

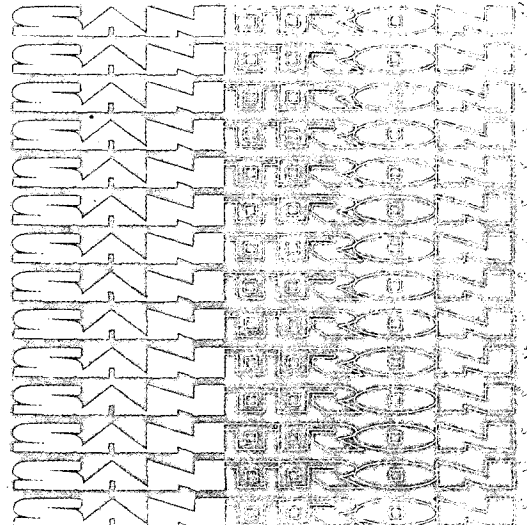
Annual Report 2006-2007

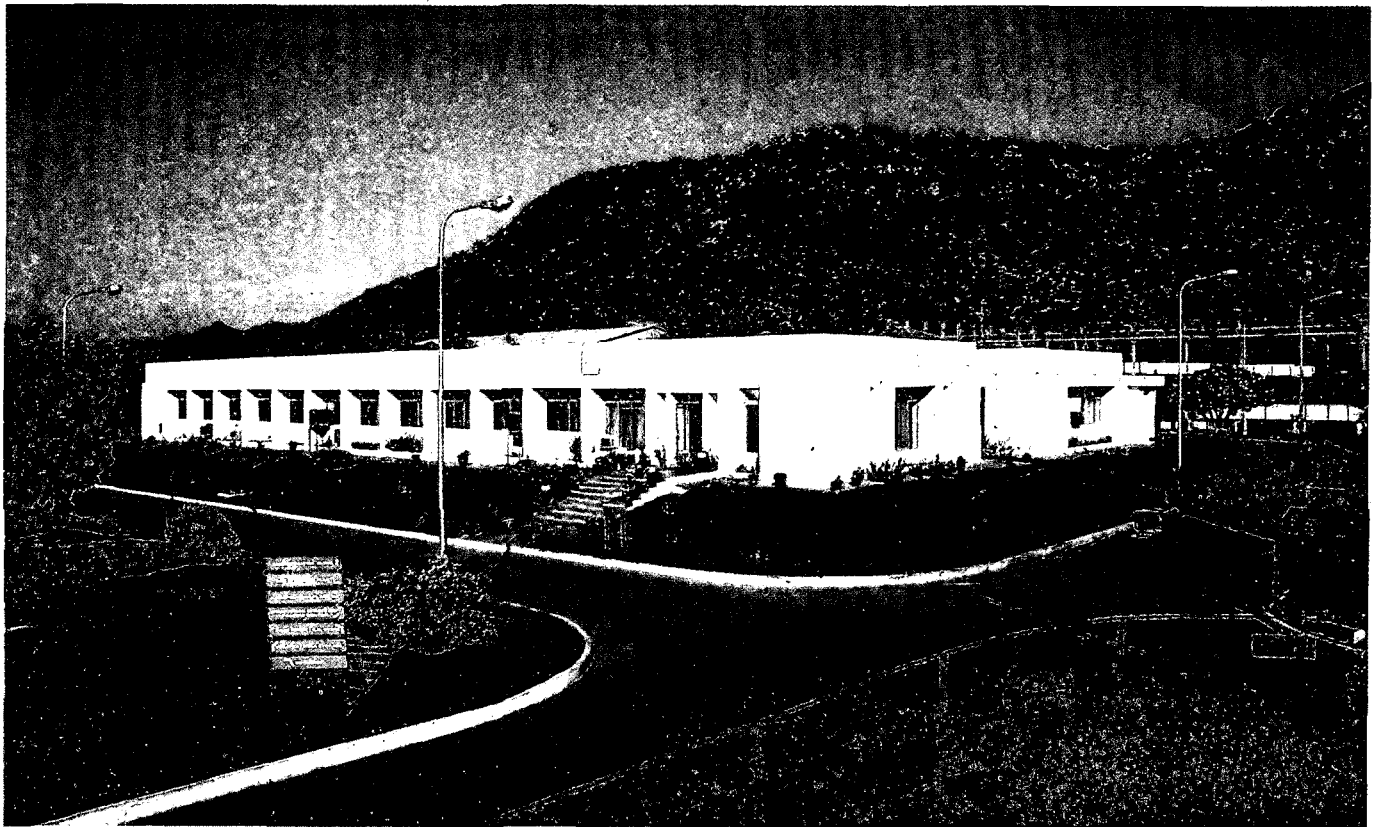
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bhansali ENGINEERING POLYMERS limited

