



Annual Report 2008-09



bhansali ENGINEERING polymers limited

An ISO 9001:2000 Company

BHANSALI ENGINEERING POLYMERS LIMITED

BOARD OF DIRECTORS

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

MANAGEMENT TEAM

Mr. B. M. Bhansali	-	Managing Director
Mr. Jayesh B. Bhansali	-	Executive Director (Corporate)
Mr. Kenji Asakawa	-	Executive Director (Technical)
Mr. C. B. Bhardwaj	-	Vice President (Operations - Abu Road)
Mr. Hitarth Vasavada	-	Vice President (Marketing)
Ms. Neha Lahoty	-	Company Secretary

AUDITORS

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

SOLICITORS

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

BANKERS

Allahabad Bank
Axis Bank Limited

REGISTERED OFFICE

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

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.

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REGISTRAR & SHARE TRANSFER AGENT

Link Intime India Pvt. Ltd.
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West),
Mumbai - 400 078.

bhansali ENGINEERING polymers LIMITED**NOTICE**

NOTICE is hereby given that the Twentyfifth 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, 19th day of September 2009, 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 2009 and Profit and Loss Account for the year ended on that date together with Reports of the Directors and Auditors thereon.
2. 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.
3. 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.
4. 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.

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 as per the recommendation of the Remuneration Committee and pursuant to the provisions of Section 198, 269, 309 and 311 read with Schedule XIII to the Companies Act, 1956 and subject to such approvals as may be necessary, consent of the Members of the Company be and is hereby accorded for the appointment of Mr. Jayesh B. Bhansali as a Whole-Time Director designated as 'Executive Director' of the Company for a period of three years with effect from 24th June, 2009 to 23rd June 2012 subject to the terms and conditions as set out hereunder, with further liberty to the Board of Directors of the Company to alter and vary the said terms and conditions, in such manner as may be agreed to between the Directors and Mr. Jayesh B. Bhansali but subject to the provisions contained in Schedule XIII to the Companies Act, 1956, as amended from time to time :

REMUNERATION:

- | | |
|-------------------------------|---|
| (i) Salary | Rs. 64,000/- per month. |
| (ii) Perquisites & allowances | <ol style="list-style-type: none"> (a) House Rent Allowance as per the Company's Rules. (b) Medical facilities for Mr. Jayesh B. Bhansali and his family will be reimbursed by the Company as per the Company's Rules. (c) Leave Travel concession for Mr. Jayesh B. Bhansali and his family once in a year in accordance with the Rules specified by the Company. (d) Provision of car including driver for use on Company's business and telephone shall be provided at actuals. (e) Contribution to Provident Fund, Super Annuation Fund or Annuity Fund and Gratuity and Encashment of Leave at the end of the tenure. (f) Professional Perquisite Allowance in accordance with the Rules specified by the Company. (g) Transportation allowance will be provided as per the Company's Rules. (h) Bonus will be given as per the Company's Rules. |

"RESOLVED FURTHER THAT in the event of absence or inadequacy of net profits in any financial year, during the tenure of Mr. Jayesh B. Bhansali as Whole-Time Director designated as 'Executive Director' the remuneration payable to the Executive Director shall be governed by Section II of Part II of Schedule XIII to the Companies Act, 1956 or any statutory modification thereof and the same shall be treated as the Minimum Remuneration payable to the said Executive Director."

"RESOLVED FURTHER THAT during such time as Mr. Jayesh B. Bhansali holds and continues to hold office of the Executive Director, he shall be liable to retire by rotation as provided in the Articles of Association of the Company but shall be eligible for re-appointment."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take such actions and do all such things as may be necessary or desirable to give effect to this resolution."

