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Annual Report 2000-2001

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bhansali ENGINEERING POLYMERS limited



BHANSALI ENGINEERING POLYMERS Ltd.

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
S. M. Ghike	-	Vice President (Projects)
S. K. Husain	-	Vice President (Corporate Affairs)
S. S. Ladi	-	Vice President (Marketing)
D. P. Singh	-	Vice President (Works)

BHANSALI ENGINEERING POLYMERS LTD.

NOTICE

NOTICE is hereby given that the Seventeenth 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 - 400020 on Saturday, 25th Day of August, 2001 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 2001, Profit & Loss Account for the year ended on that date and the reports of the Directors and 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 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 ("the Board") 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 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.80,00,00,000/- (Rs. Eighty 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 LIMITED

Place : Mumbai
Dated : 26th June, 2001

A. R. MUNDRA
PRESIDENT & COMPANY SECRETARY

NOTES :

- a. 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.
- 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 Friday, 17th August, 2001 to Saturday, 25th August, 2001 (both days inclusive).
- d. The relevant explanatory statement pursuant to Section 173 of the Companies Act, 1956 is annexed hereto.
- 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.
- h. The information as required under Corporate Governance Code regarding the Directors retiring by rotation and eligible for re-appointment :-

1) Shri A.S. Gupta, aged 75 years, is retired Chairman of Life Insurance Corporation of India. Shri Gupta is the Chairman of the Company and has been associated with the Company since approx. 14 years. The Company has immensely benefited from Shri Gupta's rich experience in the fields of Administration, Risk Management and looks forward to continue the same. The details of Shri A.S. Gupta's other Directorships & Membership of Committees are as under :-



(i) K.E.C. International Ltd., Director and Chairman of Audit Committee & Finance Committee.

(ii) Mangalam Cements Ltd., Director and Member of Audit Committee.

(iii) Gujarat Carbon & Industries Ltd., Director

(iv) Asahi Sango Won Dyechem Colours Ltd., Director

2) Dr. W.R. Correa, aged 77 years has been associated with the Company for more than 12 years. He is a retired senior Corporate Executive with varied experience. He is also associated as trustee with public service institutions like, Breach Candy Hospital and Medical Research Centre, Cheshire Homes India Foundation etc. The Company has immensely benefited from Dr. Correa's expertise in the fields of Production, Marketing and Resources Management and looks forward to continue the same. The details of Dr. W.R. Correa's other Directorships are as under :-

(i) Birla Kenna Metal Ltd.

(ii) Goa Carbon Ltd.

(iii) NRC Ltd.

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.

The Company is in process of settlement of the dues of Financial Institutions and Banks. The plans have been drawn for expansion of capacities and also the working capital requirements are growing in line with expanding operations. There is a need for restructuring the total borrowings with adequate flexibility to keep the cost of finance at minimum. The Company may therefore have to resort to borrowings from Banks, Financial Institutions, Venture Capital Funds, Mutual Funds, External Commercial Borrowings, Issue of Debentures/Bonds 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.80,00,00,000/- (Rs. Eighty Crores Only) at any one point of time.

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 is proposed for approval of the Members of the Company.

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

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

By order of the Board
For BHANSALI ENGINEERING POLYMERS LIMITED

Place : Mumbai
Dated : 26th June, 2001

A.R. MUNDRA
PRESIDENT & COMPANY SECRETARY

BHANSALI ENGINEERING POLYMERS Ltd.

DIRECTORS' REPORT

Dear Members,

Your Directors present the SEVENTEENTH Annual Report and the Audited Accounts for the year ended 31st March 2001.

FINANCIAL RESULTS

	Year ended 31.03.2001 (Rs.in lacs)	Year ended 31.03.2000 (Rs.in lacs)
Sales	9196.60	8435.44
Profit before interest & Depreciation	302.77	826.68
Less: Interest	471.74	387.30
Profit/(Loss) before Depreciation	(168.97)	439.38
Less: Depreciation	273.69	240.89
Net profit/(Loss) for the year	(442.66)	198.49

In view of loss, your Directors regret their inability to recommend any dividend for the year ended 31st March, 2001.

OPERATIONS

Your Company maintained its sales volume at 12159 MT against 12147 MT in the previous year, despite sluggish demand in domestic ABS market owing to stagnancy in consumption at user segments, viz. automobiles & consumer durables industries. The price of main raw-materials, especially Styrene monomer remained highly volatile. Furthermore, due to lower trends in ABS price in the international market, domestic price level evinced continual declining trend throughout the year. This affected the margin cutting into the bottomline heavily. Export was higher at 705 MT, valued at Rs. 437.97 lacs.

