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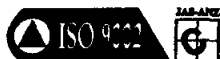
Annual Report 2001-2002

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bhansali ENGINEERING POLYMERS LIMITED



bhansali ENGINEERING polymers limited

BOARD OF DIRECTORS

Shri A. S. Gupta	- Chairman
Shri C. S. Sastry	
Dr. Pravin P. Shah	
Dr. W. R. Correa	
Shri M. C. Gupta	- Additional Director
Shri Sunil Tandon	- Additional Director
Shri Supriya Gupta	- Additional Director
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
Kiran Bhansali	-	Executive Director
A. R. Mundra	-	President
S. S. Ladi	-	Vice President (Marketing)
D. P. Singh	-	Vice President (Manufacturing)
S. M. Ghike	-	Vice President (Technical)

NOTICE

NOTICE is hereby given that the Eighteenth 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 Friday, 22nd Day of November 2002 at 11.30 a.m. to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 30th June 2002, Profit & Loss Account for the period ended on that date and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr.C.S.Sastry who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Dr.Pravin P.Shah 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 Mr. M.C. Gupta who was appointed as an Additional Director of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956 read with Article 77.1 & 77.2 of the Articles of Association of the Company and who would vacate his office at the ensuing Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 along with necessary deposit from a shareholder proposing the candidature of Mr. M. C. Gupta as a Director of the Company, be and is hereby appointed as a Director of the Company whose office shall be liable to retirement by rotation."

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

"RESOLVED THAT Mr. Supriya Gupta who was appointed as an Additional Director of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956 read with Article 77.1 & 77.2 of the Articles of Association of the Company and who would vacate his office at the ensuing Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 along with necessary deposit from a shareholder proposing the candidature of Mr. Supriya Gupta as a Director of the Company, be and is hereby appointed as a Director of the Company whose office shall be liable to retirement by rotation."

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

"RESOLVED THAT Mr. Sunil Tandon who was appointed as an Additional Director of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956 read with Article 77.1 & 77.2 of the Articles of Association of the Company and who would vacate his office at the ensuing Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 along with necessary deposit from a shareholder proposing the candidature of Mr. Sunil Tandon as a Director of the Company, be and is hereby appointed as a Director of the Company whose office shall be liable to retirement by rotation."

By order of the Board

For BHANSALI ENGINEERING POLYMERS LIMITED

Mumbai

A. R. MUNDRA

Dated : 30th Sept., 2002 PRESIDENT & COMPANY SECRETARY

**NOTES :**

- 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.
- 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.
- The Register of Members and Share Transfer Book of the Company will remain closed from Tuesday, 12th November, 2002 to Friday, 22nd November, 2002 (both days inclusive).
- 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.
- Members are requested to bring their copy of Annual Report to the Meeting.
- Members are requested to bring the Attendance Slip sent herewith duly filled for attending the Meeting.
- ADDITIONAL INFORMATION :

Profile of Directors retiring by rotation and seeking re-appointment (Pursuant to clause 49 of the Listing Agreement)

Particulars	Shri C.S.Sastry	Dr. Pravin P. Shah
Date of Birth	23.12.1931	11.11.1944
Date of Appointment	14.06.1991	16.08.1986
Qualifications	M.Sc., A.D.P.A. (Exeter-Devon-U.K.)	B.Com.(Hons.) Grad. C.W.A., F.C.A., Ph.D.
Expertise in specific functional areas	I.A.S. (1956 batch), held key positions with The Government of Andhra Pradesh and the Union Government, specialising in Management, Administration & Development in the areas of Industrial Promotion, Defence & Agriculture. Retired as Secretary-Agriculture to the Govt.of India in 1989. Awarded with 'Padmashri' in 1990.	He is a well known Chartered Accountant having a successful professional career spanning over more than three decades. He holds prominence in the fields of Audit, Taxation, Finance, Company Law and Foreign Exchange.
Directorship of other Companies	a) Krittika Software Pvt.Ltd.	a) Adani Exports Ltd. b) J.M.Financial & Investment Consultancy Services Pvt. Ltd. c) J.M.Morgan Stanley Pvt. Ltd. d) Claris Lifesciences Ltd. e) Benchmark Trustee Company Ltd. f) Jai Corp. Ltd. g) Himachal Futuristic Communications Ltd. h) Landmark Business Service Centre Pvt. Ltd. i) Landmark Financial & Investment Consultancy Pvt. Ltd. j) Macro Investment & Financial Consultants Pvt. Ltd.
Chairman/Member of Committees of the Board of Companies of which he is a Director	Nil	a) J. M. Morgan Stanley Pvt. Ltd. - Member, Audit Committee. b) Adani Exports Ltd. - Member, Audit Committee & Remuneration Committee. c) J.M.Financial & Investment Consultancy Services Pvt. sLtd. - Member, Investment Committee

