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## 14th Annual Report 1997-98



BHANSALI ENGINEERING POLYMERS LIMITED



# BHANSALI ENGINEERING POLYMERS LIMITED

## **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**

M/s. B. L. Dasharda & Associates  
Chartered Accountants

## **SOLICITORS**

M/s. Mulla & Mulla & Craigie Blunt & Caroe

## **BANKERS**

State Bank of India

## **REGISTERED OFFICE**

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

## **WORKS**

Bhansali Nagar,  
Taluka : Sausar,  
Dist. Chhindwara,  
M.P. - 480 108.

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**NOTICE**

Notice is hereby given that the Fourteenth 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, 29th day of August, 1998 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, 1998 and Profit & Loss Account of the company for the year ended on that date and the reports of the Directors & Auditors thereon.
2. To appoint a Director in place of Mr. A. S. Gupta who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Dr. W. R. Correa 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.

*By order of the Board*  
**For BHANSALI ENGINEERING POLYMERS LTD.**

Place : Mumbai  
Dated : 23rd May, 1998

**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 THE 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 Tuesday, 11th August, 1998 to Saturday, 29th August, 1998 ( 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 be 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 atleast 5 days before the date of the Annual General Meeting to enable the Company to provide proper information at the meeting.

*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 : 23rd May, 1998

**B. M. BHANSALI**  
(Managing Director)

**DIRECTORS' REPORT**

To,  
The Members,

Your Directors have pleasure in presenting the Fourteenth Annual Report and the Audited Accounts for the year ended 31st March, 1998.

**FINANCIAL RESULTS**

	<b>Year ended 31.03.1998 (Rs. in lacs)</b>	<b>Year ended 31.03.1997 (Rs. in lacs)</b>
Sales	5756.15	5995.32
Profit before interest & Depreciation	774.60	969.85
Net Profit for the year	146.58	2.99
Reserves and Surplus	1314.28	1167.70

Your Directors do not recommend any dividend for the year under review as One Time Settlement with Financial Institutions and the Bank is yet not fully implemented.

**OPERATIONS:**

In the year 1997-98, Company achieved higher production and sales volume as reflected below :

<b>Particulars</b>	<b>% Increase / decrease (-)</b>	<b>Year ended 31.03.1998</b>	<b>Year ended 31.03.1997</b>
Production (in tonnes)	10.72	8843	7987
Sales (in tonnes)	6.22	8669	8161
Sales (in Rs. lacs)	(-)3.99	5756.15	5995.32

Despite increase in sales volume by 6.22%, there was decrease in sales value by 3.99%. The reason for decline in sales value is attributable mainly to stiff competition in ABS market resulting in lower price realisation per unit sales volume. Moreover, ABS market depicted sluggish growth in the year 1997-98 due to inconsistent off-take by consuming segments viz. computers, kitchen machine, telephone, refrigerators and washing machines. As a matter of fact, there was hardly any increase in consumption of ABS in the year 1997-98 when compared to the previous year and the scenario of excess supply from domestic producers and cheap imports continued unabated exerting pressure on price level.

Sales price per unit volume decreased by 9.6% in the year 1997-98 when compared to the previous year. Besides, the company's operations got affected by high price prevailing in Styrene and Acrylonitrile monomers during first half of 1997-98. As a result, profit before interest and depreciation for the year 97-98 is Rs.774.60 lacs against Rs. 969.85 lacs for the previous year. However, the net profit increased to Rs.146.58 lacs as opposed to Rs. 2.99 lacs for the previous year, due to reduction in interest cost and depreciation.

**BUSINESS APPROACH :**

Fierce competition in ABS market has to be lived with. Hence, achieving higher sales volume continues to be given utmost impetus. ABS, though an engineering polymer, is gradually being positioned in the market as a bulk polymer. Emphasis, therefore, is to find new avenues for usage of ABS to help optimise sales volume based on competitive pricing policy. Application Development work is receiving highest priority. Moreover, concerted efforts are directed to develop export market. Work done so far in these areas are showing good results.

Company's high impact and extrusion grades of ABS are being well received in America and Europe. In spite of unremunerative price realisation, it is considered prudent to export 10% of the plant capacity, every year, to improve capacity utilisation.

Taking into account success so far achieved in application development work and in the export front, blue print is being prepared to augment, in next 2/3 years, plant capacity to 30,000 TPA from existing 15,000 TPA.

## **THE ECONOMY**

The year 1997-98 evinced steep decline in growth rate of industrial production in all sectors when compared to the previous year. In the general industrial sector, the decline in growth rate has been from 7.7% to 4.6% and in the manufacturing sector, from 9.3% to 4.2%. Though, the agricultural production was marginally higher, overall GDP growth rate was low at 5%.

## **DIRECTORS**

Shri A.S. Gupta and Dr. W.R. Correa, Directors of the Company 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, and State Bank of India for their continuous support.

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

For and on behalf of the Board

Mumbai  
23rd May, 1998

**A.S. GUPTA**  
Chairman

**ANNEXURE - A**

DISCLOSURE OF PARTICULARS AS REQUIRED UNDER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

**A. CONSERVATION OF ENERGY :**

- (1) The equipments producing energy have been designed considering the factors of conservation and optimum utilisation of energy. Adequate measures have been taken to avoid wastage of energy.
- (2) Total energy consumption and consumption of energy per unit of production are given in the prescribed Form 'A' hereunder.

**B. TECHNOLOGY ABSORPTION :**

Details about efforts made in technology absorption are given in prescribed Form 'B' hereunder.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO :**

- (1) Activities relating to exports, initiatives taken to increase export, development of new export market for products & services and export plans:

**Export Performance & Plan :**

Efforts were directed to develop export market in Europe and USA and the company has met with encouraging results. The Company exported 399 MT mostly to UK & USA in the year under reference as against nil export in the previous year.

Export market development efforts started yielding result in the last quarter of 1997-98, and a consistent pattern of off-take is getting formed. Therefore, it is expected that 1500 MT in the year 1998 - 99 will be exported to Europe and USA, resulting in expected foreign exchange earning on FOB basis worth US \$ 1.32 million (approximately) i.e. about Rs 5.28 crores.

- (2) Total foreign exchange used and earned :

(Rs in lacs)

Total foreign exchanged used	2020.03
Total foreign exchange earned	137.65

**FORM - A**

(See Rule 2)

Form for disclosure of particulars with respect to conservation of energy.

	<u>Year ended 31.03.98</u>	<u>Year ended 31.03.97</u>
<b>A) Power and fuel consumption</b>		
1. Electricity		
a) Purchased :		
Unit ( KWH ) in Lacs	32.80	66.32
Total Amount (Rs.in Lacs)	134.90	240.91
Rate per KWH (Rs.)	4.11	3.63
b) Own Generation :		
Through Diesel Generator		
Unit ( KWH ) in Lacs	62.76	16.98
Unit per Ltr. of diesel oil	3.65	3.52
Cost per Unit (Rs.)	2.66	2.59
2. Coal Used in Boiler		
Quantity (MT)	7,415	7,264
Total Cost (Rs. in lacs)	86.36	82.45
Rate per MT (Rs.)	1164.67	1134.99
<b>B) Consumption per unit of production</b>		
Products	<u>ABS RESIN</u>	<u>ABS RESIN</u>
Electricity ( KWH/MT of product )	1080.63	1042.94
Coal ( MT/MT of product )	0.84	0.91

**FORM - B**

(See Rule 2)

Form for disclosure of particulars with respect to technology absorption.

<b>A. Research and Development (R &amp; D)</b>	<b>(3) Expenditure on R &amp; D :-</b>	<b>(Rs in lacs)</b>
(1) Specific areas in which R & D carried out by the Company and benefits derived as a result of the above R & D :-	A. Capital	6.32
	B. Recurring	0.99
	C. Total	7.31
	D. Total R & D Expenditure as a percentage of total turnover	0.13 %
Main focus was on developing tailor made grades for emerging new applications in the domestic and export market.	<b>B. Technology absorption, adaption and innovation</b>	
(2) Further plan of action :	(1) Efforts, in brief, made towards technology absorption, adaptation, innovation and benefits derived :	
Steps are continuously being taken to improve production processes and develop new grades and alloys of ABS Resins.	The technology from Sumitomo for manufacture of ABS Resins of various grades is fully absorbed.	
	(2) Information regarding technology imported during the last five years : N. A.	