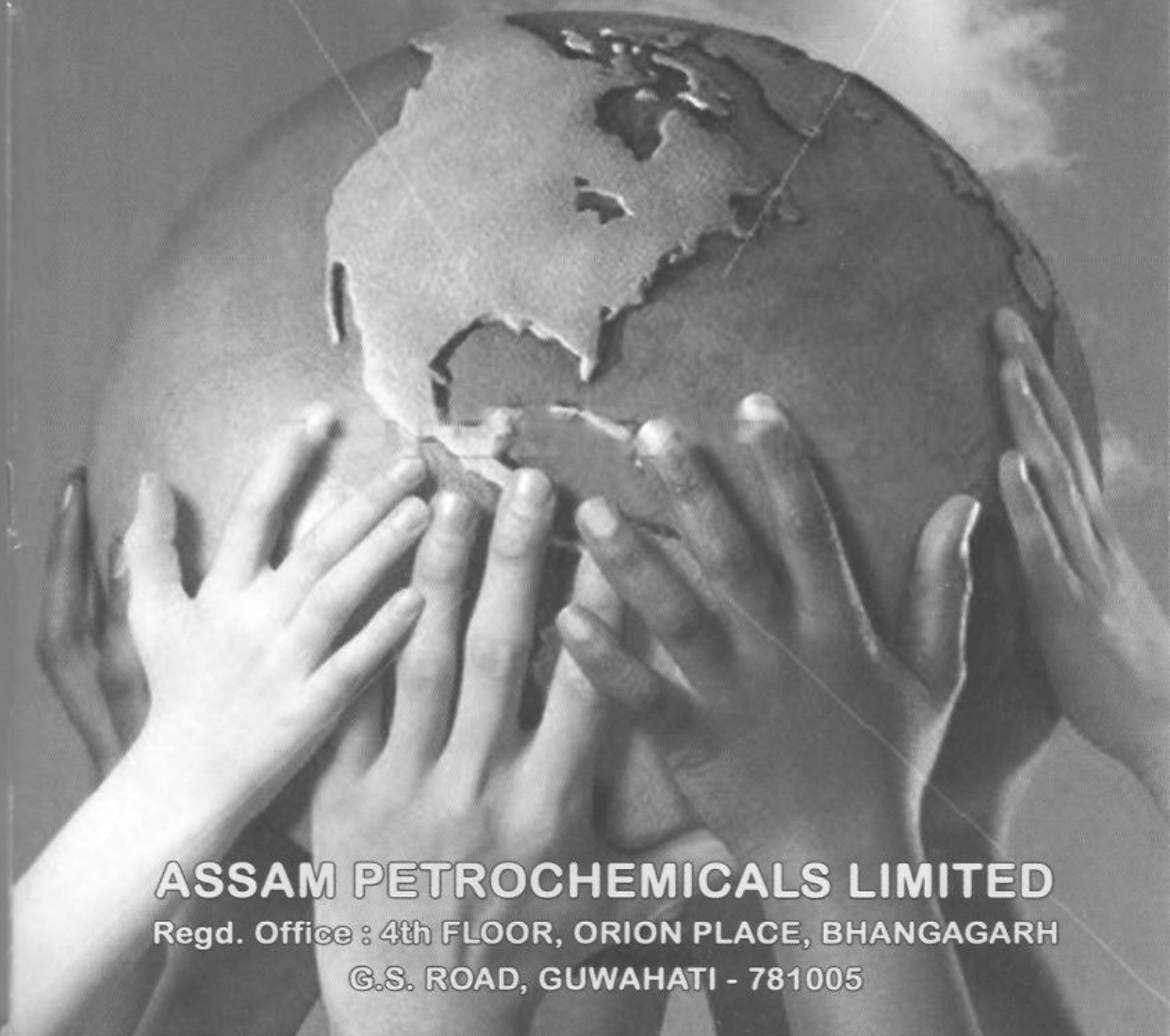




40th ANNUAL REPORT 2010-11



ASSAM PETROCHEMICALS LIMITED

Regd. Office : 4th FLOOR, ORION PLACE, BHANGAGARH

G.S. ROAD, GUWAHATI - 781005

Board of Directors

- | | | |
|---|---|-----------------------|
| 1. Shri Rameswar Dhanowar, Chairman | } | Nominees of AIDC Ltd. |
| 2. Shri Jatinderbir Singh, IAS (w.e.f 01-07-2011) | | |
| 3. Shri Ravi Capoor, IAS (upto 30-06-2011) | | |
| 4. Shri Rajesh Prasad, IAS (w.e.f. 01-07-2011) | | |
| 5. Dr. J Balaji, IAS (upto 01-07-2011) | | |
| 6. Shri S.P. Nandi, IAS (Upto 19-10-2011) | | |
| 7. Shri Jiban Choudhury (w.e.f. 19-10-2011) | | |
| 8. Shri D. N. Barua | } | Independent Director |
| 9. Shri B.K. Sarma | | |
| 10. Shri A.N. Das | | |
| 11. Dr. B. K. Das | | |
| 12. Shri Utpal Borah | | |
| 13. Shri Ratul Bordoloi | | Managing Director |

