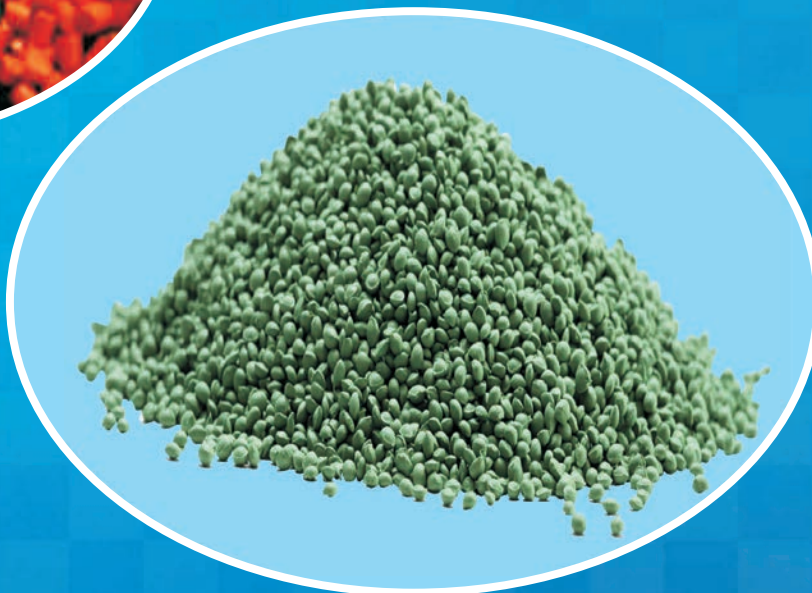


bhansali ENGINEERING polymers limited

An ISO 9001:2008 Company



**28th Annual Report
2011 - 2012**

Contents

1	Corporate Information	1 - 4
2	Notice	5 - 11
3	Director's Report	12 - 17
4	Report on Corporate Governance	18 - 23
5	General Information For Shareholder(s) etc.	24 - 28
6	Management Discussion & Analysis Report	29 - 30
7	Auditor's Report	31 - 33
8	Balance Sheet	34
9	Profit & Loss Account	35
10	Cash Flow Statement	36
11	Notes,Schedules & Accounting Policies Forming Part of the Balance Sheet	37 - 50

