

41st ANNUAL REPORT

2011-12



ASSAM PETRO-CHEMICALS LIMITED

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

G.S. ROAD, GUWAHATI - 781005

Board of Directors

- | | | |
|----------------------------------------------------------------------|---|--------------------------------|
| 1. Shri Rameswar Dhanowar, Chairman | } | Nominee directors of AIDC Ltd. |
| 2. Shri R.T. Jindal, IAS (w.e.f 05 th of July, 2012) | | |
| 3. Shri Jatinderbir Singh, IAS (upto 05 th of July, 2012) | | |
| 4. Shri Rajesh Prasad, IAS | | |
| 5. Shri Jiban Choudhury | | |
| 6. Shri D. N. Barua | } | Independent Director |
| 7. Shri B.K. Sarma | | |
| 8. Shri A.N. Das | | |
| 9. Dr. B. K. Das (upto 19 th of December, 2012) | | |
| 10. CA Sanjeev Kr. Choube(w.e.f. 19 th of December, 2012) | | |
| 11. Shri Utpal Borah | | |
| 12. Shri Ratul Bordoloi | | Managing Director |

Audit Committee

- | | |
|--------------------------------------------|------------------------------|
| 1. Shri D. N. Barua | -Chairman of Audit Committee |
| 2. Shri A. N. Das | |
| 3. Shri B. K. Sarma | |
| 4. Shri Jiban Choudhury (w.e.f 13-07-2012) | |
| 5. Shri Utpal Borah (w.e.f. 13 -07-2012) | |
| 6. Mr. R. Bordoloi | |

Company Secretary and Compliance Officer

CS Uttam Bailung

Statutory Auditors

M/s L.K. Kejriwal & Co.
4th Floor, Mangal Ram Tower,
A.T. Road, Guwahati, PIN -781001

Registrar and 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
Axis Bank

Registered Office

4th Floor, Orion Place
G.S. Road, Bhangagarh
Guwahati, Assam-7810



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ASSAM PETRO-CHEMICALS LIMITED

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

NOTICE

NOTICE is given that 41st Annual General Meeting of the members of Assam Petro-Chemicals Limited will be held on Saturday, 30th March, 2013 at 11.00 am in the registered office (4th Floor Orion Place, G. S. Road, Bhangagarh, Guwahati, Assam-781005) to transact the following business:

A. ORDINARY BUSINESS :

1. To receive, consider and adopt the Company's Balance Sheet as at 31st day of March, 2012 and the Statement of Profit & Loss for the year ending on that date along with the Directors' Report and Report of Corporate Governance 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 Shri Rajesh Prasad who retires by rotation in pursuance of Section 256 of the Companies Act, 1956. Shri Rajesh Prasad, being eligible, offers himself for reappointment.
3. To consider and appoint director in place of Shri Digendra Nath Barua, who retires by rotation in pursuance of Section 256 of the Companies Act, 1956. Shri Digendra Nath Barua being eligible, offers himself for reappointment.
4. To consider and appoint director in place of Shri Birinchi Kumar Sarma, who retires by rotation in pursuance of Section 256 of the Companies Act, 1956. Shri Birinchi Kumar Sarma being eligible, offers himself for reappointment.
5. To fix remuneration of the Statutory Auditors.

B. SPECIAL BUSINESS

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

"RESOLVED THAT the consent of the Company be and is hereby granted, in accordance with Section 293(1)(d) and all other applicable provisions, if any, of the Companies Act, 1956 and the Articles of Association of the Company, to the Board of Directors of the Company, to borrow any sum or sums of money from time to time at their discretion, for the purpose of the business of the Company, which together with the funds already borrowed by the Company, (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) may exceed at any time, the aggregate of the paid-up capital of the Company and its free reserves (that is to say, reserves, not set apart for any specific purpose) by a sum not exceeding ₹ 850 crore, and that the Board of Directors be and is hereby empowered and authorized to arrange or fix the terms and conditions of interest, repayment, security or otherwise as it may think fit."

By order of the Board of Directors

Place: 4th Floor, Orion Place
G.S. Road, Bhangagarh, Guwahati-781005

Sd/-
(CS Uttam Bailing)
Company Secretary

Date: 1st March, 2013



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. Shareholders are requested to bring their copy of Annual Report.
3. Shareholders are requested to inform their respective e-mail id to the company so that corporate information may be disseminated promptly.

Explanatory Statement under Section 173(2) of the Act

Item No. 6: To authorize the Board of Directors to borrow money exceeding the aggregate of paid-up share capital and free reserve of the company.

