnam.

*Net of Pre deposits made.

- viii) The Company has not defaulted in repayment of any loan installments in respect of term loans from financial institutions and banks consequent to the reschedulement of term loan installments by IDBI Bank.
- 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 non cash 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.

Camp : Hyderabad
Date : 23.5.2017

for BRAHMAYYA & CO.,
Chartered Accountants
Firm Regn. No. 000513S
C V Ramana Rao
Partner
Membership No.018545

The **Annexure B** referred to in our Independent Auditor's report of even date on the financial statements of THE ANDHRA PETROCHEMICALS LIMITED, TANUKU.

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, Tanuku ("the Company") as of March 31, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management 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". 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.

The Andhra Petrochemicals Limited

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 Ind AS 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 including Indian Accounting Standards prescribed under section 133 of the Act. 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 authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS 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, 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 31st March, 2017, 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".

Camp : Hyderabad
Date : 23.5.2017

for BRAHMAYYA & CO.,
Chartered Accountants
Firm Regn. No. 000513S
C V Ramana Rao
Partner
Membership No.018545

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 are approved for issue by the Company's Board of Directors on May 23, 2017.

1.2 Basis of preparation of financial statements :

These financial statements are prepared in accordance with Indian Accounting Standards (Ind. AS) notified under the provisions of the Companies Act, 2013 (Act) (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind. AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The Company has adopted all the Ind. AS standards and the adoption was carried out in accordance with Ind. AS 101 First time adoption of Indian Accounting Standards. The transition was carried out from Generally Accepted Accounting Principles in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous Indian GAAP. Reconciliations and descriptions of the effect of the transition have been summarized in note 5.

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 to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive

The Andhra Petrochemicals Limited

of excise duty and net of returns, trade allowances, rebates, value added taxes/sales 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 CENVAT / Input VAT Credit) 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 monthly 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 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.

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 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.

1.8.6 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.

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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 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.

1.11 Foreign Currency Transactions:

Transactions in foreign currencies are accounted for at the exchange rates prevailing on the date of the transaction. At the end of the accounting period, the unsettled balances on foreign currency monetary assets and liabilities are restated at the rates prevailing as on the date of Balance Sheet. Exchange rate differences are dealt with in the statement of Profit and Loss.

1.12 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.

1.13 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.

1.14 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.

1.15 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.

Balance Sheet as at 31st March, 2017

(Rs. in lakhs)

Sr. No.	Particulars	Note No.	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
1	2	3	4	5	6
1	ASSETS				
	Non-current assets				
a	Property, plant and equipment	2.01	18353.58	19238.28	20034.75
b	Capital work-in-progress		2.27	--	--
c	Financial assets				
i	- Investments	2.02	750.00	1399.97	2012.48
ii	- Others	2.03	363.75	312.46	308.36
d	Other non-current assets	2.04	5.52	16.05	14.65
2	Current assets				
a	Inventories	2.05	3505.22	2103.31	2427.01
b	Financial assets				
i	- Trade receivables	2.06	2180.25	361.42	75.06
ii	- Cash and cash equivalents	2.07	100.28	111.40	333.19
iii	- Bank balances other than above		--	--	--
iv	- Others	2.08	35.01	21.76	23.96
c	Current Tax Assets (net)	2.09	4.85	2.54	3.09
d	Other current assets	2.10	1080.04	685.64	806.55
3	Assets classified as held for sale	2.11	--	20.20	--
	Total Assets		26380.77	24273.03	26039.10
	EQUITY AND LIABILITIES				
	Equity				
a	Equity Share capital	2.12	8497.16	8497.16	8497.16
b	Other equity		2850.17	3235.77	6221.84
	LIABILITIES				
1	Non-current liabilities				
a	Financial liabilities				
i	- Borrowings	2.13	7442.01	7129.10	5629.67
ii	- Other financial liabilities	2.14	5.00	5.00	5.00
b	Provisions	2.15	112.25	175.91	172.45
c	Deferred tax liabilities (Net)	2.16	885.48	1240.02	1507.47
2	Current liabilities				
a	Financial liabilities				
i	- Borrowings	2.17	1224.12	776.93	1725.51
ii	- Trade payables	2.18	514.46	364.04	809.40
iii	- Other financial liabilities	2.19	2479.77	1438.59	434.36
b	Other current liabilities	2.20	2060.47	1212.49	815.13
c	Provisions	2.21	309.88	198.02	221.11
	Total Equity and Liabilities		26380.77	24273.03	26039.10

See accompanying Notes to the Financial Statements.

Per our report of even date		For and on behalf of the Board	
For Brahmayya & Co., Chartered Accountants C V Ramana Rao Partner Membership No.018545	M R B Punja Dr. B B Ramaiah A A Krishnan P Ratna Rao	Chairman Managing Director Director General Manager (Finance)	
Place: Hyderabad Date : 23.05.2017	Hyderabad 23.05.2017		

Statement of Profit and Loss for the year ended 31st March, 2017

(Rupees in lakhs)

Sr. No.	Particulars	Note No.	This Year	Previous Year
1	2	3	4	5
I	Revenue from operations	2.22	37043.04	37580.83
II	Other income	2.23	206.46	130.22
III	Total Income (I + II)		37249.50	37711.05
IV	Expenses			
	Cost of materials consumed	2.24	25983.62	27335.01
	Changes in inventories of finished goods and work in progress	2.25	(1241.39)	36.59
	Employee benefit expense	2.26	1677.39	1533.01
	Finance cost	2.27	1558.07	1337.70
	Depreciation and amortisation expense	2.01	903.61	985.75
	Other expense	2.28	9342.98	9808.17
	Total expenses (IV)		38224.28	41036.23
V	Profit / (loss) before exceptional items and tax (III-IV)		(974.78)	(3325.18)
VI	Exceptional items	2.29	(115.69)	694.75
VII	Profit / (loss) before tax (V-VI)		(1090.47)	(2630.43)
VIII	Tax expense			
	(1) Current Tax		--	0.00
	(2) Adjustment of Tax expense for earlier years		--	2.15
	(3) Deferred tax		(354.39)	(264.66)
IX	Profit / (loss) for the period from continuing operations (VII-VIII)		(736.08)	(2367.92)
X	Profit / (loss) from discontinued operations		--	--
XI	Tax expense of discontinued operations		--	--
XII	Profit / (loss) from discontinuing operations (after tax)		--	--
XIII	Profit / (loss) for the period		(736.08)	(2367.92)
XIV	Other comprehensive income			
	A Items that will not be reclassified to profit or loss			
	(i) Remeasurement gains / (losses) on the defined benefit plans		(0.44)	(8.43)
	Income tax effect on the above		0.15	2.79
	(ii) Gains / (losses) on sale of Equity Instruments measured at FVTOCI		200.76	0.00
	(iii) Gains / (losses) on restatement of Equity Instruments measured at FVTOCI		150.02	(612.51)
	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		--	--
XV	Total comprehensive income for the period (XIII+XIV) (Comprising Profit / loss + other comprehensive income for the period)		(385.59)	(2986.07)
XVI	Earnings per equity share (for continuing operations)	2.35		
	a) Basic		(0.87)	(2.79)
	b) Diluted		(0.87)	(2.79)
XVII	Earnings per equity share (for discontinued operations)			
	a) Basic		--	--
	b) Diluted		--	--
XVIII	Earnings per equity share (for discontinued & continuing operations)			
	a) Basic		(0.87)	(2.79)
	b) Diluted		(0.87)	(2.79)

See accompanying Notes to the Financial Statements.

Per our report of even date		For and on behalf of the Board	
For Brahmayya & Co., Chartered Accountants C V Ramana Rao Partner Membership No.018545	M R B Punja Dr. B B Ramaiah A A Krishnan P Ratna Rao	Chairman Managing Director Director General Manager (Finance)	
Place: Hyderabad Date : 23.05.2017	Hyderabad 23.05.2017		

Note 2.01: Property, Plant & Equipment

₹ in lakhs

Fixed Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Balance as at 1.4.2016	Additions	(Disposals)	Balance as at 31.3.2017	Upto 1.4.2016	For the year	On disposals	Total upto 31.3.2017	Balance as at 31.3.2017	Balance as at 31.3.2016
Tangible Assets										
Land	9.07	--	--	9.07	--	--	--	--	9.07	9.07
Buildings * Plant and Equipment	1692.84	--	--	1692.84	954.89	29.71	--	984.60	708.24	737.95
Furniture and Fixtures	44922.65	17.63	--	44940.28	26468.77	864.16	--	27332.93	17607.35	18453.88
Office equipment	70.62	0.02	--	70.64	65.06	1.05	--	66.11	4.53	5.56
Vehicles	121.08	1.29	0.42	121.95	111.98	1.96	0.40	113.54	8.40	9.10
	67.86	--	--	67.86	45.14	6.73	--	51.87	15.99	22.72
Total	46884.12	18.94	0.42	46902.64	27645.84	903.61	0.40	28549.05	18353.58	19238.28

Fixed Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Balance as at 1.4.2015	Additions	(Disposals)	Balance as at 31.3.2016	Upto 1.4.2015	For the year	On disposals	Total upto 31.3.2016	Balance as at 31.3.2016	Balance as at 31.3.2015
Tangible Assets										
Land	9.07	--	--	9.07	--	--	--	--	9.07	9.07
Buildings * Plant and Equipment	1692.84	--	--	1692.84	925.18	29.71	--	954.89	737.95	767.66
Furniture and Fixtures	44892.62	184.74	154.71	44922.65	25658.92	944.36	134.51	26468.77	18453.88	19233.70
Office equipment	70.62	--	--	70.62	62.95	2.11	--	65.06	5.56	7.67
Vehicles	118.22	2.86	--	121.08	108.94	3.04	--	111.98	9.10	9.28
	59.74	24.62	16.50	67.86	52.37	6.53	13.76	45.14	22.72	7.37
Total	46843.11	212.22	171.21	46884.12	26808.36	985.75	148.27	27645.84	19238.28	20034.75

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

Refer to Note 2.31 for information on property, plant and equipment pledged as security by the Company.