By order of the Board
For BHANSALI ENGINEERING POLYMERS LIMITED

Mumbai
Dated : 30th September, 2002

A. R. MUNDRA
PRESIDENT & COMPANY SECRETARY

BHANSALI ENGINEERING POLYMERS LIMITED

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**Item nos. 5, 6 & 7 :-**

Mr. M. C. Gupta, Mr. Supriya Gupta and Mr. Sunil Tandon were appointed as Additional Directors of the company with effect from 30th September 2002 pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article No.77.1 & 77.2 of the Articles of Association of the company. Pursuant to the provisions of the said section, the term of the office of the said Directors expires at the ensuing Annual General Meeting of the company. In the mean time, the company has received separate notices under Section 257 of the said Act along with the necessary deposit from shareholders proposing the candidature of Mr. M. C. Gupta, Mr. Supriya Gupta and Mr. Sunil Tandon respectively for the office of Directors of the Company.

Particulars	Mr. M.C.Gupta	Mr. Supriya Gupta	Mr. Sunil Tandon
Date of Birth	23.07.1938	21.09.1936	26.09.1957
Date of Appointment	30.09.2002	30.09.2002	30.09.2002
Qualifications	M.A.(English)	B.A.(Hons.) CAIIB	B.Sc., M.A.(Political Science & Public Administration), M.B.A. (Finance) from U.K.
Expertise in specific functional area	I.A.S. (1960 batch), served the Union & State Governments on various administrative posts including Industries Secretary, Govt.of India, Advisor, Industries Planning Commission. Retired as Chief Secretary, Govt.of Haryana in 1997. Currently, Advisor to United Nations Industrial Development Organization. (UNIDO)	An eminent Banker, held top positions in State Bank of India and UTI Bank Ltd.	I.A.S. during 1983 to 1997, has held key senior positions in the Union & State Governments. Since 1997, serving the private sector. He is an expert in finance management and implementation of projects. Presently, he is Chairman of Capital Partners, a flagship Advisory Services Firm in India. Conferred with The President of India's Medal in 1992 and awarded The British Council Award in 1995-96.
Directorship of other Companies -		Kanoria Chemicals & Industries Ltd. Bengal Tea & Fabrics Ltd. Taj (Asia) Ltd. Vivekanand Skyroad Ltd. Kirtivardhan Finvest Ltd. Calcutta Stock Exchange Association Ltd.	Pipavav Railway Corporation Ltd.
Chairman/Member of Committees - of the Board of Companies of which he is Director		Kanoria Chemicals & Industries Ltd. - Chairman of Audit Committee . Bengal Tea & Fabrics Ltd. - Chairman of Audit Committee	-

The Board recommends the respective appointment of Mr. M.C.Gupta, Mr. Supriya Gupta and Mr. Sunil Tandon as Directors of the Company.

The resolutions vide serial Nos. 5, 6 & 7 are therefore proposed for approval of the members.

Mr. M.C.Gupta, Mr. Supriya Gupta and Mr. Sunil Tandon are concerned or interested in the above resolutions for their respective appointment. Apart from the said Directors, no other Director is interested or concerned in the said resolutions.

By order of the Board

For BHANSALI ENGINEERING POLYMERS LIMITED

Mumbai
Dated : 30th September, 2002

A.R.MUNDRA
PRESIDENT & COMPANY SECRETARY



DIRECTORS' REPORT

Dear Members,

Your Directors take pleasure in presenting the Eighteenth Annual Report and the Audited Accounts for the period ended 30th June, 2002.