An ISO 9001:2000 Company





Report Junction.com The BEPL at Abu Road, Rajasthan



bhansali ENGINEERING polymers limited

BOARD OF DIRECTORS

Mr. M. C. Gupta - Chairman
 Mr. B. M. Bhansali - Managing Director
 Mr. C. S. Sastry
 Dr. Pravin P. Shah
 Mr. B. S. Bhesania
 Mr. P. R. Bhansali
 Mr. Jayesh B. Bhansali - Executive Director

AUDITORS

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

SOLICITORS

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

COMPANY SECRETARY

Mr. Sadanand S. Lad

BANKERS

Allahabad Bank
 UTI Bank Limited

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REGISTERED OFFICE

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

REGISTRAR & SHARE TRANSFER AGENT

Intime Spectrum Registry Limited
 C-13, Pannalal Silk Mills Compound,
 L.B.S.Marg, Bhandup (West),
 Mumbai - 400 078.

WORKS

Satnoor

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

Abu Road

SP-138-144,
 Ambaji Industrial Area,
 Abu Road, Dist.: Sirohi, (Rajasthan)
 Pin - 307 026.

MANAGEMENT TEAM

| | |
|------------------------|--|
| Mr. B.M.Bhansali | - Managing Director |
| Mr. Kiran Bhansali | - Executive Director (Operations) |
| Mr. Jayesh B. Bhansali | - Executive Director (Corporate) |
| Mr. Kenji Asawaka | - Executive Director (Technical) |
| Dr. S.S.Deshpande | - Vice President (Operations, R & D - Satnoor) |
| Mr. D.B.Shrigondekar | - Vice President (Materials) |
| Mr. C.B.Bhardwaj | - Vice President (Operations - Abu Road) |

bhansali ENGINEERING polymers limited**NOTICE**

NOTICE is hereby given that the Twenty Third Annual General Meeting of the Members of **Bhansali Engineering Polymers Limited** will be held at Walchand Hirachand Hall, Indian Merchants' Chamber, Veer Nariman Road, Churchgate, Mumbai - 400 020 on Saturday, 22nd day of September 2007, 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 2007 and Profit and Loss Account for the year ended on that date together with Reports of the Directors and Auditors thereon.
2. To Declare dividend on Equity Shares of the Company.
3. To appoint a Director in place of Mr. C.S.Sastry, who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. B.S.Bhesania, who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.
5. To appoint Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board to fix their remuneration.

By order of the Board
For **Bhansali Engineering Polymers Limited**

Place : Mumbai
Dated : 2nd July, 2007

B. M. Bhansali
Managing Director

NOTES:

1. **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.**
2. Proxies, in order to be effective, must be received at the Company's Registered Office not later than 48 (fortyeight) hours before the time fixed for holding the meeting.
3. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to send their queries to the Share Department, so as to reach the registered office of the Company at least seven days before the date of the meeting, to enable the Company to make available the required information at the meeting, to the extent possible.
4. The Register of Members and Share Transfer Books will remain closed from Saturday, 15th September 2007 to Saturday, 22nd September 2007 (both days inclusive).
5. Payment of dividend, if any, declared at the Annual General Meeting, will be made to those shareholders whose names appear on the Company's Register of Members on 22nd September 2007 or their nominees. In respect of shares in dematerialized form, dividend will be paid to the beneficial owners as at the end of business hours on 14th September 2007 as per the details to be received from Depositories for the purpose. Dividend warrants shall be dispatched within thirty days from the date of the Annual General Meeting.
6. Members are requested to notify immediately any change in their address/bank mandate to their respective Depository Participant (DP) in respect of their electronic share accounts and to the Company's Registrar & Share Transfer Agent, Intime Spectrum Registry Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai-400 078 in respect of their physical share folios.
7. Members are requested to bring their copy of Annual Report to the Meeting.
8. Members are requested to bring the Attendance Slip sent herewith duly filled for attending the Meeting.