Note 2.02 Non-current Financial Assets -Investments

Particulars	As at 31-03-2017		As at 31-03-2016		As at 01-04-2015	
	Details	₹ in lakhs	Details	₹ in lakhs	Details	₹ in lakhs
Investments at Fair Value through Other Comprehensive Income						
Unquoted Equity instruments 4,02,000 Equity Shares of Rs.10/- each fully paid-up in Andhra Pradesh Gas Power Corporation Ltd. (Previous year: 9,38,000 Equity Shares)		750.00		1399.97		2012.48
Total		750.00		1399.97		2012.48

Reasons for Investments designated to measure at FVTOCI:

The Company has elected an irrevocable option of classifying as fair value through Other Comprehensive Income as they are not held primarily for trading.

Reason for disposal of equity instrument:

Lower capacity utilization at Andhra Pradesh Gas Power Corporation Ltd. (APGPCL) Power Plant due to shortage of gas supply, saving in power rate compared to APEPDCL, is not attractive. Besides the company is in need of funds to meet its operational requirements. On evaluating cost benefit analysis between Borrowings from outside vs. Sale of APGPCL shares, sale of APGPCL shares is considered to be more beneficial. Hence, APGPCL shares of 5,36,000 equal to 2 MW (1 MW each from Stage-I and Stage-II) have been disposed off during the year.

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Note 2.03 Non-current Financial Assets -Others

Particulars	As at 31-03-2017		As at 31-03-2016		As at 01-04-2015	
	Details	₹ in lakhs	Details	₹ in lakhs	Details	₹ in lakhs
Security Deposits : (Unsecured, considered good)		363.75		312.46		308.36
Total		363.75		312.46		308.36

Note 2.04 Other Non-current Assets

Particulars	As at 31-03-2017		As at 31-03-2016		As at 01-04-2015	
	Details	₹ in lakhs	Details	₹ in lakhs	Details	₹ in lakhs
Security Deposits (Unsecured, considered good)		5.52		5.52		5.52
Prepaid Expenses		--		10.53		9.13
Total		5.52		16.05		14.65

Note 2.05 Inventories

Particulars	As at 31-03-2017		As at 31-03-2016		As at 01-04-2015	
	Details	₹ in lakhs	Details	₹ in lakhs	Details	₹ in lakhs
a. Raw Materials and components	492.86	500.16	394.66	415.74	488.90	543.31
Goods-in transit	7.30		21.08		54.41	
b. Work-in-process		120.56		153.33		153.07
c. Finished goods		1556.55		282.39		319.25
d. Stores and spares		1327.95		1251.85		1411.38
Method of valuation is stated in Accounting Policies vide Note No.1.7						
Total		3505.22		2103.31		2427.01

Note 2.06 Trade Receivables

Particulars	As at 31-03-2017		As at 31-03-2016		As at 01-04-2015	
	Details	₹ in lakhs	Details	₹ in lakhs	Details	₹ in lakhs
Trade receivables Unsecured, considered good		2180.25		361.42		75.06
Total		2180.25		361.42		75.06

Note 2.07 Cash and Cash Equivalents

Particulars	As at 31-03-2017		As at 31-03-2016		As at 01-04-2015	
	Details	₹ in lakhs	Details	₹ in lakhs	Details	₹ in lakhs
a. Balances with banks	95.73	95.73	83.17	83.17	327.75	327.75
This includes: Earmarked Balances (e.g. Unpaid Dividend accounts - less than seven years)	66.62		66.62		66.88	
b. Margin money deposits		1.97		1.97		2.07
c. Cheques, drafts in transit		0.73		23.50		--
d. Cash on hand		1.85		2.76		3.37
Total		100.28		111.40		333.19

Note 2.08 Other Current Financial Assets

Particulars	As at 31-03-2017		As at 31-03-2016		As at 01-04-2015	
	Details	₹ in lakhs	Details	₹ in lakhs	Details	₹ in lakhs
Interest receivable		20.52		21.04		23.73
Others		14.49		0.72		0.23
Total		35.01		21.76		23.96

Note 2.09 Current Tax Assets (Net)

Particulars	As at 31-03-2017		As at 31-03-2016		As at 01-04-2015	
	Details	₹ in lakhs	Details	₹ in lakhs	Details	₹ in lakhs
Prepaid Taxes (Net of Provision)		4.85		2.54		3.09
Total		4.85		2.54		3.09

Note 2.10 Other Current Assets

Particulars	As at 31-03-2017		As at 31-03-2016		As at 01-04-2015	
	Details	₹ in lakhs	Details	₹ in lakhs	Details	₹ in lakhs
Unsecured, considered good						
Prepaid Expenses		30.75		27.26		34.15
Advances to Suppliers		394.91		144.72		169.87
Advances to staff		1.07		0.03		0.03
Income tax Refund Receivable		15.96		71.21		68.11
VAT Refund Receivable		609.03		388.90		278.92
AP Vat Paid Under Protest		1.31		1.49		1.49
CST Paid Under Protest		6.29		--		--
Service Tax Paid Under Protest		0.78		0.78		--
Excise Duty paid in Advance		19.94		51.25		253.98
Total		1080.04		685.64		806.55

Note 2.11 Non-current assets held for sale

Particulars	As at 31-03-2017		As at 31-03-2016		As at 01-04-2015	
	Details	₹ in lakhs	Details	₹ in lakhs	Details	₹ in lakhs
Assets awaiting for disposal		--		20.20		--
Total		--		20.20		--

Description of Asset held for sale : Scrap of used Reformer Tubes.

Circumstances which lead to sale : The main unit in the Synthesis Gas unit is the Reformer, which has internally 16 tubes made of special alloy containing high content of nickel to withstand high temperatures. After its normal usage life due to its crepey condition, the reformer tubes were replaced with new tubes in March, 2016. The replaced tubes are scrap in nature and are of no use to the company in its manufacturing activities.

Write down of the asset value to fair value less costs to sell has been recognised as part of depreciation (accelerated depreciation).

Note 2.12 :Equity

a. Equity Share Capital

Whether reconciliation of shares to be disclosed

Particulars	As at 31-03-2017		As at 31-03-2016		As at 01-04-2015	
	Number	₹ in lakhs	Number	₹ in lakhs	Number	₹ in lakhs
Authorised						
Equity Shares of ₹10 each	125000000	12500.00	85000000	8500.00	85000000	8500.00
Issued						
Equity Shares of ₹10 each	84971600	8497.16	84971600	8497.16	84971600	8497.16
Subscribed & Paid up						
Equity Shares of ₹10 each fully paid	84971600	8497.16	84971600	8497.16	84971600	8497.16
Total	84971600	8497.16	84971600	8497.16	84971600	8497.16

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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 31-03-2017		As at 31-03-2016		As at 01-04-2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding	No. of Shares held	% of Holding
The Andhra Sugars Limited	28086613	33.05%	28086613	33.05%	28086613	33.05%
Andhra Pradesh Industrial Development Corporation Ltd.,	9180000	10.80%	9180000	10.80%	9180000	10.80%

Note 2.13: Non-current Financial Liabilities - Borrowings

Particulars	As at 31-03-2017		As at 31-03-2016		As at 01-04-2015	
	Details	₹ in lakhs	Details	₹ in lakhs	Details	₹ in lakhs
Secured						
(a) Term loans:						
Rupee term loans for optimisation & modernisation of plant from:						
IDBI Bank Limited		--		--		397.80
State Bank of Hyderabad		310.39		544.14		424.04
Andhra Bank		346.20		582.99		464.05
(Secured by pari passu charge, by mortgage of the Company's immovable properties and hypothecation of movable plant and machinery, present and future. The loans are further secured by a Second Charge on all the remaining movable assets, subject to a charge in favour of Company's bankers towards working capital facilities).						
Terms of Repayment of Balance of loan amounts: Repayable in 5 equal quarterly installments commencing from October 1, 2017.						
(b) Term Loan from Axis Bank						
(A subservient charge by way of hypothecation of Company's current assets in favour of the lender)		--		743.86		--
Terms of Repayment: Repayable in 6 equal quarterly installments commencing from September 1, 2016.						
(c) Working Capital Term Loans						
IDBI Bank Limited		1038.65		1384.52		1044.19
State Bank of India		632.88		800.55		--
State Bank of Hyderabad		555.99		791.95		891.39
Andhra Bank		556.38		778.93		892.06
(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).						
Terms of Repayment: Repayable in 16 equal quarterly instalments commencing from April 1, 2017.						
Unsecured						
(d) Loan from a Promoter Corporate Body		4001.52		1502.16		1516.14
Total		7442.01		7129.10		5629.67

