

MD	✓		BKC	✓
CS	NA		DPY	NA
RO	✓		DIV	NA
TRA	✓		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		✓

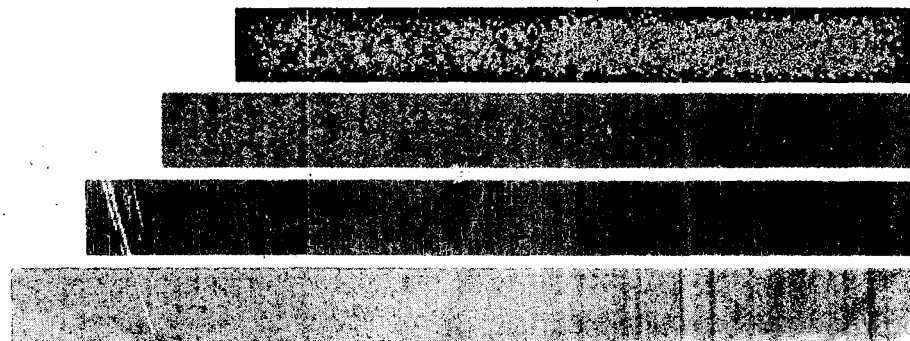


MAHARASHTRA POLYBUTENES LIMITED

(Formerly : HERDILLIA POLYMERS LIMITED)

Report Junction.com

9TH
ANNUAL
REPORT
1996-98



MAHARASHTRA POLYBUTENES LIMITED

BOARD OF DIRECTORS

B.K. Chougule	<i>Chairman</i>
A. Dani	
R.M. Pandia	
P.V. Krishna	
A.S. Dayal	
R. Kannan	<i>Nominee - ICICI</i>
K. Kothari	
A. Deb	<i>Managing Director</i>

BANKERS

State Bank of Travancore

AUDITORS

Lodha & Company

REGISTERED OFFICE & WORKS

R-802, TTC Industrial Area
Thane-Belapur Road
Navi Mumbai - 400 701

REGISTRAR & TRANSFER AGENTS

INVESTOR SERVICES OF INDIA LIMITED
Teritex Business Services Centre
Saki Vihar Road, Andheri East
Mumbai - 400 072

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MAHARASHTRA POLYBUTENES LIMITED

Notice is hereby given that the Ninth Annual General Meeting of the members of Maharashtra Polybutene Limited (formerly : Herdillia Polymers Limited) will be held on Monday, 31st August, 1998 at 4.00 p.m. at the Rotary Club of New Bombay, Rotary Centre, Next to Sacred Heart Convent School, Sector 6, Vashi, Navi Mumbai- 400 703 to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Accounts for the 17 months period ended January 31, 1998, together with Directors' Report and the Auditors' Report thereon.
2. To appoint a Director in place of Mr. Ashwin Dani, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. A. S. Dayal, who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS :

4. To consider and if thought fit, to pass with or without modification (s) the following resolution as a SPECIAL RESOLUTION :

"RESOLVED THAT M/s. Lodha & Company be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company on a remuneration to be mutually agreed to between the Board of Directors of the Company and the said Auditors."

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as ORDINARY RESOLUTION :

"RESOLVED THAT Mr. Ketan Kothari, who was appointed as an Additional Director of the Company by the Board of Directors and who holds office upto the date of this Annual General Meeting of the Company pursuant to the provisions of Section 260 of the companies Act, 1956 and Article 159 of the Articles of Association of the Company, and in respect of whom the Company has received notice in writing from a member of the Company expressing his intention of proposing his candidature for the office of Director be and is hereby appointed as a Director of the Company."

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

"RESOLVED THAT Mr. A. Deb, who was appointed as an Additional Director of the Company by the Board of Directors and who holds office upto the date of this Annual General Meeting of the Company pursuant to the provisions of Section 260 of the companies Act, 1956 and Article 159 of the Articles of Association of the Company, and in respect of whom the Company has received notice in writing from a member of the Company expressing his intention of proposing his candidature for the office of Director be and is hereby appointed as a Director of the Company."

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

"RESOLVED THAT, subject to the provisions of Section 269, 316 and other applicable provisions, if any of the Companies Act, 1956 and subject to such approvals as may be necessary, the approval of the Members be and is hereby accorded to the appointment of Mr. A. Deb as Managing Director of the Company with effect from 15th March 1997 for a term of 5 years."