For and on behalf of the Board of Directors

Place : Mumbai
Dated : 12th June, 2009

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 (forty-eight) 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, 12th September 2009 to Saturday, 19th September 2009 (both days inclusive).
5. 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, Link Intime India Pvt. Ltd., C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai- 400 078 in respect of their physical share folios.
6. Members are requested to bring their copy of Annual Report to the Meeting.
7. **Members are requested to bring the Attendance Slip sent herewith duly filled for attending the Meeting.**
8. Information pursuant to clause 49 of listing agreement with respect to profile of Directors seeking re-appointment is given herebelow:

bhansali ENGINEERING polymers LIMITED**ADDITIONAL INFORMATION:**

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

Particulars	Mr. C.S.Sastry	Mr. B.S.Bhesania	Mr. Jayesh B. Bhansali
Date of Birth	23.12.1931	03.11.1933	25.07.1983
Date of Appointment	14.06.1991	17.05.2003	24.06.2006
No. of shares held	5000	Nil	2003000
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.	M.Com.
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.	General Management
Directorship of other Companies	Mahyco Research Foundation	a) Trent Ltd. b) Bombay Rayon Fashions Ltd. c) Jamyad Investments Pvt. Ltd.	a) Bentley Commercial Enterprises Ltd. b) Speedage Commercials Ltd. c) Sheraton Properties & Finance Ltd. d) Bhansali Engineering Industries Pvt. Ltd. e) Bhansali Industrial Investment & Finance Pvt. Ltd. f) Bhansali Innovative Finance Pvt. Ltd. g) Bhansali International 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.	Nil

For and on behalf of the Board of Directors

Place : Mumbai
Dated : 12th June, 2009

B. M. Bhansali
Managing Director

REGISTERED OFFICE:

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

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

Mr. Jayesh B. Bhansali was appointed as the Whole-Time Director designated as 'Executive Director' of the Company pursuant to the provisions of Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 and Schedule XIII to the said act for a period of three years with effect from 24th June 2006, vide resolution passed by the Board of Directors at their Meeting held on 24th June 2006 and duly approved by the Shareholders at the Annual General Meeting of the Company held on 23rd September 2006. The Company is desirous of re-appointing Mr. Jayesh B. Bhansali as the Whole-Time Director designated as 'Executive Director' of the Company on revised terms and conditions considering his experience and association with the Company.

Accordingly, it is proposed to re-appoint Mr. Jayesh B. Bhansali as the Whole-Time Director designated as 'Executive Director' of the Company for a period of three years from 24th June 2009 to 23rd June 2012. The terms and conditions of re-appointment and payment of remuneration to Mr. Jayesh B. Bhansali, Whole-Time Director designated as 'Executive Director' of the Company are specified in an ordinary resolution proposed vide Item No.5 of the Notice.

Your Directors therefore recommend a resolution proposed vide Item No.5 for approval of the Members.

The information as furnished in the above resolution containing terms and conditions of re-appointment of and payment remuneration to Mr. Jayesh B. Bhansali, Whole-Time Director designated as 'Executive Director' shall be deemed as the abstract of the terms and conditions of such re-appointment and remuneration to the said Executive Director in terms of Section 302 of the Companies Act, 1956.

Except Mr. Jayesh B. Bhansali and Mr. B. M. Bhansali, no other Director of the Company is interested in resolution vide Item No.5 of the Notice.

For and on behalf of the Board of Directors

Place : Mumbai
Dated : 12th June, 2009

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 have pleasure in presenting the Twentyfifth Annual Report and the Audited Accounts for the year ended 31st March 2009.

FINANCIAL RESULTS:

Financial Results for the year ended 31st March 2009 as under:

(Rs. in lacs)

	Financial Year ended 31.03.2009	Financial Year ended 31.03.2008
Gross Sales	25262.47	29814.41
Profit before Interest and depreciation	323.51	3177.90
Less: Interest	1685.79	1486.89
Depreciation (Net)	582.44	572.82
Profit / (Loss) before tax	(1944.72)	1118.20
Provision for Taxation	802.81	424.49
Profit / (Loss) after tax	(1141.91)	693.71
Balance brought forward	3193.32	2693.72
Amount available for appropriation	2051.41	3387.43
APPROPRIATION:		
Proposed dividend	NIL	165.91
Dividend Tax	NIL	28.20
Balance carried to Balance Sheet	2051.41	3193.32

OVERVIEW OF THE ECONOMY:

The Indian as well as global economy witnessed a high degree of uncertainty and rapid slowdown, markedly during the second half of the 2008-09. The global recession affected the fortunes of corporates across corporate worldwide. The IMF has estimated that the world economic growth will fall to its lowest since World War II.