Note 2.14 Non-current Financial Liabilities - Others

Particulars	As at 31-03-2017		As at 31-03-2016		As at 01-04-2015	
	Details	₹ in lakhs	Details	₹ in lakhs	Details	₹ in lakhs
(a) Deposits Refundable		5.00		5.00		5.00
Total		5.00		5.00		5.00

Note 2.15 Non-current Provisions

Particulars	As at 31-03-2017		As at 31-03-2016		As at 01-04-2015	
	Details	₹ in lakhs	Details	₹ in lakhs	Details	₹ in lakhs
(a) Provision for employee benefits: Compensated Absences		78.80		144.73		143.38
(b) Provision for Decommissioning Liability		33.45		31.18		29.07
Total		112.25		175.91		172.45

Note 2.16 Deferred tax liabilities (Net)

Particulars	As at 31-03-2017		As at 31-03-2016		As at 01-04-2015	
	Details	₹ in lakhs	Details	₹ in lakhs	Details	₹ in lakhs
Major components of Deferred Tax Liabilities and Assets arising on account of timing difference are:						
Liabilities:						
Difference between tax and book depreciation	3839.47	3855.40	3787.28	3809.05	3603.21	3619.32
Unamortised transaction costs	15.93		21.77		16.11	
Assets:						
Items covered under Section 43B of Income Tax Act	137.32	2157.80	121.48	1756.91	118.34	1299.73
Provision for decommissioning cost	11.06		10.31		9.43	
Unamortised Interest costs	0.50		0.72		5.23	
Preponement of derecognition of Financial asset	0.00		0.00		9.51	
Unabsorbed depreciation under Income Tax Act	2008.92		1624.40		1157.22	
MAT credit entitlement		812.12		812.12		812.12
Total		885.48		1240.02		1507.47

The company has incurred loss during the year and also the previous year. Accordingly as per the provisions of Income Tax Act, the company has no current tax liability. However there are items in respect of which deferred tax liability arises, which have been fully recognised in to the profit & loss. However, deferred tax asset has been recognised only in respect of those items where there is probability of realising the tax benefit in future years. Details of the same are furnished hereunder: (Rs. in lakhs)

Particulars	As at 31-03-2017		As at 31-03-2016	
	Details	₹ in lakhs	Details	₹ in lakhs
Deferred tax liability recognised in respect of:				
Depreciation on Property, Plant and Equipment	52.18	52.39	184.06	203.75
Amortised transaction costs using EIR	--		5.66	
Unamortised Interest costs	0.21		4.52	
Preponement of derecognition of Financial asset	0.00		9.51	
Deferred tax asset recognised in respect of:				
Items covered under Section 43B of Income Tax Act	15.87	406.97	3.15	471.23
Periodic unwinding of discount on decommissioning liability	0.75		0.88	
Amortised transaction costs using EIR	5.82		0.00	
Unabsorbed depreciation under Income Tax Act	384.52		467.20	
Total		354.57		267.48
Recognised through Statement of Profit & Loss		354.42		264.68
Recognised through Other Comprehensive Income		0.15		2.80

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Note 2.17 Current Financial Liabilities - Borrowings

Particulars	As at 31-03-2017		As at 31-03-2016		As at 01-04-2015	
	Details	₹ in lakhs	Details	₹ in lakhs	Details	₹ in lakhs
Secured Loans repayable on demand: from banks (Secured by the 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).		1224.12		776.93		1725.51
Total		1224.12		776.93		1725.51

The carrying amounts of financial and non-financial assets pledged as security for current and non-current borrowings are disclosed in Note 2.31

Note 2.18 Current Financial Liabilities - Trade Payables

Particulars	As at 31-03-2017		As at 31-03-2016		As at 01-04-2015	
	Details	₹ in lakhs	Details	₹ in lakhs	Details	₹ in lakhs
(A) Total outstanding dues of Micro and Small Enterprises		--		--		--
(B) Total outstanding dues of creditors other than Micro and Small Enterprises		514.46		364.04		809.40
Total		514.46		364.04		809.40

Dues to Small and Medium Enterprises:

(a) Principal amount and interest due thereon remaining unpaid	NIL	NIL	NIL
(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			

Note 2.19 Current Financial Liabilities - Others

Particulars	As at 31-03-2017		As at 31-03-2016		As at 01-04-2015	
	Details	₹ in lakhs	Details	₹ in lakhs	Details	₹ in lakhs
(a) Current maturities of long-term debt		2401.01		1355.15		350.04
(b) Interest accrued but not due on borrowings		12.14		16.82		17.44
(c) Unpaid dividends		66.62		66.62		66.88
Total		2479.77		1438.59		434.36

Note 2.20 Other Current Liabilities

Particulars	As at 31-03-2017		As at 31-03-2016		As at 01-04-2015	
	Details	₹ in lakhs	Details	₹ in lakhs	Details	₹ in lakhs
(a) Advances received against sales		1604.33		1004.98		643.08
(b) Other Liabilities		456.14		207.51		172.05
Total		2060.47		1212.49		815.13

Note 2.21 Current Provisions

Particulars	As at 31-03-2017		As at 31-03-2016		As at 01-04-2015	
	Details	₹ in lakhs	Details	₹ in lakhs	Details	₹ in lakhs
(a) Provision for employee benefits						
Gratuity (Funded)		135.96		134.11		168.29
Compensated Absences		171.77		61.76		52.82
(b) Provision for Income Tax for earlier years		2.15		2.15		--
Total		309.88		198.02		221.11

Note 2.22 Revenue From Operations

Particulars	This Year		Previous Year	
	Details	₹ in lakhs	Details	₹ in lakhs
Sale of products (Oxo Alcohols) including excise duty		37043.04		37580.83
Total		37043.04		37580.83

Note 2.23 Other Income

Particulars	This Year		Previous Year	
	Details	₹ in lakhs	Details	₹ in lakhs
Interest income from:				
Financial assets at amortised cost	22.67		23.54	
Financial assets measured at fair value	150.95		94.72	
others	10.71	184.33	--	118.26
Other non operating income:				
Miscellaneous Receipts		9.32		5.87
Unclaimed credit balance & excess provisions made in earlier years written back		12.81		4.08
Net gain on disposal of property, plant and equipment		--		2.01
Total		206.46		130.22

Note 2.24 Cost of Materials Consumed

Particulars	This Year		Previous Year	
	Details	₹ in lakhs	Details	₹ in lakhs
Raw Materials Consumed				
Opening Stock		394.66		488.91
Add: Purchases		26081.82		27240.76
		26476.48		27729.67
Less: Closing Stock		492.86		394.66
Total		25983.62		27335.01

Details of Raw materials consumed and derated

Particulars	This Year		Previous Year	
	Details	₹ in lakhs	Details	₹ in lakhs
i) Propylene- consumed		17111.34		18120.87
Propylene- derated		8.70		5.54
ii) Naphtha- consumed		8859.58		9205.69
Naphtha- derated		4.00		2.91
Total		25983.62		27335.01

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Note 2.25 Change in Inventories of Finished Goods and Work-in-Process

Particulars	This Year		Previous Year	
	Details	₹ in lakhs	Details	₹ in lakhs
A) Closing Stock				
Finished Goods		1556.55		282.39
Work-in-process		120.56		153.33
Total (A)		1677.11		435.72
B) Opening Stock				
Finished Goods		282.39		319.25
Work-in-process		153.33		153.06
Total (B)		435.72		472.31
(Increase)/Decrease in stocks (B-A)		(1241.39)		36.59
Total		(1241.39)		36.59

Note 2.26 Employee Benefit Expense

Particulars	This Year		Previous Year	
	Details	₹ in lakhs	Details	₹ in lakhs
Salaries and Allowances		1445.78		1324.41
Company's Contribution to PF and other Funds		92.01		78.02
Contribution to Gratuity Fund		28.25		29.68
Workmen and Staff Welfare Expenses		111.35		100.90
Total		1677.39		1533.01

Employee benefit plans:

As per Indian Accounting Standard 19 "Employees' Benefits" the disclosure 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:

	₹ in lakhs	
	2016-17	2015-16
Employer's Contributions to Provident and Pension Funds	92.01	78.02

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/termination. 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)

	Gratuity (Funded)		Compensated absences (Unfunded)	
	This year	Previous year	This year	Previous year
Defined Benefit obligation at beginning of the year	345.58	316.98	206.48	196.21
Interest Cost	27.65	25.36	14.96	13.96
Current Service Cost	17.59	17.58	40.89	26.42
Benefits paid	(19.65)	(22.76)	(29.27)	(34.57)
Actuarial loss / (gain) on obligation	0.44	8.42	17.50	4.46
Defined Benefit obligation at year end	371.61	345.58	250.56	206.48

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

(₹ in lakhs)

	Gratuity (Funded)	
	This year	Previous year
Fair value of plan assets at beginning of the year	211.47	148.69
Expected return on plan assets	16.99	13.27
Contributions	26.84	72.27
Benefits paid	(19.65)	(22.76)
Actuarial loss / (gain) on obligation	--	--
Fair value of plan assets as at the end of the year	235.65	211.47

III. Reconciliation of fair value of assets and obligations as at 31.3.2017

(₹ in lakhs)