As reported in the previous year, the Company is running ABS / SAN unit of Polychem Ltd. at Vadodara on conducting basis, pending completion of acquisition. The working of the unit was revamped and high quality SAN could be manufactured and launched as an additional product, which was well received in the market. Moreover, the bulk SAN utilised captively for manufacture of ABS has contributed to improving its quality. With establishment of bulk SAN production base, plan has been finalised to expand total capacity of ABS / SAN from existing 20,000 TPA to 27,000 TPA by installing balancing equipments in both the units.

SAFETY AND ENVIRONMENT PROTECTION

Your Company continues to accord high priority to Safety and Environment protection. The offsite emergency plan was successfully rehearsed during the year with the help of local authorities at ABS Plant at Bhansali Nagar.

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

Shri A. S. Gupta and Dr. W. R. Correa, 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.

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

Particulars with respect to conservation of energy, technology absorption, foreign exchange earnings and outgo as prescribed under 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 are given in Annexure-A, forming part of this report.

CORPORATE GOVERNANCE

Pursuant to Clause-49 of the Stock Exchange listing agreement, a report on Corporate Governance and Management Discussion and Analysis is given in the Annexure-B forming part of this report.

An Auditors' Certificate regarding compliance of conditions of Corporate Governance is given in the Annexure-C.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section-217 (2AA) of the Companies Act, 1956 your Directors hereby confirm that :-

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) your Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for the year ended 31st March, 2001;
- (iii) your Directors have 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) your Directors have prepared the annual accounts for the year ended 31st March, 2001 on a going concern basis.

ACKNOWLEDGEMENTS

Your Directors would like to thank Financial Institutions, Banks, Government Authorities, customers, business associates and to the shareholders for the support and faith reposed in your Company and its management.

Your Directors express their appreciation for the dedicated and sincere services rendered by employees of your Company.

For and on behalf of the Board

Mumbai,
26th June, 2001

A.S.GUPTA
Chairman

ANNEXURE - A**PARTICULARS AS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.****A. CONSERVATION OF ENERGY :**

- (a) The equipments producing energy have been designed considering the factors of conservation and optimum utilisation of energy.
- (b) Following Energy Conservation measures taken during the year:
- The new FBC boiler with 82% efficiency has been installed and commissioned resulting in substantial saving in consumption of coal and manpower cost.
 - Substituted industrial water by raw water in the compounding section, which resulted in energy conservation.
 - Installing an Inverter for the blower motor in powder conveying system with soft starter resulted in energy conservation.
 - By recycling of water from boiler blow down and back wash water of MDF filter, a substantial volume of water has been conserved.
 - Trials are on with certain additives to increase combustion efficiency of fuel in DG Sets. Full implementation of these additives shall fetch better and improved fuel efficiency of DG Sets.

- (c) Total energy consumption and consumption of energy per unit of production are given in the prescribed Form 'A' hereunder.

B. TECHNOLOGY ABSORPTION :

Details of 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:

Total export in the year under review was 705 MT valued at US\$ 0.93 million i.e. about Rs.437.97 lacs.

Having made exports as a focus area, steps have been initiated to intensify export drive.

- (2) Total foreign exchange used and earned:

(Rs.in lacs)

Total foreign exchange used 1930.21

Total foreign exchange earned 437.97
(CIF value)

FORM - A

(See Rule 2)

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

Year ended 31.03.2001 Year ended 31.03.2000

A) Power and fuel consumption**1. Electricity****a) Purchased :**

Units (KWH) in lacs	66.07	17.34
Total Amount (Rs.in lacs)	322.69	99.08
Rate per KWH (Rs.)	4.88	5.71

b) Own Generation

Through Diesel Generator		
Units (KWH) in lacs	64.03	102.82
Units per ltr. of diesel oil	3.65	3.58
Cost per Unit (Rs.)	4.54	3.39

2. Coal used in Boiler

Quantity (MT)	5772	8478
Total cost (Rs. in lacs)	73.74	106.15
Rate per MT (Rs.)	1277.46	1252.02

3. L. D. O.

Quantity (Lts)	200112	-
Total amount (Rs. in lacs)	24.68	-
Average Rate (per Lt.)	12.34	-

B) Consumption per unit of production

Electricity (KWH/MT of ABS & SAN Resins)	1018.12	1001.83
(MT/MT of ABS Resin)	0.50	0.71
L.D.O. (Ltr/MT of SAN Resin)	67.45	-



FORM - B
(See Rule 2)

Form for disclosure of particulars with respect to technology absorption.