Audit Committee

1. Shri D. N. Barua
2. Shri A. N. Das
3. Shri B. K. Sarma
4. Dr. M. N. Borgohain (upto 29-12-2010)
5. Mr. R. Bordoloi

Chairman of Audit Committee

Company Secretary

CS Uttam Bailung

Share Transfer Agent

M/s C.B. Management Services (P) Ltd
P-22, Bondel Road, Kolkata-700019

Bankers

United Bank of India
State Bank of India
UCO Bank
ICICI Bank Ltd.
Axis Bank Ltd.

Registered Office

4th Floor, Orion Place, Bhangagarh,
G.S. Road, Guwahati, Assam-781 005

Factory

Namrup, P.O.- Parbatpur
District: Dibrugarh, Assam -786623

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ASSAM PETROCHEMICALS LIMITED

Regd. Office: 4th Floor, Orion Place,
G.S. Road, Guwahati, Assam-781005

NOTICE

Notice is given that 40th Annual General Meeting of the members of Assam Petrochemicals Limited will be held on Monday, 30th day of April, at 11.00 a.m. in the Registered office (4th Floor Orion Place, G.S.Road, Bhangagarh, Guwahati, Assam-781005) to transact the following business:

A. ORDINARY ITEMS :

1. To receive, consider and adopt the Company's Balance Sheet as at 31st day of March, 2011 and the Profit & Loss Account for the year ended on that date along with the Directors' Report thereon and Statutory Auditor's Report and comments of the Comptroller and Auditor General of India thereto.
2. To consider and appoint director in place of Mr. Jibon Choudhury who retires by rotation in pursuance of Section 256 of the Companies Act, 1956. Shri Jibon Choudhury, being eligible, offers himself for reappointment.
3. To consider and appoint director in place of Shri Jatinderbir Singh who retires by rotation in pursuance of Section 256 of the Companies Act, 1956. Shri Jatinderbir Singh being eligible, offers himself for reappointment.
4. To consider and appoint director in place of Shri A.N.Das, who retires by rotation in pursuance of Section 256 of the Companies Act, 1956. Shri A.N. Das being eligible, offers himself for reappointment.
5. To fix remuneration of the Statutory Auditors.

B. SPECIAL ITEMS :

6. To Alteration of Memorandum and Articles of Association by passing the following Special Resolution

“RESOLVED THAT pursuant to provisions of section 94(1)(a) of the Companies Act, 1956 the Authorised Share Capital of the Company be and is hereby increased from present Rs.17,00,00,000/- (Rupees Seventeen Crore) to Rs. 350,00,00,000/- (Rupees Three Hundred Fifty Crore), by addition thereto of 33,30,00,000 (thirty three Crore thirty lacs) Equity Shares of Rs.10 each, ranking pari passu in all respect with existing Equity Shares of the Company.”

“RESOLVED FURTHER THAT, Clause V of the Memorandum of Association of the Company be and is hereby amended by substitution of the following figures and words:

V. The share capital of the company is Rs. 350, 00,00,000 Rupees three hundred fifty Crores) divided into 35,00,00,000 (thirty Five Crores) equity shares of Rs. 10/- (Rupees Ten only) each, with rights and privileges and conditions attaching thereto as provided by the

Articles of Association of the company for the time being with power to increase and reduce the capital of the company and to divide the shares in the capital for the time being into several classes and attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the company for the time being and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be permitted by the Companies Act, 1956.

"RESOLVED THAT clause 4 of the Articles of Association of the Company be and is hereby amended by substitution of the following figures and words

4. i) The Authorised Share Capital of the Company is Rs. 350, 00,00,000 (Rupees three hundred fifty Crores) divided into 35,00,00,000 (thirty Five Crores) equity shares of Rs. 10/- (Rupees Ten only) each.
- ii) Subject to and in accordance with the Provisions of Section of 80 and 80A of the Companies Act, 1956 the company shall have power to issue Redeemable Preference Shares on such terms and conditions as the company may from time to time think fit.

