

SEC	✓	SEC	✓
CO	✓	CO	NA
TRA	NA	TRA	NA
ACM	✓	ACM	✓
VE	✓	VE	✓

13th annual report 1996-97



bhansali ENGINEERING polymers limited

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❑ BOARD OF DIRECTORS

Shri A.S. Gupta — *Chairman*
 Shri B.S. Bhesania
 Shri C.S. Sastry
 Dr. P.H. Vaidya — *ICICI Nominee*
 Dr. Pravin P. Shah
 Dr. W.R. Correa
 Shri B. Ravindranath — *IDBI Nominee*
 Shri P.R. Bhansali
 Shri B.M. Bhansali — *Managing Director*

❑ AUDITORS

Messrs. B.L. Dasharda & Associates

❑ SOLICITORS

Messrs. Mulla & Mulla & Craigie Blunt & Caroe

❑ BANKERS

State Bank of India
 Indian Bank

❑ REGISTERED OFFICE

5-A, Bhansali House,
 Veera Desai Road,
 Andheri (West),
 Mumbai 400 053

❑ WORKS

Bhansali Nagar,
 Taluka: Sausar
 Dist.: Chhindwara, (M.P.)
 Pin: 480 108.

NOTICE

Notice is hereby given that the Thirteenth Annual General Meeting of BHANSALI ENGINEERING POLYMERS LIMITED will be held at the Indian Merchants' Chamber Walchand Hirachand Hall, Veer Nariman Road, Mumbai - 400 020 on Saturday, 20th September, 1997 at 11.00 A. M. to transact the following business.

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited balance sheet as at 31st March, 1997 and Profit & Loss Account of the Company for the year ended on that date reports of the Directors & Auditors.
2. To appoint a Director in place of Mr. B.S. Bhesania who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. P.R. Bhansali who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to authorise the Board to fix their remuneration.

SPECIAL BUSINESS :

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

"RESOLVED THAT pursuant to Section 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorised, Share Capital of the company be and is hereby increased from Rs. 15, 00, 00, 000/- (Rupees Fifteen Crores only) divided into 1,50,00,000 (One Crore Fifty Lacs) Equity Shares of Rs. 10/- (Rupees Ten only) each to Rs. 17,00,00,000 (Rupees Seventeen Crores only) divided into 1,70,00,000 (One Crore seventy Lacs) Equity Shares of Rs. 10/- (Rupees Ten only) each by creation of 20,00,000 (Twenty Lacs) New Equity Shares of Rs. 10/- (Rupees Ten only) each."

"RESOLVED FURTHER THAT pursuant to Section 16 and other applicable provisions, if any, of the Companies act, 1956, the existing Clause 'V' of the Memorandum of Association of the Company relating to Share Capital be and is hereby altered by deleting the same substituting in the place, the following as new Clause 'V'.

The authorised Share Capital of the Company is Rs. 17,00,00,000/- (Rupees Seventeen Crores only) divided into 1,70,00,000 (One Crore Seventy Lacs) Equity Shares of Rs. 10/- (Rupees Ten only) each with the rights, privileges and conditions attaching there to as are provided by the Articles of Association of the Company for the time being, with power to increase and reduce the capital for the time being into several classes and to 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 and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the articles of Association of the Company"

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds matters and things as may be considered necessary, desirable and expedient for giving effect to this resolution and/or otherwise considered by them in the best interest of the Company."

