



ANNUAL REPORT

2009 - 10



bhansali ENGINEERING polymers limited

An ISO 9001 : 2008 Company

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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)
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.

REGISTRAR & SHARE TRANSFER AGENT

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



NOTICE

NOTICE is hereby given that the Twenty-Sixth 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 Tuesday, 27th July 2010, at 11.30 A.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March 2010 and the Balance Sheet as at that date together with Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. P. R. Bhansali, 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. M.C. Gupta, 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 upto the conclusion of the next Annual General Meeting and to authorize 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 a Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309 and 311 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such approvals as may be necessary in this regard, consent of the Company be and is hereby accorded to the re-appointment of and payment of remuneration to Mr. B.M. Bhansali as the Managing Director for a period of three years with effect from 1st April, 2010 on such terms and conditions as set out in the terms of appointment entered into between the Company and Mr. B.M. Bhansali, the details whereof are furnished in the Explanatory Statement attached to the Notice of this meeting, with the power to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or remuneration so as not to exceed the applicable limit specified in Schedule XIII to the Companies Act, 1956 including any statutory modification or re-enactment thereof, for the time being in force or any amendment(s) or modification(s) that may be agreed to between the Board of Directors and Mr. B.M. Bhansali."

REMUNERATION:

- | | |
|-------------------------------|--|
| (i) Salary | Rs. 2,05,000/- per month |
| (ii) Perquisites & allowances | <ol style="list-style-type: none">a) Free furnished accommodation, including gas and electricity, with caretaker staff or house rent allowance @ 60% of the Salary.b) Medical facilities for Mr. B. M. Bhansali and his family will be borne by the Company as per the Company's Rules.c) Leave Travel concession for Mr. B. M. Bhansali and his family once in a year in accordance with the Rules specified by the Company.d) Fees of clubs subject to a maximum of two clubs.e) Personal Accident Insurance Premium not exceeding Rs. 4,000/- per annum.f) Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to Mr. B. M. Bhansali.g) Contribution to Provident Fund, Superannuation Fund or Annuity Fund as per Company's rule and Gratuity and Encashment of Leave at the end of the tenure. |

Subject to the total value of perquisites as specified in (b) to (f), not exceeding Rs. 22,000/- per month or Rs. 264,000/- per annum.

- | | |
|---|--|
| (iii) Ex - Gratia (in case of inadequate profit or no profit during any financial year during his tenure) | The amount of such Ex-Gratia being the difference between (1) the aggregate of remuneration receivable by the Managing Director for a particular financial year in accordance with the limits of Clause (A) of Section II of Part II of Schedule XIII to the Companies Act, 1956 and (2) the aggregate of salary, perquisites and allowances as mentioned in clause (a) to (f) above received and / or receivable by him during such financial year. |
| (iv) Commission (in case of adequate profit during any financial year during his tenure) | The amount of such Commission being the difference between (1) 5% of net profit of the Company receivable by the Managing Director for a particular financial year in accordance with the limits of Section I of Part II of Schedule XIII to the Companies Act, 1956 and (2) the aggregate of salary, perquisites and allowances as mentioned in clause (a) to (f) above received and / or receivable by him during such financial year. |

"RESOLVED FURTHER THAT in the event of absence or inadequacy of profit in any financial year during the tenure of Mr. B. M. Bhansali as the Managing Director of the Company, the Company shall make payment of remuneration to the said Managing Director at the same substantive rates as specified above and that the same shall be considered as the Minimum Remuneration payable to the said Managing Director in accordance with the provisions of Part II of Schedule XIII of the Companies Act, 1956."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take all such steps and do all such things including settling or resolving any doubts as may be required from time to time in connection with the above resolution and matters related thereto."

For and on behalf of the Board of Directors

Place : Mumbai
Dated : 30th April 2010

Jayesh B. Bhansali
Executive 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. The instrument appointing proxy must be deposited with the Company at its registered office not less than 48 (Forty Eight) hours before the time 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 of the Company will remain closed from Tuesday, 20th July 2010 to Tuesday, 27th July 2010 (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 Private Limited 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 herein:


ADDITIONAL INFORMATION:

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

Particulars	Mr. P. R. Bhansali	Mr. M. C. Gupta	Mr. B. M. Bhansali
Date of Birth	12 th November, 1946	23 rd July, 1938	5 th March, 1954
Date of Appointment	7 th February, 1986	30 th September, 2002	8 th September, 1984
No. of shares held	552690	NIL	11318457
Qualifications	B. Com., L.L.B.	M.A.(English)	Non-matriculate
Expertise in specific functional areas	Mr. P. R. Bhansali is an eminent Industrialist and a leading exporter of readymade garments. Mr. P. R. Bhansali was the President of the Metal & Stainless Steel Merchants Association, Mumbai and Vice President of All India Garments Exporters & Manufacturers Association. Mr. P.R. Bhansali has been associated with the Company since incorporation. The Company has immensely benefited from Mr. P.R. Bhansali's expertise in various fields and looks forward to continue the same.	I.A.S. (1960 batch), served the Union and 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)	15 years of Trading and thereafter 25 years on setting up and running Bhansali Engineering Polymers Limited as the main Promoter and Managing Director.
Directorship of other Companies	a) Bhansali Ferromet Pvt. Ltd. b) Bhansali Bright Bars Pvt. Ltd.	Vardhaman Acrylics Limited	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	Vardhaman Acrylics Limited	Nil

For and on behalf of the Board of Directors
Place : Mumbai
Dated : 30th April 2010
Jayesh B. Bhansali
Executive 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 :

The current tenure of Mr. B. M. Bhansali as Managing Director of the Company has ended on 31st March, 2010.

The Board of Directors, at their meeting held on 18th January 2010 approved, subject to the approval of the members at the ensuing Annual General Meeting, the re-appointment of Mr. B.M. Bhansali as the Managing Director for a period of three years with effect from 1st April 2010.

The material terms of the re-appointment and the remuneration payable to Mr. B. M. Bhansali are embodied in the agreement for this purpose that has been approved by Remuneration Committee at its meeting held on 18th January, 2010.

Where in any financial year during the tenure of Mr. B. M. Bhansali as the Managing Director, the Company has no profits or its profits are inadequate, he shall be paid consolidated remuneration at the same substantive levels as specified above and the same shall be considered as the Minimum Remuneration payable to him pursuant to Part II of Schedule XIII of the Companies Act, 1956.

A draft of the said agreement entered into by the Company with Mr. B. M. Bhansali is available at the Registered Office of the Company for inspection of members during business hours on all working days till the Annual General Meeting.

The explanation accompanying the Notice is to be regarded as an abstract of the terms and Memorandum of Interest under Section 302 of the Companies Act, 1956.

Mr. B. M. Bhansali, Mr. P. R. Bhansali and Mr. Jayesh B. Bhansali are interested in the resolution for the re-appointment of Mr. B. M. Bhansali as the Managing Director of the Company. No other Director is concerned or interested in the said resolution.

For and on behalf of the Board of Directors

Place : Mumbai
Dated : 30th April, 2010

Jayesh B. Bhansali
Executive Director



DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Twenty Sixth Annual Report and the Audited Accounts for the year ended 31st March 2010.

FINANCIAL RESULTS:

FINANCIAL HIGHLIGHTS	(Rs. in lacs)	
	Year ended 31.03.2010	Year ended 31.03.2009
Gross Sales	33963.15	25262.47
Profit before Interest and depreciation	3941.45	323.51
Less: Interest	1465.01	1685.79
Depreciation (Net)	578.90	582.44
Profit / (Loss) before tax	1897.55	(1944.72)
Provision for Taxation	844.64	802.81
Profit / (Loss) after tax	1052.91	(1141.91)
Balance brought forward	2051.41	3193.32
Amount available for appropriation	3104.32	2051.41

OVERVIEW OF THE ECONOMY:

Across the globe if any democratic country could be singled out which demonstrated strength of the foundation and structure of its economy, it is our great nation INDIA. The process of globalization which began in 1991 establishes the fact that the fiscal management of the Indian economy has been carried out with best synchronization of the economic policies of the Union Government and prudent monetary planning and control exercised by Reserve Bank of India to achieve sustained growth with stability. The large economies of the world namely USA and Europe who have little regulation, had to face monstrous effect of the economic melt down. India evinced an excellent equilibrium between socialistic pattern and freedom associated with capitalism. Ever since opening up of the economy, in the last 20 years, high GDP growth rate between 6.5 to 9% per annum, year after year has been achieved. And despite the global melt down, the Indian economy depicted resilience and returned to high growth trajectory with remarkable ease and speed. Appropriate stimulus package causing little damage to the policy of fiscal consolidation was put into effect with collaborative efforts between Union Government and Reserve Bank of India. During the melt down period, the stock market – BSE Index was hovering around 8000 – 9000 due to hasty flight back of the overseas investment. But it did not take more than 6 to 8 months for the stock market to bounce back. And with high FDI inflow, the Sensex is currently hovering around 17000 mark. Indian Economy is neither highly import dependant (excepting petroleum & crude oil) nor largely export driven. This makes our economy insulated from the risk of ups and downs caused by other economies.