	Gratuity (Funded)		
	31 March,2017	31 March,2016	1 April,2015
Fair value of plan assets	235.65	211.47	148.69
Present value of obligation	371.61	345.58	316.98
Amount recognized as liability in Balance sheet	135.96	134.11	168.29

	Compensated absences (Unfunded)		
	31 March,2017	31 March,2016	1 April,2015
Fair value of plan assets	--	--	--
Present value of obligation	250.56	206.48	196.21
Amount recognized as liability in Balance sheet	250.56	206.48	196.21

Company is maintaining the planned assets through a group policy with LIC

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

(₹ in lakhs)

	Gratuity (Funded)		Compensated absences (Unfunded)	
	This year	Previous year	This year	Previous year
Current Service Cost	17.59	17.58	40.89	26.42
Interest Cost	27.65	25.36	14.96	13.96
Expected return on plan assets	(16.99)	(13.27)	--	--
Actuarial (gain)/ loss	0.44	8.42	17.50	4.46
Expenses recognized in the statement of Profit & Loss	28.25	29.68	73.35	44.84

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

Particulars	Gratuity (Funded)	
	This year	Previous year
Remeasurements of the net defined benefit liability/ (asset) Actuarial (gains) / losses (Return)/loss on plan assets excluding amounts included in the net interest on the net defined benefit liability/(asset)	0.44	8.42

Particulars	Gratuity (Funded)	
	This year	Previous year
(Gain)/loss from change in demographic assumptions	--	--
(Gain)/loss from change in financial assumptions	0.44	8.42

The Andhra Petrochemicals Limited

VI. Significant estimates: actuarial assumptions and sensitivity

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Discount Rate:			
Gratuity(Funded)	8.00%	8.00%	8.00%
Compensated absences(Unfunded)	8.00%	7.80%	7.80%
Salary Escalation Rate:			
Gratuity(Funded)	7.00%	7.00%	7.00%
Compensated absences(Unfunded)	7.00%	5.00%	5.00%
Inflation:			
Gratuity(Funded)	5.00%	5.00%	5.00%
Compensated absences(Unfunded)	5.00%	5.00%	5.00%

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

The above information is certified by the Actuary.

Note 2.27 Finance Charges

Particulars	This Year		Previous Year	
	Details	₹ in lakhs	Details	₹ in lakhs
Interest expense		1321.61		1115.06
Amortisation of Interest/transaction costs using Effective Interest Rate		197.00		191.95
Unwinding of discount on provisions		2.27		2.12
Bank charges		37.19		28.57
Total		1558.07		1337.70

Note 2.28 Other Expenses

Particulars	This Year		Previous Year	
	Details	₹ in lakhs	Details	₹ in lakhs
Consumption of stores and spares		962.41		982.94
Excise duty paid		4153.15		4172.08
Fuel, Power and Lighting		3399.13		3947.06
Repairs to Building		27.61		47.26
Repairs to Machinery		268.85		311.40
Rent		30.50		30.32
Rates and Taxes		23.00		19.36
Adjustment of excise duty on stocks		140.83		(3.65)
Insurance		45.89		69.65
Directors' Sitting Fees		5.30		4.50
Expenditure on Corporate Social Responsibility		--		3.87
Auditors' Remuneration				
for Audit Fees	2.87		2.60	
for Taxation Matters	0.94		0.63	
for Other Services	2.13		2.03	
for Out of Pocket Expenses	0.02	5.96	0.24	5.50
Cost Auditors' Remuneration		1.10		1.10
Loss on sale of assets		--		--
Loss on sale of equity instruments		0.74		--
Miscellaneous Expenses		278.51		216.78
Total		9342.98		9808.17

Note 2.29 Exceptional items

Particulars	This Year		Previous Year	
	Details	₹ in lakhs	Details	₹ in lakhs
Insurance claim received		--		694.75
Electricity duty on captive power generation		(115.69)		--
Total		(115.69)		694.75

Note 2.30 Contingent Liabilities and Commitments:

Particulars	This Year		Previous Year	
	Details	₹ in lakhs	Details	₹ in lakhs
(i) Contingent Liabilities				
Claims against the company not acknowledged as debt				
(a) Claim by a contractor amounting to		12.00		12.00
(b) Claims by HPCL towards supply of raw materials, contested by Company amounts to		45.67		45.67
(c) Amount debited by Andhra Bank towards processing charges contested by the company		--		0.66
(d) Outstanding Guarantees to Banks including Letters of Credit opened with Banks for supplier payments		13.00		13.00
(e) Claims made by EPDC of A.P.Ltd., contested by Company towards:				
i) Grid Support charges		115.97		115.97
ii) Electricity duty demand on captive power generation		--		115.63
iii) Disputed demand charges against APGPCL Demand allocation		10.47		10.47
iv) Demand against excess incentive recovery		13.19		13.19
v) Demand raised by APEPDCL against Stage-II supply from APGPCL		13.28		13.28
(f) Others:				
i) Disputed Income Tax demands for the Asst. Years 2006-07, 2008-09 and 2009-10		26.88		26.88
ii) Disputed Input Tax Credit Accounting Year 2009-10 (Rs.1.49 lakhs paid under protest - grouped under Short Term Loans & Advances)		--		11.94
Disputed CST amount on Interest collected from Debtors during the FY 2014-15 & 2015-16 (Rs.6,28,739 paid under protest)		6.29		--
iii) Disputed Service Tax Demands for the period from December, 2011 to March, 2016 (Rs.0.77 lakh paid under protest - grouped under Short Term Loans & Advances)		10.38		10.38
iv) Disputed Cenvat Demand & Penalty on Structural Steel		89.61		--
v) Differential Rent payable to APGPCL under dispute		0.31		--
(ii) Commitments				
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for		--		--
(b) Bills discounted		471.40		302.17

The Andhra Petrochemicals Limited

Note 2.31 Assets pledged as security

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

(Amount in ₹)

Particulars	Notes	March 31, 2017	March 31, 2016	April 1, 2015
Current assets				
Financial assets				
Trade receivables	2.06	218025266.00	36140915.71	7505867.81
Non-financial assets				
Inventories	2.05	350521976.90	210330712.80	242701106.70
Non-current assets				
Land	2.01	907082.80	907082.80	907082.80
Buildings	2.01	70825109.00	73795709.00	76766309.00
Plant and Equipment	2.01	1760735356.00	1845388117.00	1923370243.00
Furniture and Fixtures	2.01	452488.00	555871.00	767247.00
Office equipment	2.01	839292.00	909069.00	927208.00
Vehicles	2.01	1599119.00	2272245.00	736533.00

Note 2.32 Movements in provisions

Particulars	Decommissioning liability	Others (Taxation)
As at 01-04-2015	2906603	--
Charged/ (credited) to profit/loss account		
Additional provision recognised	--	215302
Unused amounts reversed	--	--
unwinding of discount on provisions	211600	--
Amounts used during the year	--	--
As at 31-03-2016	3118203	215302
Charged/ (credited) to profit/loss account		
Additional provision recognised	--	--
Unused amounts reversed	--	--
unwinding of discount on provisions	227005	--
Amounts used during the year	--	--
As at 31-03-2017	3345208	215302

Provision for decommissioning liability:

Decommissioning Liability: This provision has been created for estimated costs of dismantling and removing the item 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 is valid upto 26th June, 2019. The company has an intention to extend the same for a further period of 30 years i.e upto 26th June, 2049

Note 2.33 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 2.34 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.	Jayalakshmi Fertilisers, Tanuku	Firm in which Key Managerial Personnel (Dr. B.B.Ramaiah) is a partner
5.	Dr. B.B. Ramaiah	Managing director
6.	Dr. V N Rao (upto 25.10.2016)	Chief executive & Chief operating officer
7.	Sri P Ratna Rao	Key Managerial Personnel [General Manager (Finance)]

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)		Jayalakshmi Fertilisers, Tanuku (Firm in which KMP is a partner)	
	This Year	Previous Year	This Year	Previous Year	This Year	Previous Year
Purchase of goods from	67.23	55.85	NIL	NIL	NIL	NIL
Services received from	0.81	1.14	NIL	NIL	NIL	NIL
Sales of goods to	NIL	0.73	NIL	NIL	0.42	NIL
Sale of shares of APGPCL	1000.00	--	--	--	NIL	NIL
Interest paid on Inter-Corporate Loan taken during the year	393.70	195.00	64.18	99.45	NIL	NIL
Inter-Corporate Loan from	2500.00	NIL	2500.00	800.00	NIL	NIL

III. Details of amount due to or due from related parties as at March 31, 2017, March 31, 2016 and April 1, 2015

(₹ in lakhs)

Particulars	As at		
	March 31, 2017	March 31, 2016	April 1, 2015
Trade Receivables			
The Andhra Sugars Limited (Promoter)	NIL	NIL	NIL
JOCIL Limited (A Subsidiary Company of The Andhra Sugars Limited, Promoter)	NIL	NIL	NIL
Jayalakshmi Fertilisers, Tanuku (Firm in which KMP is a partner)	NIL	NIL	NIL
Trade Payables			
The Andhra Sugars Limited (Promoter)	NIL	NIL	NIL
JOCIL Limited (A Subsidiary Company of The Andhra Sugars Limited, Promoter)	NIL	NIL	NIL
Loans			
The Andhra Sugars Limited (Promoter)	4000.00	1500.00	1500.00
JOCIL Limited (A Subsidiary Company of The Andhra Sugars Limited, Promoter)	NIL	NIL	NIL