9. Information pursuant to clause 49 of listing agreement with respect to profile of Directors seeking re-appointment is given herebelow:

ADDITIONAL INFORMATION:

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

| Particulars | Mr. C.S.Sastry | Mr. B.S.Bhesania |
|---|--|--|
| Date of Birth | 23.12.1931 | 03.11.1933 |
| Date of Appointment | 14.06.1991 | 17.05.2003 |
| No. of shares held | 5000 | Nil |
| Qualifications | M.Sc., A.D.P.A.(Exeter-Devon-U.K.) | B.Sc., L.L.M., Solicitor High Court, Mumbai, Solicitor Supreme Court of England & Wales, Solicitor Supreme Court of Hong Kong. |
| Expertise in specific functional areas | He entered Indian Administrative Service in 1956 and 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 an eminent Solicitor of High Court, Mumbai. He is a senior partner of M/s.Mulla & Mulla & Craigie Blunt & Caroe, one of the leading law firms of the country having international recognition. |
| Directorship of other Companies | Mahyco Research Foundation | a) Trent Ltd. b) D.G.P. Hinoday Industries Ltd. c) Gilt Edge Finance & Investments Ltd. d) Bombay Rayon Fashions Ltd. e) Jamyad Investments Pvt. Ltd. f) India Overland Pvt. Ltd. |
| Chairman/Member of Committees of the Board of Companies of which he is a Director | Nil | a) Trent Ltd. - Member of Audit Committee & Remuneration Committee. b) Bombay Rayon Fashions Ltd. - Member of Audit Committee. |

By order of the Board
For Bhansali Engineering Polymers Limited

Place : Mumbai
Dated : 2nd July, 2007

B. M. Bhansali
Managing Director

REGISTERED OFFICE:

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

BHANSALI ENGINEERING POLYMERS LIMITED

DIRECTORS' REPORT

Dear Members,

Your Directors take pleasure in presenting the Twenty Third Annual Report and the Audited Accounts for the year ended 31st March 2007.

FINANCIAL RESULTS:

| | Accounting Year ended 31.03.2007 | (Rs. in lacs) Accounting Year ended 31.03.2006 |
|--|--|---|
| Gross Sales | 27836.27 | 30696.67 |
| Profit before interest, tax and depreciation | 3681.05 | 3407.96 |
| Profit before tax | 1488.64 | 1546.71 |
| Profit after tax & deferred tax | 525.16 | 946.51 |
| Balance brought forward | 2362.67 | 1605.34 |
| Amount available for appropriation | 2887.83 | 2551.85 |
| Proposed dividend including tax thereon | 194.11 | 189.18 |
| Balance carried to Balance Sheet | 2693.72 | 2362.67 |

DIVIDEND:

The Directors have pleasure in recommending for the consideration of the Members at the Annual General Meeting, payment of Dividend @ 10% i.e. Re.0.10 per share for the year ended 31st March, 2007 (previous year @ 10%). The total outgo including tax thereon will be Rs. 194.11 lacs.

OPERATIONS:

The significant achievement during the year under review has been drastic reduction in overhead expenses which declined from Rs. 3944.77 lacs in the year 2005-06 to Rs. 2798.45 lacs in the year 2006-07, i.e. by Rs. 1146.32 lacs – 29.06%. Yet another achievement is improvement in value addition by 5.06% when compared to the previous year.

However, due to reasons beyond control of the management, the top-line could not be maintained, as evident from the quantity sold during the year under review at 28034 MT against 34422 MT in the previous year. The Company should be able to regain its market share in the current year by focusing on high growth market segments, viz. automobiles and telecommunication. This is reflected from the fact that 5593 MT could be sold in 2 months in the current year showing increase by 5.51% over the previous year. In spite of not so impressive sales performance, bottom line could almost be protected as earning before interest, tax and depreciation (EBITD) has been Rs. 3411.64 lacs when compared to Rs. 3407.96 lacs in the previous year. Likewise, profit before tax (PBT) at Rs. 1488.64 lacs when compared to Rs. 1546.71 lacs in the previous year and profit after tax (PAT- without considering deferred tax) stood at Rs. 989.67 lacs when compared to Rs. 1054.83 lacs in the previous year. However, after considering deferred tax (provision with no cash outflow) the PAT in the year under review is Rs. 525.16 lacs against Rs. 946.51 lacs in the previous year. In the year under review there was an extra ordinary income of Rs. 269.41 lacs on sale of land and building of Vadodara unit, which in the comparative data of EBITD reflected hereinabove, has not been included.