Board of Directors

Mr. M. C. Gupta
Chairman

Dr. B. S. Bhesania
Director

Mr. B. M. Bhansali
Managing Director

Mr. P. R. Bhansali
Director

Mr. Jayesh B. Bhansali
Executive Director

Management Team

Mr. B. M. Bhansali
Managing Director

Mr. Jayesh B. Bhansali
Executive Director

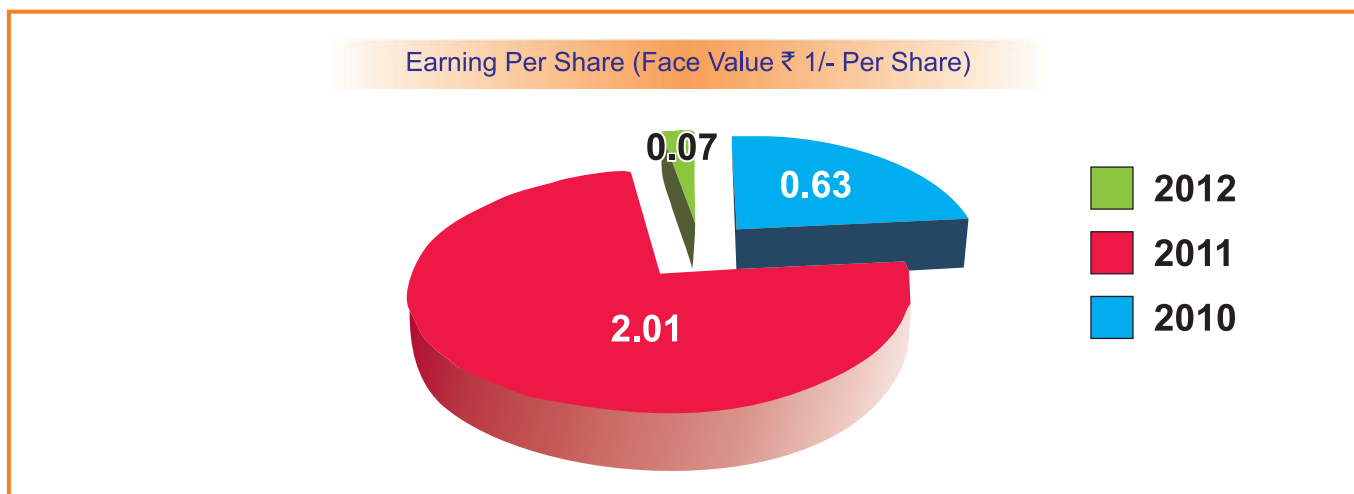
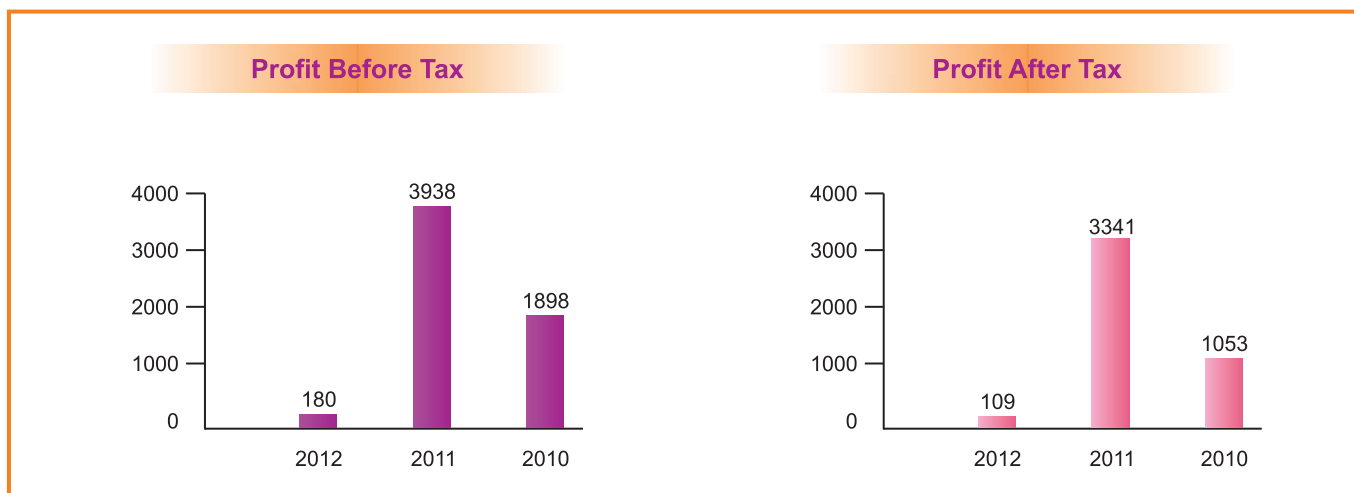
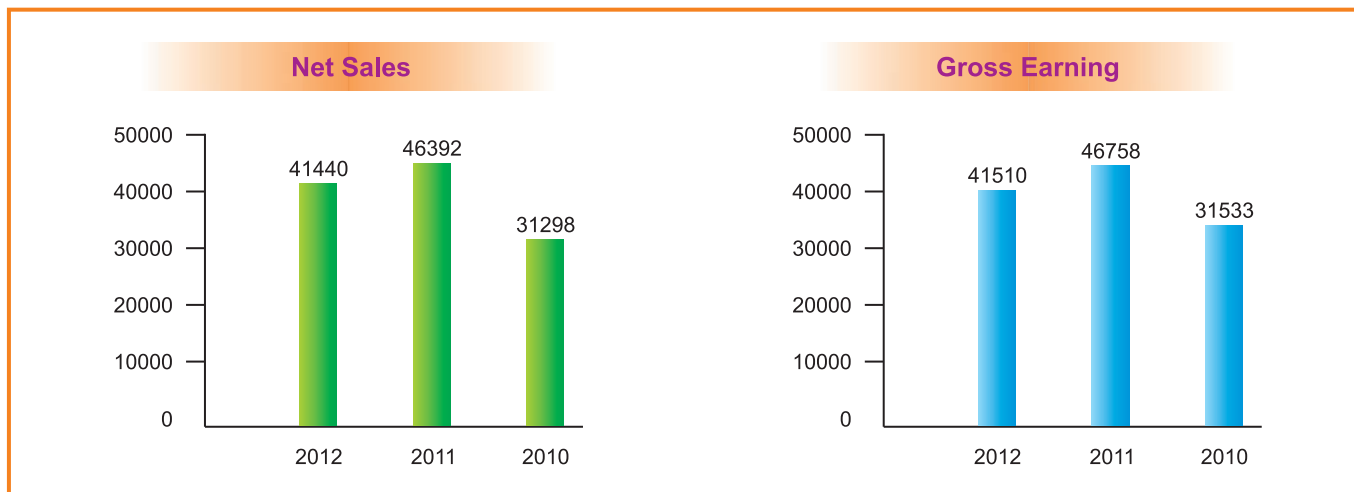
Mr. Hitarth Vasavada
Vice President (Marketing)