Your company is implementing 500TPD Methanol and 200TPD Acetic Acid Project with an estimated project cost of ₹ 1028 Crore at Namrup with a debt equity ratio of 2.5:1. The equity and debt for the project are ₹ 294 Cr. and ₹ 734 Crore respectively. The company is arranging the debt portion of the capital by way of borrowing from banks and financial institutions giving collateral security to the lending banks and FIs. As the debt fund is more than the aggregate of the paid-up share capital and free reserves of the company and it is therefore approval of the members of the company is required under Section 293(1) (d) of the Companies Act, 1956 authorising the Board of Directors of the company to borrow any sum or sums of money from time to time at their discretion, for the purpose of the business of the Company may exceed at any time, the aggregate of the paid-up capital of the Company and its free reserves by a sum not exceeding ₹ 850 crore. Your directors in their 295th meeting held on 13th July, 2012 discussed the matter and decided to recommend for your approval so that money can be borrowed from the banks and financial institutions for implementation of the expansion project of the company.

None of the directors are interested or concerned in this resolution.

By order of the Board of Directors

Place: 4th Floor, Orion Place
G.S. Road, Bhangagarh, Guwahati-781005

Date: 1st March, 2013

Sd/-
(CS Uttam Bailing)
Company Secretary



DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors take pleasure in presenting the 41st Annual Report of the company for the Financial Year 2011-2012 along with the Audited Annual Accounts for the year ending on March 31, 2012. The year 2011-12 didn't start in a positive note because the company had to start the financial year by the running mother plant methanol at 50% capacity due to an accident occurred in the reformer section of the plant in the previous year. The company took shutdown of the plant from 19th June, 2011 to 15th July, 2011 for replacement of the reformer tubes and other annual maintenance jobs. The company completed the maintenance works in record shortest time of 26 days and started production of methanol in full capacity.

Financial Performance

The Financial Year 2011-12 was not a good year for the company. During the Financial Year the company somehow managed to come out of loss of the last financial year even though there was production loss in the first quarter. During the year 2011-12, the turnover of the company increased by 66.19% over the last financial year and managed to earn profit of ₹ 340.78 lacs for the year before adjustment of the provisioning for expenditures belonging to prior period, exceptional and extraordinary items. The company adjusted ₹ 452.58 lacs as prior period items from the profit of current year. This adjustment of prior period item led the company to show a loss of ₹ 106.19 Lacs in the statement of Profit & Loss for the year ended on 31st March, 2012.

The financial results for the financial year 2011-12 compared to those of the previous year are summarized as below:

Financial Results:

(₹ in Lacs)

Particulars	As at 31-03-12	As at 31-03-11
Revenue from Operation	6671.42	3838.91
Less: Excise Duty	-623.78	-358.28
Revenue from Operations (NET)	6047.64	3480.63
Other Income	371.85	388.15
Total Income	6419.49	3868.78
Gross Profit/Loss	516.33	-950.16
Less : Depreciation	175.55	125.1
Interest	0	0
Profit/Loss for the year before prior period adjustment, exceptional and extraordinary items	340.78	-1075.26
Less: (a) Exceptional Item	-0.86	3.38
(b) Adjustment of prior period items	452.58	-23.96



Profit Before Tax	-110.94	-1054.68
Less: Tax Expenses		
(a) Deferred Tax	10.39	-13.85
(b) Excess Provision for income tax written back	-15.12	-17
Profit /Loss for the year after Taxation	-106.21	-1023.83
Balance brought forward from previous year	0	0
Balance carried to Balance sheet	-106.21	-1023.83
Earning Per Share (EPS) (in ₹)	-1.16	-11.68

Operations:

During the financial year 2011-12, the capacity utilisation of both the Methanol and Formalin Plants were not full due to reformer tubes constraint in the first quarter and plant shut down for a period of one month for re-tubing of Reformer Tubes and Annual Maintenance Works of the Plant. The power supply failures by ASEB in several occasions also led to lower utilisation of plant capacity. Formalin was manufactured as per the market demand. Lower utilisation of Formalin Plant was mainly due to shortage of feedstock (Methanol) during the retubing of reformer in the Methanol Plant and aging of Silver Catalyst which was subsequently replaced.

PLANT	PRODUCTION (MT)	
	FY 2011-12	FY 2010-11
Methanol	26994	17982
Formalin	29888	22906
Capacity Utilization of Plants:		
Methanol	82%	54%
Formalin	91%	69%

Sales:

The highlights of sales in the year 2011-12 with comparison with the figure of year 2010-11 are as follows:

Area	FORMALIN (MT)	
	FY 2011-12	FY 2010-11
North Eastern Region	6561.28	5188.83
Bhutan	1482.59	868.57
North Bengal	5645.98	4432.94
South Bengal	7810.83	4233.28

Purnea/ Adjacent Area	2903.43	1608.26
Patna	5342.61	4831.62
Orissa/ MP/ South Bihar	426.22	165.52
Nepal and Bangladesh	2032.53	1569.6
Other area	125.85	-
Total	32331.32	22898.62
Methanol		
North Eastern Region	868.38	1438.47
West Bengal & Bihar	1830.64	1661.48
North India	7870.62	2968.54
Export	911.50	549.33
Total	11481.14	6617.82