FUTURE PLAN:

As reported in the previous year, the Company was involved in intensive study for firming up the expansion plan with novel scheme of establishing a co-generation plant, to achieve globally cost competitive structure with minimal utility generation cost. Now, since the study has been completed, a plan has been firming up to install requisite production facility adopting state of the art technology viz. (1) agglomeration process for manufacture of PB Latex, (2) HRG with high percentage of grafted rubber content, (3) high capacity SAN plant (6 TPH) on adopting full liquid reactor system.

with catalyst process involving minimal energy consumption, (4) dewatering compounding system to use wet HRG and dry SAN, and (5) co-generation plant to produce electricity and steam for the process and chilled water as well as chilled brine production. On implementation of the expansion program to establish 200 KTPA ABS plant in the 3rd quarter of 2009 -10, the Company would be in a position to achieve cost and quality leadership in the domestic market and become internationally competitive player. Thereafter, your company will diversify the existing HRG plant at Satnoor (M.P) to manufacture Styrene Butadiene latex and other similar lattices catering to various industries viz. paper, textile and construction etc. Considering all these the total production facility of your Company by the year 2010 will be (a) 200 KTPA ABS, (b) 35 KLPA SB Latex, and (3) 7 KTPA saleable SAN. Your Company is endeavoring to work out an appropriate financing strategy for the aforesaid expansion plan.

SAFETY AND ENVIRONMENT PROTECTION:

Your Company continues to accord high priority to the areas of Safety and Environment Protection. Compliance with safety norms and regular training programs for employees for various safety measures and to increase the safety standards and awareness are an integral part of the Company's operating system.

FIXED DEPOSITS:

There were 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 year.

DIRECTORS:

During the year under review, Mr. Kenji Asakawa and Mr. Supriya Gupta, Directors of the Company resigned from the Board. The Board of Directors wish to place on record their sincere appreciation to the professional guidance and support extended by Mr. Kenji Asakawa and Mr. Supriya Gupta to the Company during their respective tenure as Director of the Company.

Mr. C. S. Sastry and Mr. B. S. Bhesania, Directors of the Company are retiring by rotation at the ensuing Annual General Meeting of the Company and are eligible for re-appointment.

A brief profile of Mr. C. S. Sastry and Mr. B. S. Bhesania as required by Clause 49(IV)(G) of the Listing Agreement with the Stock Exchanges is given in the Notice of the ensuing Annual General Meeting.

DELISTING OF SHARES :

Pursuant to the applications for delisting made by the Company, following two stock exchanges have delisted the Company's equity shares during the year under review:

- 1) The Calcutta Stock Exchange Association Limited, Kolkata.
- 2) Madhya Pradesh Stock Exchange Limited, Indore.

PARTICULARS OF EMPLOYEES:

A statement containing details of employees in receipt of remuneration equal to or exceeding the limits prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, is attached hereto vide Annexure-D and forms part of this report.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirements of Section 217(2AA) of the Companies Act, 1956, your Directors confirm the followings:

- In the preparation of the annual accounts, the applicable accounting standards have been followed;
- That the Directors have selected such accounting policies and applied them consistently and made judgments 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 31st March, 2007 and of the profit of the Company for that year;
- That the 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;
- That the annual accounts for the year ended 31st March, 2007 have been prepared on a going concern basis.

BHANSALI ENGINEERING POLYMERS LIMITED

CORPORATE GOVERNANCE:

Pursuant to Clause 49 of the Listing Agreement, a report on Corporate Governance and Management Discussion and Analysis and Certificate from M/s. B. L. Dasharda & Associates, Chartered Accountants on compliance thereof is given in the Annexure-B and Annexure-C respectively, which form an integral part of this Report.