Mr. Kenji Asakawa
Executive Director (Technical)

Mr. D. N. Mishra
VP (Legal) & Company Secretary

Financial Highlights

(₹ in Lacs)





Mr. B.M. Bhansali
Managing Director

Chairman's Statement

“ Optimism is the faith that leads to achievement;
nothing can be done without hope and confidence.”

- Helen Keller



Dear Shareholders,

It gives me immense pleasure to present the 28th Annual Report of your company for the Financial Year 2011-2012. This year witnessed huge fluctuations and turbulence at National and International level of business; including, Debt crisis, Mismatch in Industrial demand and supply, High volatility in Foreign Exchange rates, Uncertain economic conditions, Lack of economic reforms, Negative business sentiments etc. Amidst such economic adversities, the Company with its accentuated efforts earned net profit of Rs. 1.09 Crore during F.Y. 2012. Furthermore the fluctuation in major raw material prices of company viz Acrylonitrile (ACN), Butadiene and Styrene aggravated the adverse situation. In addition other numerous obstacles like adverse business environment, costly funds due to frequent interest rate hikes by RBI, implementation of changes in taxation system with retrospective effect have again been the areas of serious concern to the Industries. Despite such odds and hindrances, your Company is poised to sustain growth and emerge with remarkable performance during FY 13. It is worthwhile to mention that last year the adverse economic factors caused lowest GDP growth of India in last 9 years.

Your company has strengthened the internal functions for operational efficiencies, growth and competitive advantage by providing suitable training to employees, establishing full fledged internal audit team to keep constant watch on transactions, revamping its whole system, policy and procedures and following well defined organization structure, authority level and internal guidelines to ensure smooth operations at all levels in the organization. Additionally to build on existing competency and ensure operational excellence, your Company has already finalized blue print for expansion of production capacity from existing 51 KTPA to 125 KTPA but due to

various economic factors as aforesaid, the Company could not roll out the expansion programme so far. However the management is sincerely exploring all possibilities to commence the project. Considering the demographic, potential and growth trajectory, the decade ahead offers high business opportunities and we expect your Company to show resilience and increased momentum in terms of expansion, quality development and operational efficiencies. With the steadily growing demand of ABS, your Company has good prospects as ABS consumption has grown from 12362 MT during 1992-93 to 120000 MT during 2010-2011 witnessing 871% increase in 19 years i.e. CAGR of 12.71% per annum in which our Company primarily operates and financial success as expected will be a natural outcome of our efforts.

Despite the continued macro economic headwinds currently being faced by the sector, we expect improvement in annual growth in F.Y.13.

I would like to take this opportunity to extend my heartfelt thanks to entire management team at Bhansali Engineering Polymers Limited for their commitment and tireless efforts throughout the year and to all our shareholders for their encouragement, support and trust reposed in the Company. Shri B.M. Bhansali, the Managing Director deserves special congratulations for the Company's growth.

A handwritten signature in blue ink, appearing to read 'M. C. Gupta'.

(M. C. Gupta)
Chairman

Performance Highlights

PERFORMANCE HIGHLIGHTS (10 Years)

Financial Year / Period	Installed Capacity (12 months basis)	Sales Volume	Sales	Profit/ (Loss) after Tax	Net worth	Book Value per Share
	(MT)	(MT)	₹ In lacs	₹ In lacs	₹ In lacs	₹
2002-03 (9 Months)	30000	10221	8386	207.33	2765.39(*)	20.73 (*)
2003-04 (15 Months)	48000	11443	9379	(282.14)	5733.25 (*)	3.46 (**)
2004-05 (9 Months)	48000	17313(#)	17399(#)	967.23	6511.30 (*)	3.92 (**)
2005-06 (12 Months)	48000	34422	30655.49	946.51	7269.57 (*)	4.38 (**)
2006-07 (12 Months)	48000	28034	27836.27	525.16	7599.68 (*)	4.58 (**)
2007-08 (12 Months)	48000	30017	29814.41	693.72	8099.28 (*)	4.88 (**)
2008-09 (12 Months)	48000	23851	25262.47	(1141.91)	6957.37 (*)	4.19 (**)
2009-10 (12 Months)	48000	33256	33963.15	1052.91	8010.28 (*)	4.83 (**)
2010-11 (12 Months)	51000	41466	51005.53	3340.97	11157.80 (*)	6.73 (**)
2011-12 (12 Months)	51000	34555	45650.79	108.83	11073.80(*)	6.67(**)

(*) Excluding Revaluation Reserve.