While the global economic gloom continues, India is not affected so severely as it could maintain a GDP growth rate of around 6% in the year 2008-09 (decline from 9% in the previous year). Moreover, India is not a highly export driven economy and to that extent, it is not so badly punished by global melt down. Though, the export performance in the year 2008-09 depicted deep decline, the balance of payment was not so hard hit due to sharp decrease in crude oil price, which is a major component of imports. The new financial year is showing promise towards fast economic recovery especially due to political stability and gearing up of the present government for more effective management of macro economic fundamentals. The concerted efforts by Reserve Bank of India and Union Government to boost the economy through higher dose of investment in infrastructure projects and improving credit delivery system at relatively lower interest rate, is bound to have a positive impact in accentuating the GDP growth rate in the current year. Moreover, it is expected that such growth scenario will prove as an irresistible attraction for the global investors, who are sitting with large surplus funds with limited choice of safe investment. With strengthening of regulatory mechanism and improved corporate governance, the fly by night short term investors will be replaced by stable global investors, who believe earning reasonable return on mid to long term basis. Ipsofacto, the global economic turmoil did not and could not make a large dent in the Indian economy and the future looks bright.

OPERATIONS:

Performance of your Company was indeed hard hit on account of loss arising out of foreign exchange fluctuations. The Company is heavily import dependent for its main raw material. Due to unpredictable decline in the value of Indian rupee against dollar in the year 2008-09, huge loss occurred. It is evident from the fact that out of the total loss before tax reported at Rs.19.45 crores for the period under review, the loss arising on account of foreign

exchange transactions was Rs.16.34 crores. This is particularly relevant when compared with the previous year result, which showed a profit of Rs.5.87 crores on account of foreign exchange transactions. Besides this, the Company had other income of Rs.0.88 crore only as against Rs.2.93 crores in the previous year. Furthermore, the Company had to incur higher interest cost at Rs.16.86 crores when compared to the previous year at Rs. 14.87 crores. This increase of Rs.1.99 crores was mainly due to higher level of cash credit borrowing against relatively cheaper cost of Letter of Credit rollover. As during the third quarter of the previous year, Letter of Credit rollover almost halted since most of the international banks were skeptical to trust another bank.

These comparisons do not dilute the fact that Company had to sail through troubled waters in terms of achieving sales which declined in value terms to Rs.225.11 crores against Rs.257.39 crores in the previous year. In quantitative terms, Company could sell 23851 MT in the period under review against 30017 MT in the previous year. However, some respite could be derived on sales realization front as average value earned per ton ABS was Rs. 94380/- against Rs.85750/- in the previous year. Ignoring foreign exchange fluctuation, the raw material cost was only marginally higher in comparison to the previous year.

No doubt, fortune did not favour the Company in the year 2008-09, which gave an alarm to tighten the belt regardless of what transpires in the future. A conscious policy decision was taken to increase production and sales, consequently the Company could achieve relatively impressive turnover and surplus in the last quarter of the previous year. And such trend continues in the first quarter of the current year as well. Hopefully, Company will be able to return to the profit path in the current year and wipe out the loss of the previous year to a large extent, if not fully.

FUTURE PLAN:

Keeping faith in the macro economic fundamentals of Indian economy and its likely return to growth trajectory of 8% to 9% GDP in the year 2010-11 onwards, the Company's plan to expand present capacity has not been shelved. Though, it is difficult to predict the launch date, nonetheless, implementation could begin in the last quarter of the current year. In this connection, Company has been able to receive support from the Union as well as the State Governments to make water available from a nearby irrigation dam project, which is under implementation. Considering the present economic reality, it is being deemed prudent to implement the expansion plan in 2 phases. First phase will focus on augmenting ABS manufacturing capacity from 48,000 TPA to 1,20,000 TPA. Some of the features of the expansion plan especially installing captive power co-generation plant is likely to be pushed for the second phase. On implementation of both the phases, Company will be able to achieve a capacity of 200,000 TPA ABS, 35,000 LPA SBR Latex and 7,000 TPA Saleable SAN.

DIVIDEND:

In view of loss incurred, Your Directors regret their inability to recommend dividend on the paid-up share capital for the year ended 31st March 2009.