6. To consider and if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution :

"RESOLVED THAT pursuant to the provisions of sections 81 & 81 (1-A) and other applicable provisions, if any, of the Companies Act, 1956 and pursuant to the provisions of the Foreign Exchange Regulation Act, 1973 and portfolio Investment Scheme framed thereunder and subject wherever applicable to such guidelines and/or such approvals, permissions and sanctions from Reserve Bank of India or other authorities as may be applicable from time to time and the guidelines issued by the Securities and Exchange Board of India (SEBI) or other concerned authorities and subject to such conditions, modifications as may be prescribed or suggested while granting such approvals, permissions and sanctions by such authorities referred above, the Board of Directors ("the Board") be and is here by authorised to issue and offer on Preferential Allotment basis 36,59,436 Equity Shares of Rs. 10/- each for cash at such premium as may be determined by the Board of Directors in the best interest of the Company but not exceeding Rs. 40/- per share, to the Foreign Institutional Investors (FIIs) registered with SEBI, Overseas Corporate Bodies (OCBs) in India, Non-resident Indians (NRIs), however such offer not exceeding 24% of the enhanced issued capital, Promoters, Indian Financial Institutions, State Financial Institutions, other Institutional Investors in India, Mutual Funds in India, Banks in India and such other persons and on such basis as may be decided by the Board and subject to such or limitations already specified or to be specified by SEBI or any other authorities concerned with the issue of capital from time to time."

"RESOLVED FURTHER THAT the Board be and is hereby authorised in its discretion to make the said issue on such terms and conditions as they may seem appropriate and to accept such other conditions and modifications in terms of the issue as may be permitted by SEBI/other authorities while according their sanction or consent to the Equity issue and take consequential action thereon including authority to revise/adjust the value or the quantum of issue subject to maximum 36,59,436 Equity Shares in such manner as may be considered appropriate by the Directors, in the best interest of the Company, in the event of such variations being considered expedient as a result of any modifications effected by SEBI or other authorities or prevailing market conditions or otherwise."

"PROVIDED THAT in the event of the Equity Shares offered for subscription as aforesaid remaining unsubscribed, the Board of Directors shall be entitled to dispose off the unsubscribed portion to any person (s) including Business Associates or otherwise at such time in such manner as the Board of Directors of the Company in their absolute discretion may deem fit and proper."

"RESOLVED FURTHER THAT the new Equity Shares referred to hereinabove shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari passu in all respects with the existing Equity Shares of the Company including the entitlement to pro rata dividend which may be declared or paid thereon from the date of allotment for the financial year in

which the same are allotted."

"AND FURTHER RESOLVED THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as in its absolute discretion it may consider necessary, expedient or desirable and to settle any question or doubt that may arise in relation thereto in order to give effect to this resolution or otherwise considered by the Directors in the best interest of the Company."

By order of the Board
For BHANSALI ENGINEERING POLYMERS LTD.

Place: Mumbai
Dated : 28th June, 1997

B. M. BHANSALI
(Managing Director)

NOTES :

- a. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER
- b. The instrument of proxy should be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.
- c. The Register of Members and Share Transfer Book of the Company will remain closed from 2nd September, 1997 to 20th September, 1997 (both days inclusive).
- d. Members are requested to notify promptly any change in their address to our Share Department at the registered office of the Company. Any other correspondence relating to Equity Shares should also addressed to the said department.
- e. Members are requested to bring their copies of Annual Report to the meeting.
- f. Members are requested to bring the Attendance Slip sent herewith duly filled for attending the meeting.
- g. Members intending to seek additional information about Accounts are requested to inform the Company at least 5 days before the date of the Annual General Meeting to enable the Company to provide proper information at the meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.

ITEM NO. 5

At present, the Authorised Share Capital of the Company is Rs. 15,00,00,000/- divided into 1,50,00,000 Equity Shares of Rs. 10/- (Rupees Ten only) each. To accommodate further issue of equity shares of the Company for augmenting long term financial resources needed for the Company's ongoing projects and working capital requirements, it is deemed prudent to increase the authorised share capital of the Company from the existing Rs 15,00,00,000/- to 17,00,00,000/- by creation of ~~2,00,00,000/- (Twenty Crores)~~ ^{2,00,00,000 (Twenty Lacs)} New Equity Shares of Rs.10/- (Rupees ten only) each.

Consequent to increase in the authorised share capital of the Company, Clause V of the Memorandum of Association of the company is required to be altered suitably so as to reflect the increase in the Authorised Share Capital.

Your Directors recommend the above resolutions for your approval.

None of the Directors of the Company is concerned or interested in the above resolutions.