Project & Development Activities:

You were informed in our previous report that the company is embarking upon an expansion project for manufacturer of 500TPD Methanol and 200 TPD Acetic Acid. During the year 2011-12, following significant milestones were achieved:-

I. Approval of PIB, Govt. of Assam

The Public Investment Board (PIB), Govt. of Assam approved the implementation of 500 TPD Methanol and 200 TPD Acetic Acid project with a project cost of ₹ 1028 Cr. in their meeting dated 20th December, 2011. In the same meeting, PIB approved the equity investment of ₹ 140 cr. by the Government of Assam.

II. Technology Selection and EPCM Contract for 500 TPD Methanol Plant

The company selected Holder Topsoe, Denmark as technology supplier and M/s Engineers India Ltd. (EIL), New Delhi as Engineering Procurement Construction Management (EPCM) contractor for implementation of 500 TPD Methanol Plant of the company. The work order for the same is to be issued very soon on completion of other necessary formalities.

III. Technology Selection for Acetic Acid Project.

The quest for appropriate technology for implementation of 200 TPD Acetic Acid plant is in progress. The company is in touch with all the major technology suppliers for having the technology licence. Your board expects that the company will be able to finalize the acetic acid technology soon.

IV. Project Financing

The estimated cost for implementation of the project is ₹ 1028 Crore. Your directors have decided to implement the project in the debt equity ratio of 2.5:1. The equity portion of the capital will be arranged through preferential allocation of shares to certain strategic investors. The discussions are going on with these investors. The Government of Assam has given the commitment for equity funding



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of ₹140 Crore and Assam Gas Company Ltd. has also given their commitment towards equity investment of ₹ 25 Crore in the project. The discussions are going on with one of the central PSU for their equity participation in the project. Their final commitment is expected to be received soon.

The debt portion of the project capital has been arranged through a loan syndication arrangement with M/s SBI Capital Market Ltd. Final sanction letters have been received from several banks for the entire debt capital. Your Board is expecting that the financial closure will be achieved very soon.

V. Environmental Clearance

The Ministry of Environment and Forest, Government of India approved the Terms of Reference (TOR) on the project in their meeting of Empowered Committee dated 12.01.2012. Draft Environment Impact Analysis Report has been prepared and submitted to Pollution Control Board, Assam for public hearing. The Pollution Control Board, Assam conducted public hearing for the project on 6th of September, 2012 in the proposed project site. The final Environmental Clearance is expected to be received from the Ministry of Environment and Forest after the submission of the report of public hearing by Pollution Control Board, Assam.

Meanwhile, No Objection Certificate (NOC) for drawal of water from the nearby Dilli (Disang) river has been received from the Department of Water Resource, Department of Irrigation and Forest Department Government of Assam.

VI. Natural Gas Supply and Transportation Agreement

The Ministry of Oil and Natural Gas, Govt. of India has allocated 0.5 MMCMD Natural Gas to Assam Petro-Chemicals Ltd. for its expansion project and same will be supplied by M/s Oil India Limited. In this connection letter has been received from Oil India Limited. An agreement will be signed between Oil India Limited and Assam Petro-Chemicals Ltd. for supply of 0.5MMCMD gas soon.

M/s Assam Gas Company Ltd will transport Natural Gas from the Off Take point of M/s Oil India Limited to Assam Petro-Chemicals Limited through a pipeline. Discussions are going on in this regard and an agreement for transmission will be executed with M/s Assam Gas Company Ltd very soon.

VII. Revamping of Formaldehyde Plant:

The Commissioning of revamping of the Formalin Plant at Namrup increasing the capacity from 100 TPD to 125 TPD has been successfully completed on 27.8.2012.

Dividend:

Your Directors could not recommend dividend for the Financial Year 2011-12 because of non-availability of profit during the financial year.

Directors:

The Board of Directors Assam Petro-Chemicals Limited has been constituted in compliance with the Clause 49 of the listing agreement entered with the Stock Exchanges. Shri Jatinderbir Singh IAS, Shri Jiban Choudhury and Shri A.N. Das were reappointed as directors of the company in the 40th Annual General Meeting under the provision of Section 256 of the Act. The holding company withdrawn the directorship of Shri Jantnderbir Singh w.e.f. 05.07.2012 and nominated Shri R. T. Jindal as the nominee director of the company. Dr. B.K. Das an independent director of the company resigned from the directorship w.e.f. 19th December, 2012. The Casual vacancy caused due to resignation of Dr. Das was filled up by appointing CA Sanjeev Kr. Choube w.e.f 19.12.2012.