CHANGE IN ACCOUNTING PERIOD

The Company has changed its Accounting Year ending from 31st March to 30th June, consequent whereupon the current accounting period is of 15 months. Therefore, the figures for the period ended on 30th June, 2002 are not comparable with the figures of previous year ended 31st March, 2001.

FINANCIAL RESULTS

	Current Period ended 30.06.2002 (Rs.in lacs)	Previous Year ended 31.03.2001 (Rs.in lacs)
Sales	12638.18	9196.60
Profit/(Loss) before Tax	77.06	(442.66)
Deferred Tax credit	249.74	-
Profit/(Loss) after Tax	326.80	(442.66)
Add : Balance brought Forward	821.75	1400.59
Less : Provision for Taxes for earlier years	-	136.18
Less : Deferred Tax Liability as at 01.04.2001	246.45	-
Balance carried to Balance Sheet	902.10	821.75

OPERATIONS

The sales volume for the period increased to 20048 MT from 12159 MT for the previous year-annualised growth of 31.90%.

In spite of impressive growth in sales volume, its positive manifestation by way of profit could not be seen owing to constant ups and downs in the international monomers market resulting in unpredictable pricing base for the products. Coupled with such fluctuations in the monomers market, international ABS pricing level did not evince compensating trend and to that extent correspondingly, domestic ABS price level kept exerting constant pressure on margin. Hence, sales volumes could be achieved at unreasonably low pricing levels. The only positive sign has been, unlike many industries, ABS industry in India is showing impressive growth trend and is expected to maintain growth rate at 20% CARG level during 2002-03, onwards. Only mantra, therefore, that will pave the way for survival is growth. This is why company is continually endeavouring to expand its manufacturing base at marginal capital cost.

During the period under review, the acquisition of ABS/SAN plant of Polychem Ltd. at Vadodara was completed and the overall aggregate capacity of ABS/SAN was expanded from 20,000 TPA to 27,000 TPA. The Company plans to further expand ABS/SAN manufacturing capacity from 27,000 TPA to 45,000 TPA by the year 2004-05.

DIVIDEND

With a view to conserve financial resources for the Company's future operations, the Board of Directors deem it prudent not to recommend dividend on the paid-up share capital of the Company for the period ended 30th June 2002.

SAFETY AND ENVIRONMENT PROTECTION

Your Company continues to accord high priority to Safety and Environment Protection. Regular training programs have been conducted to impart training to employees for various safety measures and to increase the safety standards and awareness.

FIXED DEPOSITS

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

REVALUATION OF FIXED ASSETS

The Fixed Assets comprising of Land, Buildings and Plant & Machinery of the Company as on 30th June, 2002 were revalued on the basis of the report of approved valuers M/s.Tata Economic Consultancy Services, to represent the current fair replacement value and the difference of Rs. 6959.42 lacs between the revalued amount and book value amount was credited to Revaluation Reserve.

BHANSALI ENGINEERING POLYMERS LIMITED

DIRECTORS

Mr. B.S. Bhesania resigned from the Board of Directors of the Company on 27th August, 2001. Dr.P.H.Vaidya ceased to be a Director of the Company w.e.f.1st November,2001 due to withdrawal of nomination by The ICICI Ltd. The Board places on record its sincere appreciation of the invaluable services provided by Mr.B.S.Bhesania and Dr.P.H.Vaidya during their respective tenure as Director of the Company.

Mr.M.C.Gupta, Mr.Supriya Gupta and Mr.Sunil Tandon have been appointed as Additional Directors of the Company on 30th September,2002. In accordance with the provisions of section 260 of the Companies Act,1956, read with Article nos.77.1 & 77.2 of the Articles of Association of the Company, the said additional directors would hold their respective office till the date of ensuing Annual General Meeting of the Company. In the meantime, the Company has received notices pursuant to section 257 of the Companies Act,1956 alongwith necessary deposits from shareholders proposing the respective candidature of Mr.M.C.Gupta, Mr.Supriya Gupta and Mr.Sunil Tandon as Directors of the Company.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. C.S. Sastry and Dr.Pravin P.Shah, Directors of the Company, shall retire by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors to the best of their knowledge and belief hereby confirm that:

- i) The applicable standards have been followed in the preparation of the annual accounts.
- 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 as at 30th June, 2002 and of the Profit of the Company for the period ended on that date.
- iii) Your Directors have taken appropriate and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) Your Directors have prepared the attached Statement of Accounts for the period ended 30th June, 2002 on a going concern basis.