By order of the Board of Directors

Date: 03/03/2012

Place: Guwahati

sd/-
(CS. Uttam Bailing)
Company Secretary

Notes :

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the company. The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than Forty Eight hours before the commencement of the meeting.
2. Share holders are requested to bring their copy of their Annual Report.
3. Share holders may now avail of nomination facility under Section 109A of the Companies Act, 1956.

Explanatory Statement under Section 173(2) of the Act

Item No. 6.

Your company is embarking upon to setup a new petrochemical project in the existing site at Namrup with an estimated project cost of Rs. 1028 Crore. To mobilize the requisite capital for this ambitious project your directors have decided to raise the requisite fund by partly issuing additional equity in tune of Rs. 294 crores and debt from banks and FIs. To raise the requisite additional equity capital, your company requires to increase the Authorised Share Capital. Your Directors have passed the Board

Resolution on 19-12-2011 to enhance the Authorised Share Capital from existing Rs. 17,00,00,000/- (Rupees Seventeen Crore) to Rs. 350,00,00,000/- (Rupees Three hundred Fifty Crore) by creating additional equity shares of 33,30,00,000 (thirty three Crore thirty lacs) Equity Shares of Rs.10 each, ranking pari passu in all respect with existing Equity Shares of the Company.

To increase the Authorised Share Capital, it is required to pass a shareholders resolution for alteration of the Memorandum of Association of the company. Further, once the Clause V of the Memorandum of Association of the company it is also require to alter the existing Clause 4 of the Articles of Association of the company.

Therefore Board of your company recommends to pass the resolution as special resolution to alter the Memorandum and Articles of Association of the company in the general Meeting.

None of the Board members are concerned or interested in the above resolution.

By order of the Board of Directors

Date: 03/03/2012

Place: Guwahati

Sd/-
(CS. Uttam Bailung)
Company Secretary

DIRECTORS' REPORT

To,

The Shareholders

Your Directors have pleasure to present the Directors' Report for the Financial Year 2010-2011 along with the Audited Annual Accounts for the year ending on March 31, 2011.

Financial Performance

The year 2010-11 started with double set back to the company viz. hike of main raw material natural gas by 174% w.e.f. 31-05-2010 and an accident occurred in the Reformer Section of the Mother plant Methanol on 22-07-2010 which compelled the company to keep the plant in shutdown condition over a period of two months and then run the Methanol Plant at 50% capacity for remaining period of the year. These two events led the company to face huge financial distress in the year 2010-11 and ultimately the company suffered a loss of Rs. 10.78 Crore.

The summary of the financial results of the Company as on 31st March 2011 as well as 31st March 2010 are given below.

Financial Results:

(Rupees in Lacs)

Particulars	2010-11	2009-10
Sales and Other Income (inclusive of taxes and duties)	4321.281	6138.645
Gross Profit/Loss	(953.64)	658.07
Less : Depreciation	125.10	134.41
Interest	-	0.30
Profit/Loss for the year before tax and extraordinary items	(1078.74)	523.35
Adjustment of prior period	-	(15.45)
Provision for taxation	(13.85)	228.96
Profit for the year after Taxation	(1064.89)	278.93
Balance brought forward from previous year	172.23	417.54
Amount available for appropriation	(851.59)	696.46
Appropriations:		
a. Transferred to General Reserve	172.23	417.54
b. Proposed dividend	-	91.20
c. Tax on dividend	-	15.50
Balance carried to Balance sheet	(1023.82)	172.23
Earning Per Share (EPS) (in Rs.)	(11.68)	3.06

Operations:

During the year 2010-11, your company suffered its production loss considerably because of damage of reformer tubes due to an accident occurred on 22nd July, 2010 in the Methanol Plant. The production of Methanol was completely remained close for two months and eight days and production could only resumed at 50% capacity after major repairing the plant w.e.f. 27-09-2010. Since your company runs Formalin Plants (both Namrup and Raninagar) with the Methanol Produced in Namrup Plant, the production of Formalin also suffered badly due to the accident. During the year 2010-11 your company could only utilized the Methanol plant at 54% of its installed capacity against 102% in the year 2009-10. As far as the production of Formalin is concerned, your company achieved only 69% capacity utilization against the 95% in the previous year.