The above loans carries an interest rate of 12% per annum

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)	4000.00	1500.00
JOCIL Limited (A Subsidiary Company of The Andhra Sugars Limited, Promoter)	2500.00	800.00

V. Transactions with Key Managerial Personnel

(₹ in lakhs)

Particulars	This Year		Previous Year	
	Dr. V.N. Rao	Sri P. Ratna Rao	Dr. V.N. Rao	Sri P. Ratna Rao
Short-term employee benefits	88.01	25.24	84.25	31.35
Post-employment gratuity and medical benefits	--	--	--	--
Termination benefits	--	--	--	--
Share-based payment transactions	--	--	--	--
Total compensation paid to Key Managerial Personnel	88.01	25.24	84.25	31.35

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

The Andhra Petrochemicals Limited

Note 2.35 Particulars of earnings per share

Particulars	This Year	Previous Year
Profit attributable to equity holders:		
Continuing operations	(73607491)	(236792278)
Discontinued operation	--	--
Profit attributable to equity holders of the parent for basic earnings	(73607491)	(236792278)
Interest on convertible preference shares	--	--
Profit attributable to equity holders of the parent adjusted for the effect of dilution	(73607491)	(236792278)

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

Earnings per equity share (for continuing operations)	This Year	Previous Year
a) Basic	(0.87)	(2.79)
b) Diluted	(0.87)	(2.79)

Note:2.36 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:2.37 CIF value of imports:

(₹in lakhs)

	This Year	Previous Year
Capital goods	--	--
Components and spare parts	499.90	532.67

Note:2.38 Details of imported and indigeneous raw materials and spares consumed

Particulars	This Year		Previous Year	
	₹in lakhs	%	₹in lakhs	%
Raw Materials				
Imported	Nil	Nil	NIL	NIL
Indigenous	25983.62	100	27335.01	100
Stores & Spares				
Imported	454.31	21	515.27	17
Indigenous	1706.93	79	2441.00	83
Total	2161.24	100	2956.27	100

(₹in lakhs)

Note 2.39 Expenditure in foreign currency on account of:

Bank charges, Subscriptions and cost of services etc.

This Year	Previous Year
4.03	3.80

Note 2.40 Earnings in foreign currency:

Nil	Nil
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Note 2.41 Disclosure on Specified Bank Notes (SBNs)

During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 and the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination wise SBNs and other notes as per the notification is given below:

Rupees			
Particulars	SBNs*	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	232500	19587	252087
(+) Permitted receipts	--	620169	620169
(-) Permitted payments	--	433820	433820
(-) Amount deposited in Banks	232500	--	232500
Closing cash in hand as on December 30, 2016	--	205936	205936

* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

Note 2.42 Previous year's figures have been regrouped and rearranged wherever necessary to make them comparable with the current year figures.

Per our report of even date	For and on behalf of the Board	
For Brahmayya & Co., Chartered Accountants C V Ramana Rao Partner Membership No.018545	M R B Punja Dr. B B Ramaiah A A Krishnan P Ratna Rao	Chairman Managing Director Director General Manager (Finance)
Place: Hyderabad Date : 23.05.2017	Hyderabad 23.05.2017	

The Andhra Petrochemicals Limited

STATEMENT OF CASH FLOWS FOR THE YEAR 2016-17

(₹ in lakhs)

	31 March, 2017	31 March, 2016
A) Cash Flow from Operating Activities:		
Profit/(Loss) for the year before exceptional items:		
Profit/(Loss) from continuing operations	(1090.48)	(3325.18)
Profit/(Loss) from discontinued operations	0.00	0.00
Profit before tax	(1090.48)	(3325.18)
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation of property, plant and equipment and amortisation	903.61	985.75
Finance costs(including fair value change in financial instruments)	1558.09	1337.69
Finance income(including fair value change in financial instruments)	(184.32)	(118.25)
Gain on disposal of property, plant and equipment	0.00	(2.01)
Loss on sale of property, plant and equipment	0.00	0.00
Loss on sale of Equity instruments	0.74	0.00
Unclaimed credit balances written back	(12.81)	(4.08)
Unamortisation transaction costs	17.01	(39.28)
Operating Profit before Working Capital changes	1191.84	(1165.36)
Working capital adjustments:		
Movements in provisions, gratuity and government grants	47.76	(30.21)
Increase in trade and other receivables and Pre payments	(2322.50)	(165.64)
Increase in inventories	(1401.91)	323.70
Increase /(Decrease) in trade and other payables	1006.55	(44.81)
Cash generated from operations	(1478.27)	(1082.33)
Income Tax (paid)/refund	52.95	(2.55)
Net Cash generated in operations before extra-ordinary items	(1425.32)	(1084.88)
Insurance proceeds received on fire loss of profits claim settlement	0.00	694.75
Net cash flows from operating activities	(1425.32)	(390.13)
B) Cash Flow from Investing Activities:		
Proceeds from sale of property, plant and equipments	0.02	4.75
Purchase of property, plant and equipments	(21.20)	(212.22)
Proceeds from sale of assets held for disposal	20.20	0.00
Sale of investment properties	0.00	0.00
Purchase of financial instruments	0.00	0.00
Proceeds from sale of financial instruments	1000.00	0.00
Interest received	184.32	118.26
Intangible asset under development	0.00	0.00
Net cash flows used in investing activities	1183.34	(89.21)
C) Cash Flow from Financing Activities:		
Payment of finance lease liabilities	0.00	0.00
Interest paid	(1558.09)	(1337.69)
Proceeds from borrowings	3943.12	3154.69
Repayments of borrowings	(2601.36)	(610.87)
Dividends paid to equity holders	0.00	0.00
Dividend distribution tax	0.00	0.00
Dividends paid to non controlling interest	0.00	0.00
Net Cash flows/(used in) Financing Activities	(216.33)	1206.13
Net increase/(decrease) in Cash & Cash equivalents (A + B + C)	(458.31)	726.79
Opening balance of Cash & Cash equivalents (includes cash credits)	(665.53)	(1392.32)
Closing balance of Cash & Cash equivalents (includes cash credits)	(1123.84)	(665.53)

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

Cash and cash equivalent comprises of the following

Particulars	31-Mar-2017	31-Mar-2016	1-Apr-2015
Cash and cash equivalents	100.28	111.40	333.19
Cash credits	(1224.12)	(776.93)	(1725.51)
Balance as per statement of cash flows	(1123.84)	(665.53)	(1392.32)

Per our report of even date	For and on behalf of the Board		
For Brahmayya & Co., Chartered Accountants C V Ramana Rao Partner Membership No.018545	M R B Punja Dr. B B Ramaiah A A Krishnan P Ratna Rao	Chairman Managing Director Director General Manager (Finance)	
Place: Hyderabad Date : 23.05.2017	Hyderabad 23.05.2017		

Statement of Changes in Equity for the year ended 31st March, 2017

(Amount in ₹)

A.	Equity share capital	As at 31-03-2017	As at 31-03-2016	As at 1-04-2015
	Balance at the beginning of the reporting period	849716000	849716000	849716000
	Changes in equity share capital during the year	--	--	--
	Balance at the end of the reporting period	849716000	849716000	849716000

B Other Equity

(Amount in ₹)

Particulars	Balance as on 01.04.2015	Total comprehensive income for the year	Dividends	Transfer to retained earnings	Any other change (to be specified)	Balance as on 31.03.2016
Share application money pending allotment	--	--	--	--	--	--
Equity component of compound financial instruments	--	--	--	--	--	--
Capital Reserve	2337440	--	--	--	--	2337440
Reserves and surplus	41262798	--	--	--	--	41262798
Securities Premium Reserve	250000000	--	--	--	--	250000000
General Reserve	328583978	(236792278)	--	--	--	91791700
Retained Earnings						
Debt instruments through Other Comprehensive Income	--	--	--	--	--	--
Equity Instruments through Other Comprehensive Income	--	(61251400)	--	--	--	(61251400)
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	--	(563985)	--	--	--	(563985)
Money received against share warrants	--	--	--	--	--	--
Total	622184216	(298607663)	--	--	--	323576553

(Amount in ₹)

Particulars	Balance as on 01.04.2016	Total comprehensive income for the year	Dividends	Transfer to retained earnings	Any other change (to be specified)	Balance as on 31.03.2017
Share application money pending allotment	--	--	--	--	--	--
Equity component of compound financial instruments	--	--	--	--	--	--
Capital Reserve	2337440	--	--	--	--	2337440
Reserves and surplus	41262798	--	--	--	--	41262798
Securities Premium Reserve	250000000	--	--	--	--	250000000
General Reserve	91791700	(73607491)	--	--	--	18184209
Retained Earnings						
Debt instruments through Other Comprehensive Income	--	--	--	--	--	--
Equity Instruments through Other Comprehensive Income	(61251400)	35077660	--	--	--	(26173740)
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	(563985)	(29616)	--	--	--	(593601)
Money received against share warrants	--	--	--	--	--	--
Total	323576553	(38559447)	--	--	--	285017106

