

ANNUAL REPORT 2012-13



Assam Petro-Chemicals Limited

Board of Directors

Nominee Directors of AIDC Ltd.

1. Shri Rameswar Dhanowar, Chairman
2. Shri R.T. Jindal, IAS
3. Shri P.K. Borthakur, IAS (w.e.f. 23.08.2013)
4. Shri Rajesh Prasad, IAS
5. Shri N.N. Barkakoty (w.e.f. 23.08.2013)
6. Shri Jiban Choudhury (upto 23.08.2013)

Independent Directors

7. Shri D. N. Barua
8. Shri B.K. Sarma
9. Shri A.N. Das
10. Shri Utpal Borah
11. Shri Sanjeev Kr. Choubey (w.e.f. 19.12. 2012)

Whole Time Director

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 (upto 23.08.2013)
5. Shri Utpal Borah
6. Shri Ratul Bordoloi

Company Secretary and Compliance Officer

Shri 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-700 019

Bankers

State Bank of India
United Bank of India
UCO Bank
Axis Bank

Registered Office

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

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NOTICE

NOTICE is hereby given that 42nd Annual General Meeting of the members of Assam Petro-Chemicals Limited will be held on Tuesday, 31st December 2013 at 11:00 A.M. in the registered office (4th Floor Orion Place, G. S. Road, Bhangagarh, Guwahati, Assam-781 005) to transact the following business:

A. ORDINARY BUSINESS :

1. To receive, consider and adopt the Company's Balance Sheet as at 31st March, 2013 and the Statement of Profit & Loss and Cash Flow Statement for the year ending on that date along with the Directors' Report and Corporate Governance Disclosures and Independent Auditors' Report and comments of the Comptroller and Auditor General of India thereon.
2. To Declare Dividend.
3. To consider and appoint Director in place of Shri Rameswar Dhanowar who retires by rotation in pursuance of Section 256 of the Companies Act, 1956. Shri Rameswar Dhanowar, being eligible, offers himself for reappointment.
4. To consider and appoint Director in place of Shri Utpal Borah, who retires by rotation in pursuance of Section 256 of the Companies Act, 1956. Shri Utpal Borah being eligible, offers himself for reappointment.
5. To consider and appoint Director in place of Shri Sanjeev Kr. Choubey, who retires by rotation in pursuance of Section 256 of the Companies Act, 1956. Shri Sanjeev Kr. Choubey being eligible, offers himself for reappointment.
6. To fix remuneration of the Statutory Auditors.

B. SPECIAL BUSINESS

7. Appointment of Director

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

"RESOLVED THAT pursuant to Section 257 and other applicable provisions, if any of the Companies Act, 1956 Shri Nityananda Barkakoty be and is hereby appointed as Director of the Company."

By order of the Board of Directors

Place: 4th Floor, Orion Place
G.S. Road, Bhangagarh, Guwahati-781005
Date: 7th December 2013

Sd/-
(CS Uttam Bailung)
Company Secretary

Notes :

1. Explanatory statement under section 173 of the Companies Act, 1956, in respect of the above item of Special Business is annexed hereto.
2. 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.
3. Share holders are requested to bring their copy of their Annual Report.
4. Shareholders are requested to inform their respective e-mail id to the company so that corporate information may be disseminated promptly.
5. In order to help us in providing appropriate answers backed by relevant financial data, the shareholders may please send their queries that they would desire to raise at the AGM at least one week in advance to the Company Secretary at the Registered Office.

Explanatory Statement under Section 173(2) of the Act

Item No. 7: Appointment of Director

Pursuant to Section 260 of the Companies Act, 1956 and Article 90A of the Articles of Association of the company, Shri Nityananda Barkakoty was appointed as Additional Director of the company w.e.f. 23rd of August, 2013 in the 304th Meeting of Board of Directors.

Shri Nityananda Barkakoty being appointed as Additional Director of the company, will hold the office of Director till the date of ensuing Annual General Meeting. The Company received a notice under Section 257 of the Companies Act, 1956 for a member proposing the name of Shri Nityananda Barkakoty as Director of the Company. His brief profile is given in the Corporate Governance Disclosure enclosed with Directors' Report. Your Directors recommend appointment of Shri Nityananda Barkakoty as Director of the company.