SAFETY AND ENVIRONMENT PROTECTION:

Your Company has continued to accord high priority to the areas of Safety and Environment Protection. The Company has regular practice of taking up the training programs for employees for creating continuous awareness about the compliance with safety norms, its benefits and various safety measures to increase the safety standards for all concerned. The Company has made Safety and Environment Protection measures as the integral part of its operating system. Mockdrills and safety awareness programmes are being regularly conducted to ensure the safety & environment protection.

FIXED DEPOSITS:

There were no deposits remaining unpaid/unclaimed and no fresh acceptance of deposit in terms of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposit) Rules, 1975 during the year under review.

DIRECTORS:

Mr. C.S. Sastry, Mr. B.S. Bhesania and Mr. Jayesh B. Bhansali, Directors of the Company will retire by rotation at this forthcoming Annual General Meeting of the Company and are eligible for re-appointment.

The present tenure of Mr. Jayesh B. Bhansali, Whole-Time Director designated as 'Executive Director' of the Company will end on 23rd June, 2009. It is proposed to re-appoint him for a further period of three years.

BHANSALI ENGINEERING POLYMERS LIMITED

A brief profile of Mr. C.S. Sastry, Mr. B.S. Bhesania and Mr. Jayesh B. Bhansali pursuant to Clause 49(IV)(G) of the Listing Agreement with the Stock Exchange is annexed herewith and forming part of the Notice.

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 and no deviations have been found;
- 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, 2009 and of the loss 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, 2009 have been prepared on a going concern basis.

CORPORATE GOVERNANCE:

A report on Corporate Governance and Management Discussion and Analysis along with Certificate from M/s. B. L. Dasharda & Associates, Chartered Accountants, Statutory Auditors of the Company on compliance thereof pursuant to Clause 49 of the Listing Agreement 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 under section 224(1B). 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, 2009 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 to the Company.

For and on behalf of the Board of Directors

Place : Mumbai
Dated : 12th June, 2009

M. C. 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 :**

Several measures have been taken for power and fuel conservation as outlined hereinafter during the year under review.

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

- (a) Devolatilizers vacuum was managed by single stage vacuum system instead of double stage vacuum system by optimum allocation of load to reduce total power consumption.
- (b) New energy efficient variable frequency drives were provided in SAN plant.
- (c) Maximum production of SAN was allocated to high output of SAN plant including saleable SAN production and the output was also increased further which eventually resulted in reduction of per ton power consumption.
- (d) Gear type pumps used in SAN plant were replaced with smaller power of centrifugal type pumps.
- (e) New barrel & screw provided on four extruders to increase through put, ultimately resulting in per ton power consumption reduction.

(ii) Fuel consumption measures which were adopted as follows:

- (a) FO project was fully implemented with 100 % switch over on low cost.
FO fuel in place of traditional High cost HSD fuel with following advanced features to facilitate energy saving.
 - * Imported burner for high efficient FO burning through air atomization technology.
 - * Automatic modulation of air and fuel flow.
 - * Online monitoring for all operation parameters through DCS.
- (b) Regular monitoring and maintenance of insulation in each periodic shut down.

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) Total foreign exchange used and earned:

(Rs.in lacs)Total foreign exchange used **10431.54**Total foreign exchange earned (FOB Value) **974.49****FORM - A
(See Rule - 2)****FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY.**

Year Ended **Year Ended**
31.03.2009 **31.03.2008**

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

Units (KWH) in lacs	160.74	202.43
Total Amount (Rs. in lacs)	706.93	894.12
Rate per KWH (Rs.)	4.40	4.42

b) Own Generation :**Through Diesel Generator**

Units (KWH) in lacs	3.23	2.07
Unit per litre of diesel oil	3.12	2.93
Cost per unit (Rs.)	11.17	13.29

2) Coal used in Boiler :

Quantity (MT)	4502.00	5399.00
Total cost (Rs.in lacs)	82.90	113.42
Rate per MT (Rs.)	1841.39	2100.76

3) L.D.O, HSD and FO used in SAN PLANT. :

Quantity (Ltrs.)	747191	1039461
Total Amount (Rs.in lacs)	191.72	306.32
Average Rate (per Ltr.)	25.66	29.47

B) Consumption per unit of Production :

Electricity (KWH/MT of		
ABS & SAN Resins)	670.89	682.82
Coal (MT/MT of ABS Resin)	0.20	0.19
L.D.O./FO		
(Ltrs/MT of SAN Resins)	42.61	48.72