ITEM NO. 6 :

In connection with the implementation of its expansion programme and also to augment long term financial resources for its working capital requirements, your company proposes to offer, issue and allot 36,59,436 Equity Shares of Rs. 10/- each for cash, at such premium as may be determined by the Board of Directors of the Company but not exceeding Rs. 40/- per share, to the Foreign Institutional Investors, Overseas Corporate Bodies, Non-resident Indians, Promoters, Indian Financial Institutions, State Financial Institutions, Other Institutional Investors in India, Mutual Funds in India, Banks in India and such other persons and on such terms and conditions as may be decided by the Board of Directors.

For the Proposed issue of shares to persons other than the existing shareholders of the Company, consent of the shareholders is required to be obtained pursuant to the provisions of section 81 and 81(1-A) of the Companies Act, 1956.

The said resolution is therefore commended for your approval.

All the Directors shall be deemed to be concerned or interested in the said resolution to the extent of their respective shareholding in the Company.

Registered Office :
5-A, Bhansali House,
Veera Desai Road,
Andheri (West),
Mumbai - 400 053.

By order of the Board
For BHANSALI ENGINEERING POLYMERS LTD.

Date : 28th June, 1997

B. M. BHANSALI
(Managing Director)

DIRECTORS' REPORT

To
The Members,

Your Directors have pleasure in presenting the Thirteenth Annual Report and the Audited Accounts for the year ended 31st March, 1997.

FINANCIAL RESULTS

	Year ended 31.03.1997 (Rs.in lacs)	Year ended 31.03.1996 (Rs.in lacs)
Sales	5995.32	5674.18
Profit before interest & depreciation	969.85	1079.73
Net Profit for the year	2.99	504.79
Reserves and surplus	1167.70	1164.71

Your Directors do not recommend any dividend for the year under review until such time the One Time Settlement with Financial Institutions and Banks is fully implemented.

OPERATIONS

In the year 1996-97, Company achieved higher production and sales as reflected below :

	Production (in tonnes)	Sales (in tonnes)	Sales (in Rs. lacs)
1995-96	6485	6645	5674.18
1996-97	7987	8161	5995.32
% Increase over previous year	23.16	22.81	5.66

In spite of increase in sales volume by 22.81%, the corresponding increase in sales value was only 5.66%. The main reason for decline in sales value is attributable to stiff competition in ABS market and sluggish growth in the year 1996-97 of overall styrenic polymers in India. The industries consuming ABS viz. computers, kitchen machine, telephone and white goods (refrigerators and washing machines) have been facing stiff competition from imports. Due to decline in growth of above consuming segments, market for styrenic polymers (ABS, GPPS and HIPS) did not reflect upbeat trend, as was seen in previous three years. Further, owing to excess supply situation both from domestic producers and imports, sales price per unit volume declined by 14%. This led to a substantial decline in contribution (sales price minus material cost) by about 15% when compared to previous year. On the one hand, ABS price had been coming down month after month, on the other, overall expenses continued to increase mainly on account of utility cost i.e. electricity and coal. The cumulative effect resulted in decline in gross profit (profit before interest and depreciation) by 10% from Rs.1080 lacs to Rs.970 lacs. Considering deep decline in sales price by 14%, the gross profit decline by 10% is considered satisfactory.

Notwithstanding the above, the net profit declined from Rs.505 lacs to Rs.3 lacs. This drastic reduction is also attributable to higher depreciation provision at Rs.494 lacs (previous year Rs.178 lacs.) Further, the interest cost also increased by Rs.76 lacs. The cumulative effect of increase in these costs together with the increase in utility cost of Rs. 105 lacs aggregated to Rs. 497 lacs.

BUSINESS STRATEGY

Since very little could be done on the sales price front, thrust was on selling higher volume to survive in business. In the current year too, the company would continue to offer its products at competitive prices and would strive hard to achieve higher growth of production and sales.

THE ECONOMY

The decline in the growth of GDP has been marginal when compared to the previous year i.e. 5.8% in 96-97 against 6.5% in 95-96. However, the industrial growth declined steeply from 12% to 8%. The decline in industrial growth coupled with tight money supply position severely affected the company's business. The recent policy measures taken by the Government of India and RBI should help in credit expansion resulting in industrial growth buoyancy. Due to expanded capacity of the plant at 15,000 TPA, the company is likely to reap benefit arising out of expected industrial growth in the near future.