None of the Director except Shri Nityananda Barkakoty is interested in the Resolution.

By order of the Board of Directors

Place: 4th Floor, Orion Place
G.S. Road, Bhangagarh, Guwahati-781005
Date: 7th December 2013

Sd/-
(CS Uttam Bailung)
Company Secretary

Directors' Report to the Shareholders

Your Directors take pleasure in presenting the 42nd Annual Report of the company for the Financial Year 2012-2013 along with the Audited Financial Statements for the year ending on March 31, 2013.

The Financial Year 2012-13 was started with challenges and expectations to turn around the company from losses suffered by the company during last two consecutive financial years due to accident in the Methanol Plant and its subsequent maintenance works. There was also expectation for better productivity from the Methanol Plant after being replacement of reformer tubes. The Company could stand before challenges by achieving the highest turnover in the history of the company and capacity utilisation more than 100% of the Methanol Plant during the financial year FY 2012-13.

Financial Performance

In the Financial Year 2012-13 the company posted turnover of ₹ 90.29 crore which is highest ever achieved by the company in its history. The sales turnover jumped by 35.34% over the last financial year. The company earned Profit Before Prior Period, Exceptional and Extraordinary Item and Tax jumped by 269.76% to ₹ 12.59 Crore from ₹ 3.40 Crore in the previous year. Similarly, the Profit After Tax (PAT) recorded at ₹ 4.04 Crore during the Financial Year against Loss of ₹ 1.06 Crore in previous year. The Profit After Tax (PAT) has reduced substantially due to giving effect of arrear pay of ₹ 7.62 Crore as exceptional item from the Profit Before Exceptional and Extraordinary items and Tax of ₹ 12.59 Crore.

The financial results for the financial year 2012-13 compared to those of the previous year are summarized as below:

Financial Results:

(₹ in Lacs)

Particulars	As at 31-03-13	As at 31-03-12
Revenue from Operation	9029.65	6671.42
Less: Excise Duty	944.58	623.78
Revenue from Operations (NET)	8085.07	6047.64
Other Income	620.71	371.85
Total Income	8705.78	6419.49
Gross Profit/Loss	1491.80	516.33
Less : Depreciation	232.51	175.55
Finance Cost	0	2.04
Profit/Loss for the year before prior period adjustment, exceptional and extraordinary items	1259.29	340.78
Less: (a) Exceptional Item	762.58	(0.87)
(b) Adjustment of prior period items	(8.60)	452.59
Profit Before Tax	505.31	-110.94
Less: Tax Expenses		
(a) Deferred Tax	8.61	10.39
(b) Excess Provision for income tax written back	43.49	-15.12
(c) Current tax	49.19	-
Profit /Loss for the year after Taxation	404.00	-106.21
Balance brought forward from previous year	0	0
Balance carried to Balance sheet		-106.21
Earning Per Share (EPS) (in ₹)	4.43	-1.16

Operating Results

During the year 2012-13, the capacity utilisation of both the Methanol and Formalin Plants were satisfactory. The Methanol Plant and Formalin Plant capacity utilisation were 102% and 92% respectively during the FY

2012-13. The Company achieved this record capacity utilisation of the Methanol Plant despite of power supply interruptions from Assam Power Generation Corporation Ltd. for number of occasions, scheduled maintenance works of Compressors and Circulators during the Financial Year. The capacity utilisation of the Formalin plant is dependant purely on market dynamics. Company produces Formalin according to demand of the market. The capacity of the Formalin Plant was revamped during the financial year 2012-13 from enhancement of its production capacity from 100 TPD to 125 TPD. The revamped plant was commissioned on 27th August, 2012.

The plant operating highlights are given as under:

PLANT	PRODUCTION (MT)		
	Annual Installed Capacity	FY 2012-13	FY 2011-12
Methanol	33000	33547	26994
Formalin	41250	34877	29888
Capacity Utilization of Plants:			
Methanol	-	102%	82%
Formalin	-	92%	91%

Sales & Marketing

The company achieved highest sales turnover during the Financial Year 2012-13. The company sold 13648.06 MT Methanol during the year compared to the 11500 MT during the previous year. The company consumed 19898.94 MT Methanol as raw materials for production of 40619.832 MT of Formalin in the Financial Year 2012-13. This is higher by 8360.47 MT from the previous year sales quantity of Formalin.