PLANT	PRODUCTION (MT)	
	2010-11	2009-10
Methanol-II	17982	33759
Formalin-II	22906	31443
Capacity Utilization of Plants:		
Methanol-II	54%	102%
Formalin-II	69%	95%

Sales:

Your company made meticulous planning to maintain supply of both methanol and formalin to its regular customers particularly in NE region, West Bengal, Bhutan and Nepal inspite of production constraints due to the accident in the Methanol Plant at Namrup. While planning the distribution of the limited production of both methanol and formalin, emphasis was given on supplies to the customers who are generally dependent on APL for their requirements of methanol or formalin. Such policies conforming to the selective distribution of the products enabled the company to earn the highest net realization from the sales possible in the recession hit global economy.

The Highlights of sales in the year 2010-11 with comparison with the figure of 2009-10 are as follows

Area	FORMALIN (MT)	
	2010-11	2009-10
North Eastern Region	5188.83	5065.21
Bhutan	868.57	1849.25
North Bengal	4432.94	5920.89
South Bengal	4233.28	8894.23
Purnea/ Adjacent Area	1608.26	2915.91
Patna	4831.62	12291.40
Orissa/ MP/ South Bihar	165.52	200.04
Nepal and Bangladesh	1569.6	1771.97
Total	22898.62	38908.9

	Methanol	
North Eastern Region	1438.47	1214.58
West Bengal & Bihar	1661.48	3699.05
North India	2968.54	9172.07
Export	549.33	954.22
Total	6617.82	15039.92

Project & Development Activities:

A. TEFR for the project

Your directors have got the TEFR integrated for the Methanol Acetic Acid project through M/s Tata Consulting Engineers Pvt. Ltd., Mumbai in which it envisages a total capital requirement of Rs. 1028.00 crores with an excellent viability and profitability for the project with project IRR of 27.41%, post tax payback period of 4.12 yrs, return on investment of 25.59% and average DSCR of 4.307. The required finance for the project will be arranged with Debt Equity ratio of 2.5:1. Your directors are expecting that all the pre-project activities will be completed within 2011-12 and the mechanical completion of the project is scheduled to be completed by end of 2014. To raise the fund for the project, your directors have already been carrying out series of discussions with the Government of Assam and other potential strategic investors. The Debt portion of the project finance will be arranged through loan syndication by a professional agency.

B. Appointment of Project Management Consultant:

Your directors have appointed M/s Tata Consulting Engineers Ltd., Mumbai as the Project Management Consultant (PMC) for implementation of the integrated 500 TPD Methanol and 200 TPD Acetic Acid Project. They have been assigned to carry out all the pre-project activities in the First Phase, i.e Preparation of TEFR for Acetic Acid Project, Integrate both Methanol and Acetic Acid TEFRs, preparation of DPR, Evaluation of bids received for 500 TPD Methanol Plant, Float Global Tender for EPC Contract for Acetic Acid Plant and evaluate the same, Carryout the Environmental Impact Analysis (EIA) for the project, Soil testing etc., etc. Considerable progresses have already been made by the PMC on the jobs assigned to them in first phase.

C. Salient Features and Financial Indicators of the Integrated 500 TPD Methanol and 200 Acetic Acid Plant

As per the Integrated TEFR prepared M/s TCE, the salient features of the Integrated project are as follows:

Sl. No	Particulars	
A	Technical Information	
1	Daily rated capacities	
	I. Methanol	415 TPD
	II. Acetic Acid	200 TPD
2	Plant stream days	330 days
3	Yearly rated capacities	

	I. Methanol	136950 TPA	
	II. Acetic Acid	66000 TPA	
4	Project Gestation Period		
	I. Methanol	36 Months	
	II. Acetic Acid	24 Months	
5	Raw Material Requirements		
	I Methanol plant	Natural Gas:0.50MMSCMD	
	II Acetic Acid plant	i. Captive Methanol ii. Reformed Gas from Methanol Plant	
6	Power requirement	5.00 MW Captive Power plant that will be installed under the project	
B	Project Financing	Without Subsidy	With Subsidy
1	Project capital Cost(Rs.In Lacs)	102800	102090
	Debt:Equity ratio	2.5:1	2.5:1
	Debt: Rs. In lacs	73400	72921
	Equity (Rs. In lacs)	29400	29169
2	Capital Investment Subsidy (Rs in lacs) including Cenvat.		27360
C	Financial Performance		
1	Annual Realization(Rs. in lakh)		
	i)For the 1 st year at 85% load	33655	33655
	ii)For 5 initial operating year at full load(Avg/Yr)	40436	40436
2	Cost of Production (Rs. in lakh)		
	i)For the 1 st year	27363	20853
	ii) For 5 initial operating year at full load(Avg/Yr)	28729	20175
3	Return on investment%	19.79	25.59
4	Payback period (years)	8.27	4.12
5	Internal Rate of Return (project)%	18.61	27.41