By Order of the Board
A. Deb
Managing Director

Date : May 14, 1998

Registered Office :

R-802, TTC Ind. Area, Navi Mumbai - 400 701.

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The relevant explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of the business under item No. 4 to 7 is annexed hereto.

3. The proxy form duly completed and signed should be deposited at the Registered Office of the Company not later than 48 hours before the meeting.
4. All documents referred to in the accompanying notice and Explanatory Statement are open for inspection at the Registered Office of the Company between 10.30 a.m. and 12.30 p.m. on all working days except Saturdays and holidays upto the date of the Annual General Meeting.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 18th August, 1998 to Monday, 31st August, 1998 (both days inclusive).
6. Members/proxies who attend the meeting are requested to bring the enclosed attendance slip duly filled in and deliver the same at the entrance of the meeting hall.
7. Members are requested to bring their copies of the Annual Report at the time of attending the Meeting.

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956.

ITEM NO. (4) :

Section 224 (A) of the Companies Act, 1956 provides that in the case of a Company in which not less than 25% of the subscribed share capital is held whether singly or in any combination by public financial institutions, Government companies, nationalised banks, insurance companies and other bodies specified in that section, the appointment of Auditors is to be made by a Special Resolution. Since the total share holding of the aforesaid categories of shareholders is more than 25% of the subscribed share capital of the Company, a Special Resolution is required to be passed for appointment of Auditors. The Company has received a certificate from the Auditors in terms of Section 224(1) of the Companies Act, 1956 to the effect that the appointment if made will be within the limits specified under Section 224(1B) of the Act.

None of the Directors is interested or concerned in the resolution.

ITEM NO. (5) and (6) :

The Board of Directors of the Company on the advice of Maharashtra Petrochemicals Corpn. Ltd., had appointed Mr. Ketan Kothari as an Additional Director in place of Mr. Padmakar Desai at its meeting held on March 18, 1998. The Board had also appointed Mr. A. Deb as Additional Director at its Meeting held on 14th March 1997. In accordance with Section 260 of the Companies Act, 1956 and the Article 159 of the Articles of Association of the Company. They hold office upto the date of this Annual General Meeting. The Company has received a notice from a member under Section 257 of the Companies Act, 1956 signifying his intention to propose Mr. Ketan Kothari and Mr. A. Deb as candidates for the office of Directors together with requisite deposit as required by law.

None of the Directors other than Mr. Ketan Kothari and Mr. A. Deb is in any way interested or concerned in these resolutions.

ITEM NO. (7) :

Mr. A. Deb was appointed as Managing Director of the Company with effect from 15th March 1997 for a term of 5 years in place of Mr. R.R. Kotwal. Since he is also Managing Director of another group company and drawing remuneration from that company he shall not be drawing any remuneration from the Company except that he will be eligible for sitting fees for attending the meetings of the Board of Directors and Committees thereof.

None of the Directors other than Mr. A. Deb is in any way interested or concerned in the resolution.

By Order of the Board
A. Deb
Managing Director

Date : May 14, 1998

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REPORT OF THE DIRECTORS

The Directors present herewith their Ninth Annual Report together with the Audited Accounts of the Company for the seventeen months period ended January 31, 1998.

1. FINANCIAL RESULTS

	(Rs. in Lacs) Amount Period ended	
	31 Jan. 98	31 Aug. 96
Sales	1950.92	1379.91
Other Income	5.39	6.09
	1956.31	1386.00
Gross Profit/(Loss) before depreciation	(829.81)	(921.71)
Profit/(Loss) for the period	(962.29)	(1090.88)
Profit/(Loss) carried to the Balance Sheet	(1528.71)	(916.76)

2. OPERATIONS :

During the period the sales were higher at Rs. 1950.92 lacs as against Rs. 1379.91 lacs for the previous period. Consequently, the loss for the period is lower at Rs. 962.29 lacs. The figures are comparable since both the periods were identical.

Total sales and production volumes improved substantially to 3,105 MT against 2,083 MT in the corresponding period reflecting a growth of 49% in sales and production over the previous period. The realisation and margin on Polybutenes (PIB) were maintained at the same levels as the previous period but there was a 36% drop in sales realisation for the return stream (RRLHG) due to downward trend in comparative LPG rates.