The company marketing its products in North Indian States, West Bengal and North Eastern States and exporting to Nepal, Bhutan and Bangladesh. The Company is giving importance to export its products for earning foreign exchange. The company appointed one commission agent in the last financial year to export Methanol to Bangladesh.

The area wise sales quantity of the company's products in the year 2012-13 vis-a-vis in the previous year 2011-12 are as follows:

AREA	FORMALIN (in MT)	
	FY 2012-13	FY 2011-12
North Eastern Region	6914.352	6561.28
Bhutan	1244.990	1482.59
North Bengal	5695.010	5645.98
South Bengal	8810.100	7810.83
Purnea/ Adjacent Area	5069.220	2903.43
Patna	10747.900	5342.61
Jharkhand/ South Bihar	255.140	426.22
Nepal and Bangladesh	1955.12	2032.53
Other area	-	125.85
Total	40691.832	32331.32
	METHANOL (in MT)	
	FY 2012-13	FY 2011-12
North Eastern Region	1024.530	868.38
West Bengal	2865.780	1830.64
North India	8174.930	7870.62
Export	1582.82	911.50
Total	13648.060	11481.14

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 2012-13, following significant milestones were achieved:-

I. 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 shortly on receipt of certain statutory approvals.

II. 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 Acetic Acid Technology suppliers for having the technology licence. Your board expects that the company will be able to finalize the Acetic Acid Technology soon.

III. Financial Closure:

The financial closure for the project has been achieved by the company. Both equity and debt for the project have been firmed up by the company. As per the emerged financial structure the Equity portion will be ₹ 393 Crore against the Debt of ₹ 635 Crore. The Company signed Term Loan Facility Agreements with a consortium of Banks led by State Bank of India on 1st of July, 2013.

IV. Environmental Clearance

Pursuant to the Approved Terms of Reference (TOR) received from Ministry of Environment and Forest, Government of India, the company made a presentation on the compliance of TOR before the meeting of Expert Appraisal Committee (Industry -II) on 10th and 11th June, 2013. The Expert Appraisal Committee (Industry -II) accepted the same. However, the committee advised the company to submit certain additional information about the project which have already been submitted at the satisfaction of the Ministry of Environment and Forests, Govt. of India. The Environmental Clearance is likely to be received very shortly.

V. 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 dedicated gas pipeline. Agreement for transmission will be executed with M/s Assam Gas Company Ltd very soon.

VI. River Water Drawal for the Operation of the Project:

All the necessary approval required for drawal of raw water from nearby Dichang (Dilli) river have already been received by the company for the project.

Dividend

Your Directors are pleased to recommend for your approval, a dividend of 10% (₹ 1/- per fully paid up equity Shares of ₹ 10/-each) for the Financial Year 2012-13 on the paid-up share capital of ₹ 9,11,99,470/-.

Board of Directors

The Board of Directors Assam Petro-Chemicals Limited has been constituted in compliance with the Clause 49 of SEBI Listing Agreement. Shri Rajesh Prasad, IAS, Shri D.N. Barua and Shri Birinchi Kr. Sarma were reappointed as Directors of the company in the 41st Annual General Meeting of the company as per the Section 256 of the Companies Act.

Assam Industrial Development Corporation Ltd. appointed Shri Paban Kr. Borthakur, IAS as Director of the Company in place of Shri Jiban Choudhury w.e.f 23rd August, 2013. The Holding Company also nominated Shri Nityananda Barkakoty as Additional Director of the company. The Board of Directors of the company appointed Shri Barkakoty as Additional Director in its 304th Meeting held on 23rd August, 2013. Being Additional Director of the Company, he will hold the office upto the date of the ensuing AGM. The Company received a notice form a shareholder under Section 257 of the Act proposing his name for appointment as Director at the ensuing AGM.