The Andhra Petrochemicals Limited

3. FINANCIAL INSTRUMENTS

3.1 Financial instruments by category

The carrying value and fair value of financial instruments by categories as of March 31, 2017 were as follows:

(Amount in ₹)

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		
Assets:							
Cash and cash equivalents	197000.00	--	9831210.55	--	--	10028210.55	10028210.55
Investments:							
Unquoted equity instruments	--	--	--	75000000.00	--	75000000.00	75000000.00
Trade receivables	--	--	--	--	218025266.00	218025266.00	218025266.00
Loans	--	--	--	--	--	--	--
Other financial assets	36002550.14	--	3873246.00	--	--	39875796.14	39875796.14
Total	36199550.14	--	13704456.55	75000000.00	218025266.00	342929272.69	--
Liabilities:							
Trade payables	51445900.65	--	--	--	--	51445900.65	51445900.65
Other financial liabilities	1115090032.42	--	--	--	--	1115090032.42	1115090032.42
Total	1166535933.07	--	--	--	--	1166535933.07	--

The carrying value and fair value of financial instruments by categories as of March 31, 2016 were as follows:

(Amount in ₹)

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		
Assets:							
Cash and cash equivalents	197000.00	--	10943058.82	--	--	11140058.82	11140058.82
Investments:							
Unquoted equity instruments	--	--	--	139996500.00	--	139996500.00	139996500.00
Trade receivables	--	--	--	--	36140915.71	36140915.71	36140915.71
Loans	--	--	--	--	--	--	--
Other financial assets	30956818.35	--	2464909.00	--	--	33421727.35	33421727.35
Total	31153818.35	--	13407967.82	139996500.00	36140915.71	220699,201.88	--
Liabilities:							
Trade payables	36402980.65	--	--	--	--	36402980.65	36402980.65
Other financial liabilities	934961732.10	--	--	--	--	934961732.09	934961732.09
Total	971364712.75	--	--	--	--	971364712.75	--

The carrying value and fair value of financial instruments by categories as of April 1, 2015 were as follows:

(Amount in ₹)

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		
Assets:							
Cash and cash equivalents	207000.00	--	33112077.19	--	--	33319077.19	33319077.19
Investments:							
Unquoted equity instruments	--	--	--	201247900.00	--	201247900.00	201247900.00
Trade receivables	--	--	--	--	7505867.81	7505867.81	7505867.81
Loans	--	--	--	--	--	--	--
Other financial assets	31226074.35	--	2006288.00	--	--	33232362.35	33232362.35
Total	31433074.35	--	35118365.19	201247900.00	7505867.81	275305207.35	--
Liabilities:							
Trade payables	80939852.66	--	--	--	--	80939852.66	80939852.66
Other financial liabilities	779453738.84	--	--	--	--	779453738.84	779453738.84
Total	860393591.50	--	--	--	--	860393591.50	--

3.2 Fair value hierarchy

Fair value of unquoted equity instruments were categorised as level 2 inputs as the fair value has been determined to Rs. 750 Lakhs based on the quoted prices for identical or similar assets in the market that are not active to the nearest date to the reporting date. Market approach is the valuation technique used for determination of the fair value.

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

(Amount in ₹)

Particulars	Unquoted Equity shares of APGPCL
As at 1 April 2015	201247900
Re-measurement recognised in OCI	(61251400)
Purchases	--
Reclassified in discontinued operations	--
Sales	--
As at 1 April 2016	139996500
Re-measurement recognised in OCI	35003500
Purchases	--
Reclassified in discontinued operations	--
Sales	100000000
As at 31 March 2017	75000000

3.3 Offsetting financial assets and financial liabilities as on March 31, 2017

(Amount in ₹)

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	
Financial assets						
Cash and cash equivalents	10028210.55	--	10028210.55	--	--	10028210.55
Trade receivables	265164989.00	(47139723.00)	218025266.00	--	218025266.00	--
Other financial assets	114875796.14	--	114875796.14	--	--	114875796.14
Derivative financial instruments	--	--	--	--	--	--
Financial liabilities						
Trade payables	51445900.65	--	51445900.65	--	--	51445900.65
Borrowings	866612896.92	--	866612896.92	--	218025266.00	648587630.92
Other financial liabilities	248477135.50	--	248477135.50	--	--	248477135.50
Derivative financial instruments	--	--	--	--	--	--

Offsetting financial assets and financial liabilities as on March 31, 2016

(Amount in ₹)

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	
Financial assets						
Cash and cash equivalents	11140058.82	--	11140058.82	--	--	11140058.82
Trade receivables	66354841.71	(30217367.00)	36137474.71	--	36137474.71	--
Other financial assets	173418227.35	--	173418227.35	--	--	173418227.35
Derivative financial instruments	--	--	--	--	--	--
Financial liabilities						
Trade payables	36402980.65	--	36402980.65	--	--	36402980.65
Borrowings	790603580.59	--	790603580.59	--	36137474.71	754466105.88
Other financial liabilities	144358151.50	--	--	144358151.50	--	144358151.50
Derivative financial instruments	--	--	--	--	--	--

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Offsetting financial assets and financial liabilities as on April 1, 2015

(Amount in ₹)

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	
Financial assets						
Cash and cash equivalents	33319077.19	--	33319077.19	--	--	33319077.19
Trade receivables	52643309.81	(45137442.00)	7505867.81	--	7505867.81	--
Other financial assets	234480262.35	--	234480262.35	--	--	234480262.35
Derivative financial instruments	--	--	--	--	--	--
Financial liabilities						
Trade payables	80939852.66	--	80939852.66	--	--	80939852.66
Borrowings	735518225.34	--	735518225.34	--	7505867.81	728012357.53
Other financial liabilities	43935513.50	--	43935513.50	--	--	43935513.50
Derivative financial instruments	--	--	--	--	--	--

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

3.4 Financial risk management

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

Liquidity risk

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.

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, 2017

(Amount in ₹)

Current maturities of financial liabilities	Less than 6 months	6 months to 12 months	Greater than 12 months	Total
Non-derivatives				
Borrowings	122412352.90	--	744200544.00	866612896.90
Trade payables	53736660.94	--	(2290760.29)	51445900.65
Other financial liabilities	105875266.50	142101869.00	500000.00	248477135.50

As on March 31, 2016

(Amount in ₹)

Current maturities of financial liabilities	Less than 6 months	6 months to 12 months	Greater than 12 months	Total
Non-derivatives				
Borrowings	78936503.03	--	711667077.60	790603580.63
Trade payables	38693740.94	--	(2290760.29)	36402980.65
Other financial liabilities	34863428.50	108994723.00	500000.00	144358151.50

As on April1, 2015

(Amount in ₹)

Current maturities of financial liabilities	Less than 6 months	6 months to 12 months	Greater than 12 months	Total
Non-derivatives				
Borrowings	172550965.30	--	562967260.00	735518225.30
Trade payables	83230612.95	--	(2290760.29)	80939852.66
Other financial liabilities	43435513.50	--	500000.00	43935513.50

Market Risk

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

(a) Interest rate risk

(Rs in Lakhs)

Particulars	Impact on profit	
	FY 2016-17	FY 2015-16
Sensitivity Analysis of Borrowings		
Rate of Interest Increase by 1%		
Term Loans	65.64	58.91
Cash Credit Loans	8.54	12.35
	74.18	71.26
Rate of Interest Decrease by 1%		
Term Loans	(65.64)	(58.91)
Cash Credit Loans	(8.54)	(12.35)
	(74.18)	(71.26)

(b) Commercial risk

1. Selling price risk

(Rs in Lakhs)

Particulars	Impact on profit	
	FY 2016-17	FY 2015-16
Selling Price Increase by 5%		
2-Ethyl Hexanol	1316.92	1318.85
Butanols	327.57	351.59
	1644.49	(1670.44)
Selling Price Decrease by 5%		
2-Ethyl Hexanol	(1316.92)	(1318.85)
Butanols	(327.57)	(351.59)
	(1644.49)	(1670.44)

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2. Raw materials price risk

(Rs in Lakhs)

Particulars	Impact on profit	
	FY 2016-17	FY 2015-16
Propylene Price Increase by 5%	(855.84)	(908.09)
Naphtha Price Increase by 5%	(443.12)	(463.79)
	(1298.96)	(1371.88)
Propylene Price Decrease by 5%	855.84	908.09
Naphtha Price Decrease by 5%	443.12	463.79
	1298.96	1371.88

3.5 Capital management

Risk management

The company's objectives when managing capital are to :

1. safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
2. Maintain an optimal capital structure to reduce cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amounts of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others the industry, the company monitors capital on the basis of debt-equity ratio.

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.

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.

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.

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.

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.

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.

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.

5. First time adoption of Ind AS

5.1 Transition to Ind AS

These are the company's first financial statements prepared in accordance with Ind AS. For the purpose of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101 - *First Time adoption of Indian Accounting Standard*. The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles.

The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 31 March 2017, the comparative information presented in these financial statements for the year ended 31 March 2016 and in the preparation of an opening Ind AS balance sheet at 1 April 2015 (date of transition). In preparing its opening Ind AS balance sheet, the company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the company's financial position, financial performance and cash flows is set out in note 2.2. Exemptions availed on first time adoption of Ind AS in accordance with Ind AS 101 have been set out in note 2.1.1.