(**) Face Value of Shares sub-divided from ₹10/- to ₹ 1/- per share w.e.f. 23.02.2004

(#) Excluding Trading Sales

NOTICE

NOTICE is hereby given that the Twenty-Eighth 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 September 2012, at 11.00 A.M. to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the financial year ended 31st March, 2012 and the Balance Sheet as at that date together with the Reports of the Directors and the Auditors thereon.
2. To declare a dividend on Equity Shares of the Company for the year ended on 31st March, 2012.
3. 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.
4. 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.
5. To consider re-appointment of M/s B. L. Dasharda & Associates, Chartered Accountants, Mumbai to hold office as Statutory Auditors of company from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board to fix their remuneration.

SPECIAL BUSINESS:

6. 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 read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 as amended and pursuant to provisions of the Articles of Association of the Company and subject to such other approvals as may be required, consent of the members be and is hereby accorded for re-appointment of Mr. Jayesh B. Bhansali, whole time Director designated as Executive Director of the Company for a period of 3 years with effect from 23rd June, 2012 i.e. from 23rd June, 2012 to 22nd June, 2015 for a total remuneration of ₹ 36 lacs per annum as set out herein below and as per the terms and conditions mentioned in the employment agreement dated 29th May, 2012 executed between Company and Mr. Jayesh B. Bhansali.

I. Fixed Compensation:

Basic salary ₹ 1,75,000 per month. The annual basic salary and increments will be decided by the Remuneration Committee/Board of Directors, not exceeding the limits stipulated in Schedule XIII to Companies Act, 1956 (as may be amended from time to time), depending on the performance of Mr. Jayesh B. Bhansali, the profitability of the Company and other relevant factors.

II. Flexible Compensation:

- | | |
|------------------------------|---|
| (i) 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. Jayesh B. Bhansali and his family will be borne 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) Fees of clubs subject to a maximum of two clubs. e) Personal accident insurance premium not exceeding ₹ 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. Jayesh B. 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) hereinabove not exceeding ₹ 6,00,000/- per annum.



BHANSALI ENGINEERING POLYMERS LIMITED

RESOLVED THAT in the event of inadequacy of net profit or loss in any financial year, Mr. Jayesh B. Bhansali, Whole-time Director i.e. Executive Director, shall be paid remuneration at the same substantive level as specified hereinabove and the same shall be treated as the minimum remuneration payable to him.

FURTHER RESOLVED THAT the Directors of Company be and are hereby authorized jointly and/or severally to do all such acts, deeds, matters and things as they may consider necessary, expedient or desirable for giving effect to the foregoing resolution."

By order of the Board of Directors

Place: Mumbai

Dated: 12th August, 2012

(Jayesh B. Bhansali)

Executive Director

Registered Office Address:

Bhansali House, A-5, Off Veera Desai Road,
Andheri (West), Mumbai-400053.

NOTES:

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL, INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY SO APPOINTED SHALL NOT HAVE ANY RIGHT TO SPEAK AT THE MEETING.**
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. Corporate members are requested to send a certified copy of the Board Resolution, authorizing their representative duly to attend and vote at the meeting.
3. In case of Joint holders attending the meeting, only such Joint holder who is higher in the order of names shall be entitled to vote.
4. The Register of Directors' Shareholding maintained under Section 307 of the Companies Act, 1956 will be available for inspection by the Members at the Annual General Meeting.
5. The Register of Members and the Share Transfer Books will remain closed from Saturday, 15th September, 2012 to Saturday, 22nd September, 2012 (both days inclusive).
6. The Dividend, as recommended by the Board, if declared at the Annual General Meeting will be paid on or after 22nd September, 2012 but within the statutory time limit of 30 days as prescribed by the Companies Act 1956, to those members whose name appear on the Register of Members on 22nd September, 2012 holding physical share certificates and in respect to those shareholders who hold shares in electronic form, dividend will be paid on the basis of beneficial ownership as on 21st September, 2012, as per the details to be furnished for the said purpose by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).
7. Members wishing to claim Dividend, which remain unpaid are requested to contact the Registrar and Share Transfer Agent, M/s Link Intime (India) Private Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai- 400 078. Members are requested to note that the amount of Dividend which remains unclaimed for a period of 7 years from the date of transfer of amount in the Unpaid Dividend Account of Company will be transferred to the Investor Education and Protection Fund as per Section 205A of the Companies Act, 1956 read with rules made thereunder.
8. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, setting out all material facts and the Statement of particulars of Directors seeking re-appointment, as required under Clause 49 of the Listing Agreement, are annexed hereto.
9. Members desirous of obtaining any information concerning to the accounts and operations of the Company, are requested to send their written queries to the Statutory & Legal Department of Company, so as to reach at its registered office at least seven working days before the date of the meeting, to enable the Company to prepare and make available the required information at the meeting, to the extent practicable.
10. Pursuant to amendment brought in by the Ministry of Corporate Affairs in provisions of Section 53 of the Companies Act, 1956 vide Circular No. 17 dated 21st April, 2011, those Members who are desirous to receive