OPERATIONS:

During the year under review, your Company displayed indomitable fighting spirit and suppleness to deal with the rude shock with the loss of Rs.19.45 Crores in the previous year. It was important for the Company to achieve growth without sacrificing profitability. A promise was made to all stake holders last year that your company will make its best efforts to return to the profit path soon. The formidable challenge to wipe out entire loss of the previous year was achieved not by over activating supply side but by resorting to strategic marketing activities. We could substantially increase EVA resulting in EBIDTA at Rs. 39.41 Crores (previous year Rs.3.24 Crores) and PAT at Rs.10.53 Crores, (previous year loss at Rs.11.42 Crores) resulting in EPS of Re 0.63. In this context, it is pertinent to observe that production and turnover have significantly increased to around 39%, as shown below:-

	2009 – 2010	2008 – 2009
Production in MT	33334	23854
Sales (Rs.in Crores)	339.63	252.62

With around 70% capacity utilization, such remarkable results could be achieved due to high price syndrome prevailing in the domestic ABS market. However, during the current year, our focus has been to penetrate the markets deeper. Higher capacity utilization will ensure consistent & continuous profitability. We also have to compete well at the market place, which is showing signs of satiation of demand growth through imports. This is why during the current year, our aim is to achieve capacity utilization of above 90% and also to continue with this policy in future.

FUTURE PLAN:

It is noteworthy that the delay in implementation of earlier conceived expansion plan proved to be a blessing in disguise, as otherwise it would have been impossible for the Company to turn around so fast. A larger capacity with lower utilization could have delayed the return of the Company to profit path due to the fact that the element of Fixed Cost would have been much higher. But now having well established and proven resilience power, your Company can face the future challenges with confidence. It has been therefore decided to commence implementation of expansion plan in the current year itself so as to increase ABS capacity from 42 KTPA to 120 KTPA with the merchant SAN capacity remaining unchanged. This will aggregate to 126 KTPA capacity as against existing 48 KTPA. The commercial production of the expanded capacity is scheduled to commence on or before 31st March 2012. With available capacity of ABS in the year 2013-14, it will be possible for your Company to achieve optimal capacity utilization continuously which will ensure significant increase in profitability with fair share of domestic ABS market.

DIVIDEND:

Your Company has recovered from the situation of loss incurred in the previous year with great efforts and difficulties. Your Directors deem it prudent to conserve resources for further value addition through the process of capacity expansion. Therefore, your Directors do not recommend payment of dividend on the paid-up share capital of the Company for the year ended 31st March 2010.

SAFETY AND ENVIRONMENT PROTECTION:

Your Company has continued to accord high priority in 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 part of its operating system. Mockdrills and safety awareness programmes are being regularly conducted to ensure the safety and environment protection.

FIXED DEPOSITS:

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

DIRECTORS:

Mr. P. R. Bhansali and Mr. M.C. Gupta, Directors of the Company, will retire by rotation at the forthcoming Annual General Meeting of the Company and are eligible for re-appointment.

The present tenure of Mr. B. M. Bhansali as Managing Director of the Company has ended on 31st March 2010. It is proposed to re-appoint him for a further period of three years for the period from 1st April 2010 to 31st March 2013.

A brief profile of Mr. P. R. Bhansali, Mr. M.C. Gupta and Mr. B. M. Bhansali pursuant to Clause 49(IV)(G) of the Listing Agreement is annexed with the Notice of Annual General Meeting.

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 made.



- 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, 2010 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, 2010 have been prepared on a going concern basis.

CORPORATE GOVERNANCE:

A report on Corporate Governance along with the 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 forming an integral part of this Report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

The Management Discussion and Analysis Report, which gives a detailed account of operations of your Company is attached as Annexure-C and forms an integral part of this Annual 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, 2010 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 of the Company. Your Directors express their deep appreciation to the Company's employees at all levels for their onerous efforts and valuable contributions made towards functioning of the Company.

For and on behalf of the Board of Directors

Place : Mumbai
Dated : 30th April, 2010

M. C. GUPTA
CHAIRMAN