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.

AUDITORS

M/s B.L. Dasharda & Associates, Chartered Accountants, the Statutory Auditors of the Company retire at the ensuing Annual General Meeting and are eligible for re-appointment. The retiring Auditors have furnished a certificate of their eligibility for re-appointment under Section 224(1B) of the Companies Act, 1956 and have indicated their willingness to continue in the said office.

PARTICULARS OF CONSERVATION OF ENERGY, RESEARCH & DEVELOPMENT, 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.

PARTICULARS OF EMPLOYEES

Statement containing particulars of employees as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules,1975 is not given as none of the employees of the Company is covered under the provisions of the said section.

ACKNOWLEDGEMENTS

Your Directors greatly value the support and co-operation received during the period under review from the Financial Institutions, the Company's Bankers, Customers, Business Associates and the Shareholders. Your Directors also take pleasure in commending the valuable contributions made by the Company's employees at all levels during the period under review.

For and on behalf of the Board

Mumbai
Dated : 30th September, 2002

A.S.GUPTA
Chairman

**ANNEXURE - A****FORM - A**

(See Rule 2)

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

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY.

Period ended Year ended

30.06.2002 31.03.2001

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 were taken during the period :

(i) Installation of new fanless type cooling tower working on the natural draft, resulting in saving of electrical energy.

(ii) Reusing condensate of air heater in F & D section for heating of FBD tube banks resulting in saving of steam.

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

A) Power and fuel consumption**1. Electricity**

a) Purchased :

Units (KWH) in lacs	152.28	66.07
Total Amount (Rs.in lacs)	692.93	322.69
Rate per KWH (Rs.)	4.55	4.88

b) Own Generation

Through Diesel Generator

Units (KWH) in lacs	36.62	64.03
Units per ltr. of diesel oil	5.02	3.65
Cost per unit (Rs.)	5.33	4.54

2. Coal used in Boiler

Quantity (MT)	8074	5772
Total cost (Rs. in lacs)	129.43	73.74
Rate per MT (Rs.)	1603.05	1277.54

B. TECHNOLOGY ABSORPTION :

Details of efforts made in Technology Absorption are given in prescribed Form 'B' hereunder.

3. L. D. O.

Quantity (Ltrs)	292852	200112
Total amount (Rs. in lacs)	37.30	24.68
Average Rate (per Ltr.)	12.74	12.33

C. FOREIGN EXCHANGE EARNINGS AND OUTGO :

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

Total export during the period under review was 1461 MT valued at US\$ 1.18 million i.e. about Rs. 578.13 lacs.

b) Total foreign exchange used and earned:

(Rs.in lacs)

Total foreign exchange used 1173.67

Total foreign exchange earned 578.13
(CIF value)

B) Consumption per unit of production

Electricity (KWH/MT of

ABS & SAN Resins) **960.15** 1018.12

Coal (MT/MT of ABS Resin) **0.43** 0.50

L.D.O.

(Ltrs/MT of SAN Resin) **56.11** 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) New improved and cost effective three component anti-oxidant system has been successfully developed and implemented. This will result in improving the quality of final product and reduction in cost.
 - (b) New ABS-PC Alloy and Fire Retardant grades have been developed.
 - (c) Certification (ISO-9002) of Quality Management System maintained through surveillance audits and continual improvements achieved.

2. Expenditure on R & D

(Rs.in lacs)

A.	Capital	Nil
B.	Recurring	1.04
C.	Total	1.04
D.	Total R & D Expenditure as a percentage of total turnover	0.01 %

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 was fully absorbed and with continuous process of adaptation, the process was further modified to tailor make new grades of ABS to meet the demand from newly emerging consuming segments viz components for automobile and electronic goods, etc.
 - (b) Mass polymerization process of SAN co-polymer was modified by installing additional cooling system in the reactor together with recirculation arrangement of pre-polymer mass through indigenously developed twin screw pump. This modification resulted in considerable saving in the consumption of electricity and LDO per unit ton production of SAN co-polymer, besides enhancing the overall manufacturing output level by about 40 %.
2. Information regarding technology imported during the last five years : N.A.