



Annual Report **1999-2000**

ASSAM PETROCHEMICALS LIMITED



DIRECTORS :

(As on 5th June, 2001)

- | | |
|-----------------------------|---|
| 1. Shri H. K. Sharma, IAS |] -- Nominees of Assam Industrial Development Corporation Limited |
| 2. Shri M. C. Mahanta | |
| 3. Shri R. K. Kapoor | -- Nominee of Industrial Development Bank of India |
| 4. Shri Mrinal Baishya | -- Nominee of United Bank of India |
| 5. Shri D.N. Barua |] -- Nominees of public appointed in annual general meeting |
| 6. Shri Amulya Hash Goswami | |
| 7. Shri Dinesh Deka | |
| 8. Shri K. L. N. Rao | -- Managing Director |
| 9. Shri O. P. Tailor | -- Director (Finance) |

AUDIT COMMITTEE :

1. Shri D. N. Barua
2. Shri H. K. Sharma, IAS
3. Shri Amulya Hash Goswami

COMPANY SECRETARY :

Ruli Das Sen

BANKERS :

United Bank of India
State Bank of India
UCO Bank

REGISTERED OFFICE :

Lamb Road, Ambari
Guwahati- 781 001

FACTORY :

Namrup
P.O. Parbatpur,
Dist. Dibrugarh
Pin- 786 623.

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Annual Report 1999-2000

**ASSAM PETROCHEMICALS LIMITED**

**REGD. OFFICE: LAMB ROAD, AMBARI
GUWAHATI - 781 001**

NOTICE

Notice is hereby given that the adjourned twenty ninth annual general meeting of the company will be held at the registered office of the company at Lamb Road, Ambari, Guwahati- 781 001 on Thursday, the 12th July, 2001 at 11 a.m. for transacting the following business :

1. To receive, consider and adopt the audited Profit and Loss Account of the company for the year ended 31 st March, 2000 and the Balance Sheet as at that date, together with the Directors' Report, the Statutory Auditors' Report and the comments of Comptroller and Auditor General thereon.

By order of the Board

Report Junction

Guwahati,
Dated 5th June, 2001

(Ruli Das Sen)
Company Secretary

Notes :-

1. A member entitled to attend and vote at the meeting is also entitled to appoint a proxy to attend and vote instead of himself and such a proxy need not be a member. The proxy to be effective must be deposited at the registered office of the company not later than 48 hours before the time appointed for the meeting.
2. Members desiring to seek any information on the annual accounts are requested to write to the company at an early date to enable compilation of information.
3. Members are requested to bring their copies of the Annual Report to the meeting.

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DIRECTORS' REPORT

Your Directors have pleasure in presenting the twenty-ninth Annual Report together with the audited statement of accounts for the year ended 31st March, 2000.

FINANCIAL RESULTS :

	1999-2000 <u>Rs. in lakhs</u>	1998-99 <u>Rs. in lakhs</u>
Sales & Other Income	2699.31	2817.44
Gross Profit	339.52	354.76
Less : Depreciation	328.49	331.00
Interest	173.88	194.87
Profit for the year before taxation	(-) 162.85	(-) 171.11
Provision for taxation	0.07	(-) 15.04
Profit for the year after taxation	(-) 162.92	(-) 156.07
Balance brought forward from previous year	2074.80	2227.34
Adjustment of prior years	(-) 3.32	3.53
Provisions/Reserves no longer required	1.37	-
Amount available for appropriation	1909.93	2074.80

This has been appropriated as under :

Proposed Dividends

Equity	-	-
Preference	-	-
Tax on Dividends	-	-
General Reserve	1909.93	2074.80
Balance carried to Balance Sheet	-	-

On account of delay in the appointment of Statutory Auditors by the Central Government under section 619 of the Companies Act, 1956, your Directors regret that the accounts could not be laid before the members earlier.

The comments made by the Comptroller and Auditor General and the management's replies thereto are annexed as Annexure C. The management's replies to the comments of the Statutory Auditors are annexed as Annexure D. A statement on the review of accounts by the Accountant General is also attached as Annexure-E.

OPERATIONS:

The year under review was the twenty-fourth year of commercial production. The operational highlights during the year 1999-2000 with comparative position in the previous year 1998-99 were as follows :



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PLANT	PRODUCTION (M.T.)	
	1999-2000	1998-99
Methanol-I	nil	nil
Methanol-II	25423	26333
Formalin-I	nil	286
Formalin-II	17537	16995
Petrolite R-50	nil	nil
Petrolite-M	nil	nil
Liquid Carbon-di-oxide	115	24

	CAPACITY UTILIZATION	
	1999-2000	1998-99
Methanol-I	nil	nil
Methanol-II	77%	80%
Formalin-I	nil	2%
Formalin-II	53%	51.5%

Production from Methanol Unit I was suspended since February, 1998 due to high cost of production. Methanol Unit II had to be run on lower load, as there was a glut in the market resulting from import of cheaper Methanol. Lower capacity utilization as compared with 1998-99 could be attributed to power interruption, low natural gas pressure and high stock. Further, the plant was shutdown for a number of days in the month of June for maintenance of reformer tubes and heavy end make reboiler, following which, four reformer tubes had to be plugged and the plant could be run at an average load of only 80% for the rest of the year. The overall performance of the plant was satisfactory.

Production from Formalin Unit I was kept suspended during the year due to low market demand. Capacity utilization of Formalin Unit II was lower as compared with 1998-99 due to low market demand resulting mainly from the closure of plywood factories in the northeastern region.

Due to lack of market demand for Petrolite R-50 and Petrolite-M, production from the plants continued to remain suspended.

Liquid Carbon-di-oxide was produced on need basis as per market demand.

The sales of the products were commensurate to production and the gross turnover for the year was Rs. 3393.96 lacs.

DIVIDEND

Your Directors could not recommend dividend to the equity shareholders for the financial year as the company suffered a net loss during the same.

Though the financial position of the company at the time of this report is satisfactory, the international price of Methanol is on a downward trend and further downside is expected, which would adversely affect the profitability and liquidity of the company. Further, the company will also be undergoing major maintenance work in Methanol Unit II by way of replacement of reformer tubes during August, 2001 involving significant investment.

Annual Report 1999-2000**DIRECTORS**

After transacting all other business, the Annual General Meeting held on 28th September, 2000 was adjourned for adoption of accounts. The Board, immediately after the said meeting comprised of :

1. Shri Kiron Kumar Gogoi	Chairman
2. Shri Jishnu Barua, I.A.S.	Director-in-charge
3. Shri Paban Kumar Borthakur, IAS	Director
4. Shri Mahesh Chandra Mahanta	Director
5. Shri Raj Kumar Kapoor	Director
6. Shri Mrinal Baishya	Director
7. Shri Digendra Nath Barua	Director
8. Shri Amulya Hash Goswami	Director
9. Shri Dinesh Deka	Director
10. Shri K. L. N. Rao	Managing Director
11. Shri Om Prakash Tailor	Director (Finance)

AUDITORS :

M/s Kanoi Associates were appointed as the Statutory Auditors for the year 1999-2000.

INDUSTRIAL RELATIONS :

Industrial relations between the company and the employees remained cordial during the year.

PARTICULARS OF EMPLOYEES:

None of the employees of the company received remuneration requiring disclosure of particulars under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended.

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

The additional information in respect of energy conservation, technology absorption and foreign exchange earnings and outgo, as required by the Companies Act, 1956 as amended by the Companies (Amendment) Act, 1988 is set out in the statement annexed hereto as Annexure 'A'.

DIRECTORS' RESPONSIBILITY STATEMENT :

The Directors' Responsibility Statement as required by section 217 (2AA) of the Companies (Amendment) Act, 2000 is annexed hereto as Annexure 'B'.

ACKNOWLEDGEMENT :

Your Directors place on record their appreciation of the unstinted support and encouragement extended by Assam Industrial Development Corporation Limited, the State Government and the various lending institutions and banks.

By order of the Board

(K L N Rao)
Managing Director

Guwahati
Dated : 5th June, 2001



ANNEXURE- 'A'

Annexure to the Directors' Report (1999-2000)

(Additional information in terms of notification GSR No. 1029 dated 31st December 1988 issued by the Department of Company Affairs.)

A. CONSERVATION OF ENERGY :**a. Energy conservation measures taken :**

The process technologies adopted in the plants were energy efficient. The Company selected the most developed ICI Low Pressure Methanol technology and the Humphreys & Glasgow Reformation Process for manufacture of Methanol & Derivados Forestales, Netherland's technology for manufacture of Formaldehyde. Waste heat has been recovered to produce steam required for the process, thereby preventing heat from being radiated to the atmosphere. Heat exchangers were well insulated to prevent heat loss. Cooling water used in heat exchangers was totally recycled to prevent pollution and loss. Steam condensates were recovered and recycled back from the Turbo generator. The plants were operated to the complete satisfaction of the Pollution Control Board of Assam.

b. Additional investments and proposals, if any, being implemented for reduction of consumption of energy :

There was no such proposal in the year under review.

c. Impact of the measures (a) and (b) above :

The specific consumption of electricity and fuel natural gas was well within the tolerance limit. The company had a pollution free environment.

d. Total energy consumption and energy consumption per unit of production :**A. Power and Fuel consumption**

	1998-99	1999-2000
1. Electricity :		
(a) Purchased :		
Unit (MWH)	3961	13359
Total amount (Rs. Crore)	3.92	4.17
Rate/Unit (Rupees/KWH)	2.10 (upto August '98)	3.12
	2.80 (Sept. '98 onwards)	
(b) Own Generation (MWH)	4098	4211
2. Coal		Not applicable
3. Furnace Oil		Not applicable
4. Others		Not applicable

B. Consumption per unit of production :

	1998-99	1999-2000
i) Electricity (KWH)		
Unit- I	nil	nil
Unit- II	588	596
ii) Natural Gas (NM ³)		
Unit- I	nil	nil
Unit- II	212	182

Production of Methanol- I is suspended since February, 1998.

Annual Report 1999-2000**B. TECHNOLOGY ABSORPTION :****(e) Efforts made in technology absorption**

Research and development (R&D).

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

Except in plant improvement of process and debottlenecking, full time R&D activities were not started.

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

Not applicable.

3. Future plan of action :

The Company will start R&D activities shortly to identify future diversification.

4. Expenditure on R & D :

Not applicable

a) Capital

b) Recurring

Not applicable

c) Total

d) Total R&D expenditure as a percentage of total turnover

Technology absorption, adaptation and innovation :

1) Efforts in brief, made towards technology absorption, adaptation and innovation :

APL has been operating the plant supplied by foreign supplier.

2) Benefits derived as a result of the above efforts. e.g. product improvement, cost reduction, product development, import substitution etc.

Product quality improved, cost of production and pollution problem reduced.

3) In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year). Following information may be furnished :

(a) Technology imported :

Not applicable

(b) Year of import :

Not applicable

(c) Has technology been fully absorbed.:

Not applicable

(d) If not fully absorbed, areas where this has not taken place, reasons thereof and future plans of action :

Not applicable

C. FOREIGN EXCHANGE EARNINGS AND OUTGO :**f) Activities relating to exports; initiatives taken to increase exports, development of new export market for products and services and export plans :****EXPORT SALES**

	1998-99	1999-2000
Methanol -	52.86 MT	311.49 MT
Formalin -	216.90 MT	606.70 MT

g) Total foreign exchange used and earned :

	Rupees in Lakh	
	1998-99	1999-2000
i) Earning in foreign exchange	Nil	Nil
ii) Foreign exchange outgo	37.88	nil



(Annexure 'B')

ANNEXURE TO DIRECTOR'S REPORT

Directors' Responsibility Statement as per Section 217 (2AA) of the Companies (Amendment) Act, 2000.

YOUR DIRECTORS HEREBY STATE :

1. That the annual accounts have been prepared following applicable accounting standards and there is no material departure in this regard.
2. That the accounting policies are applied consistently and judgements and estimation are made reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the year and of the profit & loss account for the financial year 1999-2000.
3. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
4. That the annual accounts have been prepared on a going concern basis.

By order of the Board

(K. L. N. Rao)
Managing Director

Dated : 5th June, 2001

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(Annexure 'C')

Annexure to Director's Report (1999-2000)

MANAGEMENT'S REPLIES TO THE COMMENTS OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF ASSAM PETROCHEMICALS LTD. FOR THE YEAR ENDED 31ST MARCH, 2000.

C & AG'S COMMENTS**MANAGEMENT'S REPLIES****1. BALANCE SHEET****(i) Capital Advance : Rs. 10.96 lakh**

This includes Rs. 0.94 Lakh being the amount paid to the contractors in respect of works already completed but the same, has been lying unadjusted since 1980-81. Due to non-provision of the same, capital advance stands overstated by Rs. 0.94 Lakh with corresponding understatement of loss to the extent.

Necessary adjustment is being made in the Accounts of 2000-2001.

(ii) Preliminary and Pre-operative expenses**Rs. 4.63 lakh**

The above includes a sum of Rs. 2.10 lakh for 300 TPD Methanol Plant, which is unlikely to materialize. Non-provision for write off has resulted in overstatement of preliminary expenses by Rs. 2.10 lakh and understatement of loss to that extent.

Action is being taken to write off the same in the year 2000-2001.

2. General

Disclosure has not been made for Contingent Liability for Rs. 3.60 lakh in respect of a suit filed against the Company by some of its Officers.

Noted, the Contingent Liability will be disclosed from next year's accounts.

Sd/-
Accountant General (Audit)

Sd/-
(O. P. Tailor)
Director (Finance)
Assam Petrochemicals Ltd.

Sd/-
K. L. N. Rao
Managing Director
Assam Petrochemicals Ltd.