5.1.1 Exemptions availed on first time adoption of Ind AS 101

(i) Deemed cost

The company may elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments with respect to decommissioning liabilities. Accordingly, the company has opted this exemption for all of its property, plant and equipment.

(ii) Designation of previously recognised financial instruments

Under Ind AS 109, at initial recognition of a financial asset, an entity may make an irrevocable election to present subsequent changes in the fair value of an investment in an equity instrument in other comprehensive income. Ind AS 101 allows such designation of previously recognized financial assets, as 'fair value through other comprehensive income' on the basis of the facts and circumstances that existed at the date of transition to Ind AS.

Accordingly, the Company has designated its investments in certain equity instruments at fair value through other comprehensive income on the basis of the facts and circumstances that existed at the date of transition to Ind AS.

(iii) Fair value measurement of financial instruments at initial recognition

Under Ind AS 109, at initial recognition of financial instruments, an entity shall measure a financial instrument at its fair value i.e., the transaction price. Ind AS 101 allows to apply such requirements prospectively to transactions entered into on or after the date of transition to Ind AS.

Accordingly, the company has opted this exemption. Therefore, transactions that occurred prior to the date of transition to Ind AS have not been retrospectively restated.

(iv) Decommissioning liabilities included in the cost of property, plant and equipment

Under Ind AS 16 Property, Plant and Equipment, the cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period. An entity shall account for changes in decommissioning liability in accordance with Appendix A to Ind AS 16, which requires specified changes in a decommissioning, restoration or similar liability to be added or deducted from the cost of the asset to which it relates. Ind AS 101 provides an exemption whereby a first time adopter need not comply with requirements for changes in decommissioning liabilities that occurred before the date of transition to Ind AS and prescribes an alternative treatment if the exemption is used.

Accordingly, the company has opted this exemption and applied the following procedure:

- A decommissioning liability is measured in accordance with Ind AS 37 at the date of transition to Ind AS.
- To the extent the liability is within the scope of Appendix A of Ind AS 16, estimated the liability that would have been included in the cost of related asset when the liability first arose and discounted by using best estimate of the historical risk adjusted discount rate(s) over the intervening period, and
- calculated the accumulated depreciation on that amount, as at the date of transition to Ind ASs, on the basis of the current estimate of the useful life of the asset, using the depreciation policy adopted by the entity in accordance with Ind ASs.

(v) Estimates

The estimates as at 1st April 2015 and at 31st March 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Indian GAAP did not require estimation:

- ❖ Unquoted equity instruments measured at FVTOCI.
- ❖ Debt instruments measured at fair value.
- ❖ Impairment of financial assets based on expected credit loss model

The estimates used by the Group to present these amounts in accordance with Ind AS reflect conditions at 1st April 2015, the date of transition to Ind AS and as of 31st March 2016.

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5.2 Reconciliations

The following reconciliations provides the effect of transition to Ind AS from Previous GAAP in accordance with Ind AS 101

- Equity as at 1st April 2015 and 31st March 2016
- Total comprehensive income for the year ended 31st March 2016

5.2.1 Reconciliation of Equity as at 01.04.2015 (date of transition)

(Amount in Lakhs)

Particulars	Notes to First Time Adoption	Previous GAAP*	Adjustments	Ind AS	
ASSETS					
Non-current Assets					
Property, plant and equipment	1	20014.86	19.89	20034.75	
Financial assets:					
Investments	2	1527.05	485.42	2012.47	
Others		308.36	--	308.36	
Other non-current assets		5.52	9.13	14.65	reversal of transaction costs-SBI
Current Assets					
Inventories	1	2542.90	(115.89)	2427.01	
Financial assets:					
Trade Receivables		75.06	--	75.06	
Cash and cash equivalents		333.19	--	333.19	
Others	3	53.28	(29.32)	23.96	Reversal of other amounts recoverable from APSEB written off
Current tax assets (net)		3.09	--	3.09	
Other current assets		806.54	--	806.54	
Total Assets		25669.85	369.23	26039.08	
EQUITY AND LIABILITIES					
Equity					
Equity Share Capital		8497.16	--	8497.16	
Other equity		5855.46	366.38	6221.84	
Total equity		14352.62	366.38	14719.00	
Non-current Liabilities					
Financial liabilities:					
Borrowings	4	5644.89	(15.23)	5629.66	amortisation of transaction and interest costs
Others		5.00	--	5.00	
Provisions	5	143.38	29.06	172.44	
Deferred tax liabilities (Net)	6	1509.28	(1.81)	1507.47	reversal of deferred tax asset
Current Liabilities					
Financial liabilities:					
Borrowings		1725.51	--	1725.51	
Trade payables		809.40	--	809.40	
Others		443.53	(9.17)	434.36	amortisation of transaction and interest costs
Other current liabilities		815.13	--	815.13	
Provisions		221.11	--	221.11	
Total Equity and Liabilities		25669.85	369.23	26039.08	

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

Reconciliation of total equity as at 1st April, 2015

(Amount in Lakhs)

Total equity as per previous GAAP

14352.62

Adjustments:

Effect of amortisation of transaction costs of Working Capital Term Loans using EIR	49.66
Effect of amortisation of interest expenses using EIR	(16.13)
Effect of capitalisation of spares parts	(96.62)
Provision for decommissioning costs as per Ind AS 37	(28.44)
Derecognition of financial asset on the date of transition	(29.32)
Fair value measurement of equity instruments	485.43
Deferred tax impact on above adjustments	1.81

Total equity as per Ind AS

14719.01

5.2.2 Reconciliation of Equity as at 31.03.2016

(Amount in Lakhs)

Particulars	Notes to First Time Adoption	Previous GAAP*	Adjustments	Ind AS
ASSETS				
Non-current Assets				
Property, plant and equipment		19214.62	23.65	19238.27
Financial assets:				
Investments		1527.05	(127.09)	1399.96
Others		312.45	--	312.45
Other non-current assets		16.05	--	16.05
Current Assets				
Inventories		2246.00	(122.50)	2123.50
Financial assets:				
Trade Receivables		361.41	--	361.41
Cash and cash equivalents		111.40	--	111.40
Others		21.76	--	21.76
Current tax assets (net)		2.54	--	2.54
Other current assets		685.65	--	685.65
Total Assets		24498.93	(225.94)	24272.99
EQUITY AND LIABILITIES				
Equity				
Equity Share Capital		8497.16	--	8497.16
Other equity		3447.61	(211.84)	3235.77
Total equity		11944.77	(211.84)	11732.93
Non-current Liabilities				
Financial liabilities:				
Borrowings		7175.12	(63.69)	7111.43
Others		5.00	--	5.00
Provisions		144.72	31.18	175.90
Deferred tax liabilities (Net)		1221.61	18.41	1240.02
Current Liabilities				
Financial liabilities:				
Borrowings		776.93	--	776.93
Trade payables		364.03	--	364.03
Others		1456.24	--	1456.24
Other current liabilities		1212.49	--	1212.49
Provisions		198.02	--	198.02
Total Equity and Liabilities		24498.93	(225.93)	24272.99

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

Reconciliation of total equity as at 31st March, 2016

(Amount in Lakhs)

Total equity as per previous GAAP	11944.77
Adjustments:	
Effect of amortisation of transaction costs of Working Capital Term Loans using EIR	65.85
Effect of amortisation of interest expenses using EIR	(2.16)
Capitalisation of spares and decommissioning costs	(98.85)
Provision for decommissioning costs as per Ind AS 37	(31.18)
Fair value measurement of equity instruments	(127.09)
Deferred tax impact on above adjustments	(18.41)
Total equity as per Ind AS	11732.93

5.2.3 Reconciliation of total comprehensive income for the year ended 31st March 2016

(Rs.in Lakhs)

Particulars	Notes to First Time Adoption	As on 31st March 2016		
		Previous GAAP*	Adjustments	Ind AS
Revenue from operations		37580.83	--	37580.83
Other Income		130.21	--	130.21
Total income		37711.04	--	37711.04
Expenses				
Cost of materials consumed		27335.01	--	27335.01
Changes in inventories of finished goods, Stock-in-Trade and work-in-progress		36.59	--	36.59
Employee Benefit Expenses		1541.43	(8.42)	1533.01
Finance costs		1365.73	(28.04)	1337.69
Depreciation and amortisation expenses		982.91	2.84	985.75
Other expenses		9837.49	(29.32)	9808.17
Total Expenses		41099.16	--	41036.22
Profit(loss) before exceptional items and tax		(3388.12)	--	(3325.18)
Exceptional items - Insurance claim received		694.75	--	694.75
Profit(loss) before tax		(2693.37)	--	(2630.43)
Tax Expenses				
1. Current tax		--	--	--
2. Adjustment of tax relating to earlier periods		(2.15)	--	(2.15)
3. Deferred tax		287.67	(23.01)	264.66
Profit / (loss) for the period from continuing operations		(2407.85)	--	(2367.92)
Profit / (loss) for the period		(2407.85)	--	(2367.92)
Other comprehensive income				
A Items that will not be reclassified to profit or loss				
(i) Remeasurement gains/(losses) on the defined benefit plans		--	8.42	(8.42)
(ii) Gains/(losses) on restatement of Equity Instruments through Other Comprehensive Income		--	612.51	(612.51)
(iii) Income tax relating to items that will not be reclassified to profit or loss		--	(2.78)	2.78
B (i) Items that will be reclassified to profit or loss		--	--	--
(ii) Income tax relating to items that will be reclassified to profit or loss		--	--	--
Total Comprehensive Income for the period (comprising profit / (loss) and other comprehensive income for the period)		(2407.85)	--	(2986.07)