A) Research and Development (R & D)

1. Specific areas in which R & D has been carried out by the Company and benefits derived as a result of the above R&D.
 - (a) Development of High Rubber Graft systems continued further and new formulations have been developed and implemented successfully. This development of new rubbery domains could induce enhanced productivity in resin manufacturing, improvement in the quality of the final products and reduction in the operational cost.
 - (b) New products developed for Automobile applications.
 - (c) New formulation for co-polymers developed & implemented along with high rubber graft systems.
 - (d) Certification (ISO-9002) of Quality Management System maintained through surveillance audits and continual improvement achieved.

2. Expenditure on R & D :

(Rs.in lacs)

A.	Capital	6.62
B.	Recurring	1.07
C.	Total	7.69
D.	Total R & D Expenditure as a percentage of total turnover	0.08 %

B) Technology absorption, adaptation and innovation

1. Efforts, in brief, made towards technology absorption, adaptation, innovation and benefits derived :
 - (a) The technology from Sumitomo for manufacture of ABS Resins of various grades is fully absorbed and appropriately fine-tuned.
 - (b) Technology obtained for manufacturing SAN co-polymer by mass continuous process has been fine-tuned to make the product acceptable in market place. The quality is fully established now and it has become a regular and additional product. The SAN utilised captively has given tremendous benefits as far as improvement in quality of ABS products is concerned.
2. Information regarding technology imported during the last five years : N.A.

ANNEXURE - B

I. REPORT ON CORPORATE GOVERNANCE

(A) Company's philosophy on code of Corporate Governance

The Company is committed to good Corporate Governance and has benchmarked its practices with the prevailing guidelines with transparency and full disclosure. The Company believes in providing detailed information on various issues concerning the Company's business and financial performance to the shareholders. The objective of the company is to achieve business excellence and dedicate it to increasing the value of long-term interest of all the stakeholders.

(B) Board of Directors

- (i) Composition, Category of Directors and their other Directorships and Membership/Chairmanship of Committees (as on 31.03.2001)

Sr. No.	Name of the Directors	Category	Number of other		
			Directorships	Committee Memberships	Committee Chairmanships
1	Shri A. S. Gupta	Chairman, Independent Non-Executive Director	4	1	2
2	Shri B. S. Bhesania	Independent Non-Executive Director	5	2	-
3	Shri C. S. Sastry	-do -	2	-	-
4	Dr. Pravin P. Shah	- do -	6	3	-
5	Dr. W. R. Correa	- do -	3	-	-
6	Dr. P. H. Vaidya	Nominee of ICICI	3	1	-
7	Shri P. R. Bhansali	Promoter & Non-Executive Director	2	-	-
8	Shri B. M. Bhansali	Promoter & Managing Director	5	-	-

Out of total eight Directors, five are non-Executive and Independent Directors and one is the nominee Director of ICICI.

(ii) Board Meetings held and attendance of Directors

During the year under review, five Board Meetings were held on 27th June, 2000, 29th July, 2000, 25th August, 2000, 24th October, 2000 and 31st January, 2001. The Sixteenth Annual General Meeting was held on 25th August, 2000. The attendance of each Director at these meetings was as follows:

Sr. No.	Name of the Directors	No. of Board Meetings attended	Attendance at AGM held on 25.08.2000
1	Shri A. S. Gupta	5	Yes
2	Shri B. S. Bhesania	1	Yes
3	Shri C. S. Sastry	4	No
4	Dr. Pravin P. Shah	2	Yes
5	Dr. W. R. Correa	3	Yes
6	Dr. P. H. Vaidya	4	Yes
7	Shri P. R. Bhansali	3	Yes
8	Shri B. M. Bhansali	5	Yes

(C) Audit Committee

The Audit Sub-Committee of the Board is functioning since 1991 comprising of two Independent Non-Executive Directors, Managing Director and one nominee of the Financial Institutions. The Committee holds its meetings on regular basis and periodical reports of Internal Auditors are being placed before the said Committee. During the year, four meetings of Audit Sub-Committee were held and the attendance at the same was as under: