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Annual Report 1999-2000

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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. P.P.Shah
 Dr. W.R.Correa
 Shri P.R.Bhansali
 Shri B.M.Bhansali - Managing Director

PRESIDENT & COMPANY SECRETARY

Shri A.R. Mundra

AUDITORS

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

SOLICITORS

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

BANKERS

State Bank of India

REGISTERED OFFICE

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

WORKS

Unit - I

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

Unit - II

14, P. C. C. Area,
 Post - Petrofils,
 Vadodara (Gujarat),
 Pin - 391 347

MANAGEMENT TEAM

B. M. Bhansali	- Managing Director
A. R. Mundra	- President
D. P. Singh	- Vice President (Works) - (Unit - I)
S. M. Ghike	- Vice President (Works) - (Unit - II)
S. K. Husain	- Vice President (Corp. Affairs)
S. S. Ladi	- Vice President (Marketing)

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NOTICE

NOTICE is hereby given that the Sixteenth Annual General Meeting of the Members of **BHANSALI ENGINEERING POLYMERS LIMITED** will be held at the Indian Merchants' Chamber, Walchand Hirachand Hall, Veer Nariman Road, Mumbai - 400 020 on Friday, 25th day of August, 2000 at 11.30 a.m. to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2000, Profit & Loss Account for the year ended on that date and the Reports of the Directors & Auditors thereon.
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 of the Company to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting and to authorise the Board to fix their remuneration.

SPECIAL BUSINESS :

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

"RESOLVED THAT pursuant to the provisions of Section 293 (1) (d) and other applicable provisions, if any, of the Companies Act, 1956 and pursuant to the provisions of Article 81 of the Articles of Association of the Company, consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow, in any manner, from time to time, any sum or sums of money at its discretion on such terms and conditions as the Board of Directors may deem fit notwithstanding that the money to be borrowed by the Company together with the money already obtained or to be obtained, (apart from temporary loans from the Company's Bankers in the ordinary course of business) may exceed the aggregate of Paid up Capital of the Company and its Free Reserves, not set apart for any specific purpose provided that the maximum amount of money so borrowed by the Board and outstanding at any one time shall not exceed the sum of Rs. 30,00,00,000/- (Rs. Thirty Crores Only)."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do and perform all such acts, deeds and things as may be necessary, desirable or expedient to give effect to the above resolution."

By order of the Board
For BHANSALI ENGINEERING POLYMERS LTD.

Place : Mumbai
Date : 27th June, 2000

A. R. MUNDRA
PRESIDENT & COMPANY SECRETARY

**NOTES :**

- a. The relevant Explanatory Statement pursuant to section 173 of the Companies Act, 1956 is annexed hereto.
- b. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON A POLL TO VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER.
- c. 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.
- d. The Register of Members and Share Transfer Book of the Company will remain closed from Thursday, 17th August, 2000 to Friday, 25th August, 2000 (both days inclusive).
- e. Members are requested to notify promptly any change in their address to Share Department at the Registered Office of the Company. Any other correspondence relating to Equity Shares should also be addressed to the said department.
- f. Members are requested to bring their copy of Annual Report to the meeting.
- g. Members are requested to bring the Attendance Slip sent herewith duly filled for attending the meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT - 1956 :**Item No. 5**

Section 293 (1) (d) of the Companies Act, 1956 requires consent of the Members in the General Meeting for authorising the Board of Directors to borrow monies (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) which may be in excess of the aggregate of the Company's paid-up capital and free reserves.

In view of the final settlement being worked out with the Financial Institutions, plans to expand capacity and additional requirement of working capital for the growing operations, there is need to generate additional funds. The Company may therefore have to resort to borrowings from Banks, Financial Institutions, Venture Capital Funds, Mutual Funds, other external sources or by issue of Non-Convertible Debentures and/or other securities. However, it is recommended that such proposed borrowings in excess of the paid-up capital and free reserves shall not exceed Rs. 30,00,00,000/- (Rs. Thirty Crores Only).

Accordingly, resolution vide item no. 5 for granting powers to the Board of Directors in compliance of the provisions of section 293 (1) (d) of the Companies Act, 1956.

None of the Directors of the Company shall be deemed to be concerned or interested in the said resolution.

By order of the Board
For BHANSALI ENGINEERING POLYMERS LTD.

Place : Mumbai
Date : 27th June, 2000

A. R. MUNDRA
PRESIDENT & COMPANY SECRETARY

BHANSALI ENGINEERING POLYMERS LIMITED

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the SIXTEENTH Annual Report and the Audited Accounts for the year ended 31st March 2000.

FINANCIAL RESULTS

	Year ended 31.03.2000 (Rs.in lacs)	Year ended 31.03.1999 (Rs.in lacs)
Sales	<u>8435.44</u>	<u>6710.44</u>
Profit before interest & Depreciation	<u>826.68</u>	<u>872.64</u>
Less: Interest	<u>387.30</u>	<u>369.13</u>
Profit before Depreciation	<u>439.38</u>	<u>503.51</u>
Less: Depreciation	<u>240.89</u>	<u>258.59</u>
Net profit for the year	<u>198.49</u>	<u>244.92</u>
Reserves and Surplus	<u>1722.49</u>	<u>1559.20</u>

Your Directors do not recommend any dividend for the year under review to conserve resources for expanding operations of the Company.

OPERATIONS

Your Company achieved about 7% increase in sales volume i.e. 12,147 MT against 11,307 MT in the previous year. Continual rise in crude oil prices kept pushing monomer (raw material) prices too, during the year. Therefore, product prices had to be revised from time to time which somewhat de-accelerated growth of ABS market in India. Company's exports were lower at 420 MT, valued at Rs.194.15 lacs, when compared to previous year.

Your Company entered into an agreement with M/s. Polychem Limited, for acquiring their ABS/SAN unit at Vadodara as a going concern. Since the implementation of the agreement could be achieved upon their obtaining necessary permissions from FIS/Banks/government agencies, etc., a separate conducting agreement was also entered into, so as to commence operations from October 1999 onwards. Operating expenses together with overhead costs of this unit had to be borne, which affected the profitability of the Company for the year under review.

Upon acquisition of Polychem plant, the aggregate ABS & SAN manufacturing capacity will be 20,000 TPA. Based on newly acquired SAN technology, plans are being finalised for further expansion to cater to the growing demand of ABS in the domestic market. Furthermore, merchant SAN production and marketing activities will be undertaken in the right earnest, which will contribute to improving profitability.

CORPORATE GOVERNANCE

The Securities and Exchange Board of India (SEBI) has introduced a comprehensive code on Corporate Governance. The code is required to be implemented on or before 31st March, 2002. Your Company has been following the principles and practices of good corporate governance since its inception. A substantial portion of the code for the corporate governance is being complied with by your Company at present and it will be the endeavour of your directors to ensure its full compliance by 31st March, 2001. Your Company is pleased to voluntarily furnish the following informations on Corporate Governance:



1. The Board of Directors comprises of a non-executive Chairman, one Managing Director and six non-executive Directors. Five Board Meetings were held during the year 1999-2000 and the operational and statutorily required informations were placed before the Board. All significant events were also reported to the Board.
2. Your Company has set up an Audit Sub-Committee in the year 1991 comprising of two non-executive Directors, Managing Director and one Financial Institution's nominee. The periodical reports of Internal Auditors on the operations and the financial transactions of the Company are placed before the Sub-committee. Four meetings of the Audit Sub-Committee were held during the year under review.
3. Your Company has also set up in the year 1989, a Share Transfer Committee comprising of Managing Director and one non-executive Director. The Share Transfer Committee meetings are held every month to approve the transfer of shares and other related matters. In the year 1999-2000, twelve such meetings were held.
4. Your Company has introduced a Systems Manual incorporating the internal control and personnel policies since its inception and the same is being updated from time to time. A comprehensive Quality Manual with detailed procedures, formats and work instructions under ISO-9002 certification system has been adopted and is being strictly followed.

DEPOSITORY SYSTEM

The Company has entered into an agreement with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) enabling you to hold your shares in a dematerialisation form.

SAFETY AND ENVIRONMENT PROTECTION

Your Company is conscious about its responsibility towards Safety and Environment protection. Regular training programmes have been conducted to train employees for various safety measures and to increase the safety standards and awareness. Your Company has been endowed with the State Level Safety Award twice, in recognition of its safety standards and practices.

DEPOSITS

There are no deposits remaining unpaid/unclaimed in terms of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975 at the end of the year.

DIRECTORS

Mr. B.S. Bhesania and Mr. P.R. Bhansali, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

AUDITORS

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

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AUDITORS' REPORT

With regard to the Auditors' observations for the interest liability on the term loans of Financial Institutions, the Note 2 (b) of Schedule 'P' is self explanatory.

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 the provisions of the said section.

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.

ACKNOWLEDGEMENTS

Your Directors thank esteemed shareholders, customers, business associates, Financial Institutions and Banks for their continuous support and the faith reposed in your Company and its management.

Your Directors have pleasure to place on record their appreciation of the dedication and commitment of your Company's employees.

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For and on behalf of the Board

Mumbai,
27th June, 2000

A.S.GUPTA
Chairman