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

Reconciliation of total comprehensive income for the year ended 31st March, 2016

(Amount in Lakhs)

Net Loss after tax as per previous GAAP			
Adjustments:			(2407.85)
Effect of amortisation of transaction costs of Working Capital Term Loans using EIR			16.18
Effect of amortisation of interest expenses using EIR			13.97
Depreciation on capitalisation of spares and decommissioning costs			(2.84)
Periodic unwinding of discount on decommissioning liability			(2.11)
Derecognition of financial asset on the date of transition			29.32
Remeasurement gain/loss on defined benefit obligations			8.42
Deferred tax impact on above adjustments			(23.01)
Net Loss after tax as per Ind AS			(2367.92)
Gains/(losses) on restatement of equity instruments measured at FVTOCI			(612.51)
Remeasurement gain/loss on defined benefit obligations, net of tax effects			(5.64)
Total Comprehensive income as per Ind AS			(2986.07)

	15-16	16-17	
Reversal of transaction costs on working capital term loans	(2709850)	0.00	decrease in bank charges
Reversal of interest on ASL loan	(19500000)	(18000000.00)	decrease in interest on others
Reversal of other amounts recoverable from APSEB written off	(2931680)	0.00	decrease in electricity charges
Amortisation of transaction costs using EIR	1091933	1765577.00	Increase in finance costs
Amortisation of interest costs using EIR	18102677	17935837.00	Increase in finance costs
Depreciation on dedicated spares & decommissioning liability	284285	105380.96	increase in depreciation
periodic unwinding discounted costs on decom. Liability	211600	227005.00	Increase in finance costs
reversal of deferred tax asset	2022000	672435.28	deferred tax asset
OCI Investments	61251400		

Notes to First time adoption

1. Property, Plant and Equipment

As per Ind AS 16, spare parts, stand-by equipments and servicing equipment are to be recognised as property, plant and equipment (PPE) when they meet the definition of PPE. Accordingly, the spare parts of INR 115.89 lakhs, grouped under Inventories as on the date of transition to Ind AS, are recognised as PPE net of accumulated depreciation based on the estimated remaining useful life of the specific plant under straight line method.

	Rupees in Lakhs		
Particulars	01.04.2015	During 15-16	31.03.2016
Decrease in Inventories due to capitalisation of Machinery spares	115.89	6.61	122.50
Accumulated depreciation recognised against retained earnings	96.62	--	--
Increase in depreciation charged to Profit & Loss	--	2.68	--
Net increase in PPE	19.27	3.93	23.20

As per Ind AS 16, the cost of PPE shall include the initial estimate of costs of dismantling and removing the item and restoring the site on which it is located. Accordingly, the company recognises the decommissioning costs of the leased premises on which the plant is super structured as part of its Plant & Machinery.

Particulars	01.04.2015	During 15-16	31.03.2016
Increase in PPE	4.67	--	--
Accumulated depreciation recognised against retained earnings	4.05	--	--
Increase in depreciation charged to Profit & Loss	--	0.16	--
Net increase in PPE	0.62	--	0.46

2. Provision for Decommissioning liability

As per Ind AS 37, a provision has to be recognised when an entity has a present obligation arising from past events and the settlement of which is expected to result in an outflow of resources. Further, the same has to be measured at present value of the expenditure expected to be required to settle the obligation. Accordingly, the company has recognised a provision for decommissioning liability equivalent to the discounted value of the estimated decommissioning costs as at the date of transition to Ind As. The differential amount of asset recognised and provision created has been adjusted in retained earnings.

Particulars	01.04.2015	During 15-16	31.03.2016
Net increase in PPE	0.62	--	--
Adjusted against retained earnings	28.44	--	--
Periodic unwinding of discount costs charged to Profit & Loss	--	2.11	--
Increase in provision	29.06	--	31.17

3. Investments in equity instruments designated at FVTOCI

As per Ind AS 109, equity instruments designated at FVTOCI has to be measured at fair value and the gains/losses on restatement has to be recognised in the Other Comprehensive Income net of related taxes, as a separate component of equity. At the date of transition to Ind AS, difference between the instruments fair value and Indian GAAP carrying amount has been recognised in retained earnings.

Particulars	01.04.2015	During 15-16	31.03.2016
Recognised in retained earnings	485.43	--	--
Gains/losses on restatement - adjusted in OCI	--	(612.51)	--
Increase/(decrease) in Investments	485.43	--	(127.08)

4. Derecognition of financial asset

As per the IND AS 109, an entity shall derecognize a financial asset if the contractual rights to the cash flows from the financial asset expires or it transfers the financial asset and the transfer qualifies for de-recognition.

Accordingly, the company has de-recognised the amounts recoverable from APSEB as on 01.04.2015 as the future cash flows expire.

Particulars	01.04.2015	During 15-16	31.03.2016
Decrease in other current financial assets	29.32	--	--
Adjusted against retained earnings	29.32	--	--
Decrease in other expenses	--	29.32	--

5. Borrowings

Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the statement of Profit or Loss over the tenure of the borrowing as part of the finance costs by applying the effective interest rate method. Accordingly, borrowings as on the date of transition have been reduced by INR 49.66 lakhs with corresponding adjustment to retained earnings.

The Andhra Petrochemicals Limited

Particulars	01.04.2015	During 15-16	31.03.2016
Reversal of transaction costs charged under previous GAAP	--	27.10	--
Increase in finance costs - amortisation using EIR	--	(10.92)	--
Decrease in Borrowings	49.66	--	65.84

Ind AS 109 requires interest expenses incurred towards borrowings are to be amortised to the statement of Profit & Loss over the life of the instrument as part of the finance costs by using effective interest rate method. However, Para B5.4.5 of Ind AS 109, provides an exemption from aforesaid treatment if the floating rate instrument is recognised initially at an amount payable on maturity.

Accordingly, borrowings carrying fixed rate interest have been increased by INR 16.13 lakhs with a corresponding increase in retained earnings as at the date of transition.

Particulars	01.04.2015	During 15-16	31.03.2016
Reversal of interest expenses charged under previous GAAP	--	195.00	--
Increase in finance costs - amortisation using EIR	--	(181.02)	--
Increase in Borrowings	16.13	--	2.15

6. Excise Duty

Under Ind AS, sale of goods includes excise duty. Excise duty on sale of goods is separately presented on the face of statement of profit and loss as part of expenses. This change has resulted in an increase in total revenue by INR 4172.07 lakhs with a corresponding increase in other expenses for the year ended 31 March 2016. There is no impact on the total equity and profit.

7. Cash discount

As per Ind AS 18, revenue shall be measured at the fair value of the consideration received or receivable after taking into account the amount of any trade discounts, volume rebates etc allowed by the company. Thus, the revenue recognised is net of cash discount allowed. This change has resulted in a decrease of total revenue by INR 157.07 lakhs with a corresponding decrease in other expenses for the year ended 31 March 2016. There is no impact on the total equity and profit.

8. Remeasurements of post-employment benefit obligations

Under Ind AS 19, remeasurements costs [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI.

Thus the employee benefit cost for the year ended 31 March 2016 is reduced by INR 8.42 Lakhs and remeasurement gains/ losses on defined benefit obligations has been recognized in the OCI net of tax.

9. Deferred taxes

Under Ind AS, various adjustments made in the transition to Ind AS lead to temporary differences. Accordingly, deferred tax have also been recognised on the transitional adjustments with a corresponding adjustment either in retained earnings or a separate component of equity. The net impact on deferred tax liabilities (net) is a decrease by INR 1.81 lakhs as at 01.04.2015.

**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: info.tnk@andhrapetrochemicals.com, Website: www.andhrapetrochemicals.com**33rd Annual General Meeting
PROXY FORM**

Name of the Member (s) :

Registered address :

E-mail ID :

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

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

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

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 33rd ANNUAL GENERAL MEETING of the Company to be held on Wednesday, the 27th September, 2017 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 Annual Accounts for the Financial Year ended 31st March, 2017.
- Reappointment of Sri P Narendranath Chowdary as Director.
- Reappointment of Sri Mullapudi Thimmaraja as Director.
- Appointment of M/s. C.V. Ramana Rao & Co., as new Statutory Auditors for five years, i.e., from 2017-18 to 2021-22 in place of M/s. Brahmayya & Co., and fixing their remuneration for the year 2017-18.

Special Business:

- Ordinary Resolution for ratification of remuneration to be paid to M/s. Narasimha Murthy & Co., Cost Accountants, as Cost Auditors for the Financial Year 2017-18.
- Ordinary Resolution for appointment of Sri Siddhath Jain, I.A.S., as Director
- Ordinary Resolution for appointment of Dr. V N Rao, as Director

Signed this day of 2017

Signature of Shareholder (s)

Signature of Proxy holder(s)

Affix 15 paise Revenue Stamp

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**

CIN : L23209AP1984PLC004635

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33rd 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 33rd ANNUAL GENERAL MEETING being held on Wednesday, the 27th September, 2017 at 3:00 p.m......
Signature of Member / Proxy

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

PRINTED MATTER

To

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