Annual Report, Notices and service of other documents through electronic mode are requested to furnish their e-mail address to the Company's Registrar & Share Transfer Agent, M/s Link Intime (India) Private Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai- 400 078 with (CC) copy marked to the Company.

11. Members holding Shares in dematerialized form are requested to write their Client ID and DP ID and those holding Shares in physical form are requested to write their folio number in the attendance slip.
12. Members holding Shares in electronic form (dematerialized) are requested to notify immediately any change in their address/bank details to their respective Depository Participant (DP), the members holding shares in physical form are requested to intimate the Company's Registrar & Share Transfer Agent, M/s Link Intime (India) Private Limited.
13. Members/Proxies attending the meeting are requested to bring their copy of Annual Report with them at the meeting and deliver the duly signed attendance slip annexed therewith at the entrance of the meeting hall.
14. In terms of Section 109 A of the Companies Act, 1956 every holder of Shares of the Company, may at any time nominate in the prescribed manner, a person to whom his / her shares in the company shall vest, in the event of his/ her death. Members who wish to avail of this facility, may fill the prescribed form No. 2B and forward the same to Registrar & Share Transfer Agents of the Company, M/s. Link Intime (India) Private Limited.

Brief resume of Directors seeking Re-appointment at the forthcoming Annual General Meeting (pursuant to the requirements of Clause 49 of the Listing Agreement)

Particulars	Mr. P. R. Bhansali	Mr. M. C. Gupta	Mr. Jayesh B. Bhansali
Date of Birth	12.11.1946	23.07.1938	25.07.1983
Date of appointment on Company's Board	07.02.1986	30.09.2002	24.06.2006
No. of shares held	5,50,690 Equity Shares	NIL	21,67,624 Equity Shares
Qualifications and Experience	B. Com, LLB	M.A. (English)	M.Com
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 benefitted from Mr. P. R. Bhansali's expertise in various fields and looks forward to continue the same.	Mr. M. C. Gupta is an I.A.S. (1960 batch) and have served the Union & State Governments on various administrative posts including Industries Secretary, Govt. of India, Advisor, Industries Planning Commission and he retired as Chief Secretary, Govt. of Haryana in 1997. Currently he is Advisor to United Nations Industrial Development Organization (UNIDO).	Mr. Jayesh B. Bhansali is associated with Company since 2006 and has garnered enriched experience in the field of marketing, Finance and general operations of Company with which Company is likely to be benefited immensely in its overall growth and performance.



bhansali ENGINEERING polymers Limited

<p>List of other Companies in which the Directorship is held as on 31/03/2012</p>	<ul style="list-style-type: none"> • Bhansali Bright Bars Private Limited 	<ul style="list-style-type: none"> • Vardhman Acrylics Limited • Lumax Industries Limited 	<ul style="list-style-type: none"> • Bentley Commercial Enterprises Limited • Speedage Commercials Limited • Sheraton Properties & Finance Limited • Bhansali Industrial Investment & Finance Limited • Bhansali Engineering Industries Private Limited • Bhansali Innovative Finance Private Limited • Bhansali International Private Limited
<p>Chairman / Member of the Committee of the Board of Directors of the other Companies in which he is a Director as on 31/03/2012</p>	<p>NIL</p>	<p><u>Vardhman Acrylics Limited:</u> Chairman of Shareholders/ Investors Grievance Committee & Member of Audit committee <u>Lumax Industries Limited:</u> Member of Audit Committee.</p>	<p>Nil</p>

For and on behalf of Board of Directors

Place: Mumbai
Dated: 12th August, 2012

(Jayesh B. Bhansali)
Executive Director