AUDITORS:

M/s. B. L. Dasharda & Associates, Chartered Accountants, the Statutory Auditors of the Company retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Members are requested to appoint auditors for the current year and to authorize the Board to fix their remuneration.

AUDITORS' REPORT:

The observations made by the Auditors in their Report read with the relevant notes as given in the Notes on Accounts for the year ended 31st March, 2007 are self explanatory and therefore do not call for any further comments under Section 217(3) of the Companies Act, 1956.

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

The relevant data pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed hereto vide Annexure-A which forms part of this report.

ACKNOWLEDGEMENTS:

Your Directors take this opportunity to express their gratitude for the support and co-operation from the Banks, Statutory Authorities, Customers, Suppliers and all the Stakeholders. Your Directors express their deep appreciation to the Company's employees at all levels for their onerous efforts and valuable contributions during the year.

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For and on behalf of the Board

B.S.Bhesania
Director

Place : Mumbai
Dated : 2nd July, 2007

B.M.Bhansali
Managing Director

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

In spite of adopting several power conservation measures, as outlined hereinafter, during the year under review power consumption per unit of ABS & SAN increased due to lower production.

(i) Power conservation measures which were adopted are as follows:

- a) Increasing SAN-1 production capacity from 3.2 TPH to 3.65 TPH during last quarter of the year. This eventually resulted in reduction in per ton power consumption of captive SAN Production.
- b) Use of single ejector system for both Devo's in place of two ejector system.
- c) Increasing power factor from 0.95 to 0.99 through commissioning new capacitor banks and regular monitoring.
- d) Adding of new energy efficient drives for higher rating motors.
- (ii) Over all LDO Consumption was reduced by optimizing heating/cooling reactor cycle as well as improving TPA-15 Unit efficiency.

B) Technology Absorption :

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

C) Foreign Exchange Earnings and Outgo :

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

Total export during the year under review was 851 MT valued at US\$ 1.55 millions i.e. Rs.699.96 lacs.

- b) Total foreign exchange used and earned:

(Rs.in lacs)

Total foreign exchange used 13337.95

Total foreign exchange earned 699.96
(FOB Value)

FORM - A

(See Rule - 2)

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

| | Year Ended | Year Ended |
|--|------------|------------|
| | 31.03.2007 | 31.03.2006 |
| A) Power and Fuel Consumption : | | |
| 1) Electricity | | |
| a) Purchased : | | |
| Units (KWH) in lacs | 187.98 | 215.51 |
| Total Amount (Rs. in lacs) | 837.14 | 966.94 |
| Rate per KWH (Rs.) | 4.45 | 4.49 |

A) Power and Fuel Consumption :**1) Electricity**

- a) Purchased :

| | | |
|----------------------------|--------|--------|
| Units (KWH) in lacs | 187.98 | 215.51 |
| Total Amount (Rs. in lacs) | 837.14 | 966.94 |
| Rate per KWH (Rs.) | 4.45 | 4.49 |

b) Own Generation :

Through Diesel Generator

| | | |
|------------------------------|-------|------|
| Units (KWH) in lacs | 2.53 | 5.97 |
| Unit per litre of diesel oil | 2.92 | 3.15 |
| Cost per unit (Rs.) | 11.36 | 8.57 |

2) Coal used in Boiler :

| | | |
|-------------------------|---------|---------|
| Quantity (MT) | 4678 | 5318 |
| Total cost (Rs.in lacs) | 97.73 | 118.81 |
| Rate per MT (Rs.) | 2089.14 | 2234.11 |

3) L.D.O. :

| | | |
|---------------------------|--------|--------|
| Quantity (Ltrs.) | 856766 | 967352 |
| Total Amount (Rs.in lacs) | 258.21 | 267.26 |
| Average Rate (per Ltr.) | 30.14 | 27.63 |

B) Consumption per unit of Production :

Electricity (KWH/MT of

| | | |
|-------------------|--------|--------|
| ABS & SAN Resins) | 689.08 | 642.55 |
|-------------------|--------|--------|

| | | |
|---------------------------|------|------|
| Coal (MT/MT of ABS Resin) | 0.18 | 0.16 |
|---------------------------|------|------|

L.D.O.

| | | |
|-------------------------|-------|-------|
| (Ltrs/MT of SAN Resins) | 43.33 | 46.09 |
|-------------------------|-------|-------|

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. SPS PBDE process and agglomeration PBDE process have been revamped to reduce the cycle time and in turn to increase the productivity by minimum of 20% thus enabling to reduce the cost of operations at Satnoor Unit.