Pursuant to Section 255 of the Companies Act, Shri Rameswar Dhanowar, Shri Utpal Borah and Shri Sanjeev Kr. Choubey, Directors will retire by rotation in the ensuing Annual General Meeting, and being eligible, offer themselves for reappointment as Directors at the same Meeting.

As required under Clause 49 of the SEBI Listing Agreement, brief profile of the Directors who are proposed to be appointed/re-appointed at the ensuing Annual General Meeting are provided in the Corporate Governance Report.

Statutory Auditors

Pursuant to section 619 (2) of the Companies Act, 1956 the Comptroller and Auditor General of India appointed M/s L.K. Kejriwal & Co., Guwahati as the statutory auditors of the company for the Financial Year 2012-13. M/s L.K. Kejriwal & Co. will hold the office till the ensuing Annual General Meeting.

Human Resource

Your Board of Directors believe that human resources are the key drivers of sustainable growth and development of any organisation. Keeping that in mind your Directors have been focusing on enhancement of knowledge and skills of the employees of the company. During the financial year 2012-13 the company organised 13 (thirteen) in-house training programmes/workshops where 250 employees attended in the programmes. Your company also sends its employees for outside training to enhance their knowledge and skills. During the year under review 35 employees were sent to different organisations, places such training programme.

As on 31st March, 2013 there were total 381 nos of employees on the roll of the company. Out of 381 regular employees, 153 employees are of Officers Cadre and remaining 228 employees are of unionized cadre.

The company implemented the revised pay scales of the employees as per the Assam Services (Revision of Pay) Rules, 2010 effective from 1st April, 2009.

Industrial Relations

Your company has been continuously maintaining a peaceful and harmonious relationship between the management and the workers of the company. All the issues that were raised by the Workers' Union of the company were resolved in transparent manner through discussion. There was no incident of industrial unrest during the year 2012-13. However, the company received couple of strike notices from the Workers' Union for non-implementation of revised pay which were disposed off by the appropriate authorities under Industrial Disputes Act.

Industrial Safety Management

Your Directors have been emphasizing on the safety of the life and properties of the company and the environment of the region. To ensure the same, the management of the company undertook number of measures during the

Financial Year 2012-13. Your company regularly organises seminars, workshop and safety programmes to create Safety awareness among the employees of and households of Company's township.

Particulars of Employees under Section 217(2A)

A list of the employees of the company receiving remuneration and requiring disclosure of particulars under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended is annexed herewith.

Corporate Social Responsibility

The company recognises its strong commitments towards promoting socio-economic development of the lives of the people of the neighbouring areas of the Plant at Namrup. During the FY 2012-13, the company contributed to Chief Minister's Relief Fund and distributed mosquito nets among the victims of communal riot in the lower Assam districts as a part of the Corporate Social Responsibility. The company has been providing free drinking water to it neighbouring villages of the plant area, free education to students upto Class X standard, free medical facilities and health check-up to the people of neighbouring villages.

Energy Conservation, Technology Absorption and Foreign Exchange Earning and Outgo:

The additional information in respect of the 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'.

Particulars as to Subsidiary

Your company is having a subsidiary company viz., M/s Pragjyotish Fertilizers & Chemicals Ltd. (PFCL). The subsidiary company has not been carrying out any business during the financial year 2012-13. Pragjyotish Fertilizers & Chemicals Ltd. is under winding-up process. The Annual accounts for the Financial Year 2012-13 have not been finalized by PFCL yet and therefore the same could not be enclosed herewith. It is therefore the attachments specified in Section 2012 of the Act could not attached with the Financial Statements of the holding company. As soon as the accounts of the subsidiary are received, that will be forwarded to the shareholders of Assam Petro-Chemicals Ltd.

DIRECTORS RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217(2AA) OF THE COMPANIES ACT, 1956

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to the Directors' Responsibility Statement, it is hereby confirmed that:

- (i) In the preparation of the annual accounts for the financial year ended 31st March, 2013, all applicable accounting standards had been followed, along with proper explanations relating to material departures;
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as on 31st March 2013 and of the profit of the Company for the year ended on that date;
- (iii) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) The Directors had prepared the accounts for the financial year ended 31st March, 2013 on a 'going concern' basis.