DIRECTORS

Shri B.S. Bhesania and Shri P.R. Bhansali, Directors of the Company will retire by rotation and being eligible, offer themselves for re-appointment.

AUDITORS

M/s. B.L. Dasharda & Associates, the Auditors of the Company will retire at the forthcoming Annual General Meeting and are eligible for re-appointment. The Company has received a certificate from the Auditors to the effect that their re-appointment, if made, would be within the prescribed limits under Section 224 (1B) of the Companies Act, 1956. The members are requested to appoint the Auditors and authorise the Board to fix their remuneration.

AUDITORS' REPORT

The notes on Accounts referred to in the Auditors' Report are self explanatory and therefore do not call for any elucidation.

PARTICULARS OF EMPLOYEES

Statement containing particulars of employees as required under Section 217(2A) of the Companies Act, 1956 is not given as none of the employees is covered under section 217(2A).

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Additional information on conservation of energy, technology absorption, foreign exchange earnings and outgo as required to be disclosed in terms of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 is given in Annexure A and forms an integral part of this report.

ACKNOWLEDGEMENT

Your Directors take this opportunity of placing on record their thanks to ICICI, IDBI, IFCI, State Bank of India and Indian Bank for their continuous support.

Further, your Directors express their appreciation of the dedicated service rendered by the officers and the employees of the Company.

For and on behalf of the Board

Mumbai
28th June, 1997

A.S.GUPTA
Chairman

- (c) The discrepancies noticed on physical verification of the stocks as compared to books records, which in our opinion were not material, have been properly dealt with in the books of account.
- (d) In our opinion and on the basis of our examination, the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the previous year.
- (iv) The Company has not taken any loans from the companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 or from the companies under the same management as defined under sub-section (1B) of Section 370 of the Companies Act, 1956.
- (v) (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under Section 301 or to the companies under the same management as defined under sub-section (1B) of Section 370 of the Companies Act, 1956.
- (b) The Company has not given interest free loans to its employees.
- (vi) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business for the purchase of raw materials, stores, spares including components, plant & machinery, equipment and other assets and also for the sale of goods.
- (vii) There are no transactions for purchases of goods and materials and sale of goods, materials and services, made by the Company in pursuance of contracts or arrangements as per entries made in the register maintained under Section 301 of the Companies Act, 1956 aggregating during the year to Rs.50,000/- or more in respect of each party.
- (viii) As explained to us, the Company has a regular procedure for the determination of unserviceable raw materials, stores and spares. Adequate provision has been made in the accounts for the loss arising on the items so determined.
- (ix) The Company has not accepted any deposit from public hence provisions of the Section 58A of the Companies Act, 1956 and rules framed thereunder are not applicable.
- (x) In our opinion, the Company is maintaining reasonable records for the sale and disposal of realisable scrap. There are no by-products resulting from the manufacturing process of the Company.
- (xi) In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.
- (xii) On the basis of records produced, we are of the opinion that prima facie, the cost records and accounts prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 have been maintained. However, we are not required to and have not carried out any detailed examination of such accounts and records.
- (xiii) According to the records of the Company, Provident Fund and Employees' State Insurance dues have generally been regularly deposited with the appropriate authorities.
- (xiv) There are no undisputed amounts payable in respect of Income tax, Wealth tax, Sales tax, Customs duty and Excise duty as at 31st March 1997, which are outstanding for a period of more than six months from the date they became payable.
- (xv) According to the information and explanations given to us, no personal expenses of employees or directors have been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practice.
- (xvi) The Company is not a Sick Industrial Company within the meaning clause (o) of sub-section (1) of Section 3 of Sick Industrial Companies (Special provisions) Act, 1985.

For and on behalf of
B.L.Dasharda & Associates
Chartered Accountants

Mumbai
Dated: 28th June, 1997

B.L.Dasharda
Partner