- b. Developed special blends for a cost effective substitution that can fetch challenge and High End Polymers for special application in the pump industry.

- c. Recipe & technology for carboxylated Styrene-Butadiene Latex has been developed and established into market for paper coating applications.

- d. Developed recipe for High Rubber Graft with 65 parts of rubber contents and to have one single rubber domain for ABS compounding.

- e. New formulations developed for higher impact grade for automobile applications in two wheeler and four wheeler industries.

2) Expenditure on R & D :

(Rs.in lacs)

- | | |
|--|-------|
| a. Capital | 1.43 |
| b. Recurring | 5.11 |
| c. Total | 6.54 |
| d. Total R & D Expenditure as a percentage of total turnovers. | 0.02% |

B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :

- 1) Efforts, in brief, made towards technology absorption, adaptation, innovation and benefits derived : N.A.

- 2) Information regarding technology imported during the last five years: N.A.

BHANSALI ENGINEERING POLYMERS LIMITED

ANNEXURE – B**REPORT ON CORPORATE GOVERNANCE****(A) Company's philosophy on code of Corporate Governance:**

The Company is fully committed to and continues to practice good Corporate Governance. The Company believes that proper Corporate Governance generates goodwill among business partners, customers and investors, facilitates effective management and control of business and generates competitive returns for the investors. In addition to the basic governance issues, the Company lays significant emphasis on the principles of trusteeship, transparency, empowerment, accountability and integrity.

During the year under review, the Board continued its pursuit by adopting appropriate corporate strategies and prudent business plans. Adequate monitoring system was followed to safeguard against major risk and to ensure implementation of policies and procedures to satisfy its social, legal and ethical responsibilities.

(B) Board of Directors:

In terms of the Company's Corporate Governance Policy, all statutory and other significant and material information is placed before the Board to enable it to discharge its responsibilities of closely monitoring the activities of the Company.

i) Composition of the Board

As on 31st March, 2007 the Board consisted of 5 Non-Executive Independent Directors (including Chairman) and 2 Whole-Time Directors, who are professionals and/or have expertise in their respective functional areas and capable of bringing in a wide range of managerial skills and business acumen.

The composition, category of Directors and their other Directorships and Membership/Chairmanship of Committees as on 31st March, 2007 is as under:

| Sr. No. | Name of Directors | Category | Number of other Companies | | |
|---------|--|--|---------------------------|------------------------|--------------------------|
| | | | Director-ships | Committee Member-ships | Committee Chairman-ships |
| 1 | Mr. M. C. Gupta Chairman | Non-Executive, Independent Director | 1 | - | 1 |
| 2 | Mr. Babulal M. Bhansali Managing Director | Promoter, Executive | 7 | - | - |
| 3 | Mr. P. R. Bhansali | Non-Executive, Independent Director | 2 | - | - / |
| 4 | Mr. C.S. Sastry | - do - | 1 | - | - |
| 5 | Dr. Pravin P. Shah | - do - | 14 | 13 | 1 |
| 6 | Mr. B. S. Bhesania | - do - | 6 | 3 | - |
| 7 | Mr. Jayesh B. Bhansali Whole-Time Director designated as "Executive Director" | Promoter, Executive | 7 | - | - |

ii) Board Meetings and attendance of Directors:

The Board meets at least once in a quarter to consider amongst other business the performance of the Company and quarterly financial results. When necessary, additional meetings are held. Agenda for each meeting along with explanatory notes are drafted and distributed well in advance to the Directors. Every Board Member is free to suggest the inclusion of items on the agenda.

During the year under review, 7 Board Meetings were held on 27th May 2006, 24th June 2006, 29th July 2006, 22nd September 2006, 29th October 2006, 9th December 2006 and 29th January 2007. The Twenty Second Annual General Meeting was held on 23rd September 2006.