During June 97 to January 98, the Company had the major share of the PIB market in the region and during the six months, July/ December 97, the plant capacity utilisation was 80% with total capacity utilisation being achieved in December 97. The efficiency and yields also showed considerable improvement during the period. The main hindrance to higher output on a continuous basis was the irregular and inadequate availability of C4 feedstock; however on a daily basis, record outputs were achieved for various grades on different occasions.

The Company had made every possible effort to reduce the cost and keep under control. It was however very difficult to manage cash flow on account of past dues and inadequate margins.

3. ACCOUNTS AND ANNUAL GENERAL MEETING :

The Company has been granted permission by the Registrar of Companies, Maharashtra, to extend its accounting year for 1996-97 from 31st August 1997 to 31st January 1998 thus making the accounting period of 17 months.

As disclosed in the Accounting Policies and Notes to the Accounts, the Company will account the process know-how and consultation fees and leave encashment on cash basis. Similarly, the Company has not provided for interest liability in respect of loans/debentures from certain bodies corporate for the period as the same will also be accounted on cash basis.

During the period it was thought prudent to provide depreciation on the Plant & Machinery on the basis of actual capacity utilisation since 1993 instead of on installed capacity basis. The same has resulted in write back of depreciation provision by Rs. 316.50 lacs.

In view of delay in the mandate to use Polybutenes in lube (2 T) oils and the resultant low capacity utilisation of the Company's plant for manufacture of Polybutenes, the period for write-off of deferred revenue expenditure was enhanced to 15 years instead of 10 years from commencement of commercial production. Consequently the excess deferred revenue expenditure written off in earlier years was written back during the year to reflect the changes in current environmental policies.

The Registrar of Companies, Maharashtra, has also given permission for extending the period for holding the Annual General Meeting upto 31st August 1998.

4. FINANCE :

The Company has allotted Unsecured Non-Convertible Debentures on private placement basis on 1st July 1997 to the promoters amounting to Rs. 84 lacs to fund its working capital requirements.

5. PARTICULARS OF EMPLOYEES :

The provisions of Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended are not applicable to the Company as none of the employees employed throughout the year or for part of the year has received remuneration equal to or exceeding the limits prescribed in the said section.

6. THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988.

Particulars under Section 217(1) (e) of the Companies Act, 1956 relating to the conservation of energy, technology absorption, foreign exchange earnings and outgo are annexed.

7. DIRECTORS :

Mr. K.S.B. Sanyal and Mr. G.P. Goenka resigned from the Board of Directors of the Company during the year. Mr. R.R. Kotwal, Managing Director also resigned from the Board during the year.

Mr. Padmakar Desai, nominee of Maharashtra Petrochemicals Corporation Limited (MPCL) ceased to be a Director on the Board on March 18, 1998 on nomination of Mr. K. Kothari by MPCL.

The Board places on record its sincere appreciation for the valuable contributions made by M/s. K.S.B. Sanyal, G. P. Goenka, Padmakar Desai and R.R. Kotwal during their respective tenure as Directors of the Company.

During the year Mr. A. Deb and Mr. Ketan Kothari, nominated by Maharashtra Petrochemicals Corporation Ltd., were appointed as Additional Directors of the Company under Section 260 of the Companies Act, 1956. They hold office as Additional Directors till the date of this Annual General Meeting. Notices in writing under Section 257 of the Companies Act, 1956 have been received from a member of the Company proposing their candidature for the office of the Director.

MAHARASHTRA POLYBUTENES LIMITED

- in the possession and custody of third parties, which have been verified with respect to subsequent receipts.
4. The procedures of physical verification of the above referred stocks followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
 5. There were no material discrepancies noticed on physical verification of stocks as compared to the book records, considering the operations of the Company and the same have been properly dealt with in the books of account.
 6. In our opinion and on the basis of our examination of stock records, the valuation of stock is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding period (Refer Note No.6 (a) in Schedule 18).
 7. In our opinion, the rate of interest and other terms and conditions of unsecured loans taken from companies listed in the register maintained under Section 301 of the Act are, prima-facie, not prejudicial to the interest of the Company. The Company has not taken any loans from firms or other parties listed in the said register and from the company under the same management as defined under Section 370 (1-B) of the Act.
 8. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Act and to the company under the same management as defined under Section 370 (1-B) of the Act.
 9. Employees to whom loans or advances in the nature of loans have been given by the Company are repaying the principal amounts as stipulated and are also regular in the payment of interest, where applicable.
 10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to the purchase of stores, raw materials including components, plant and machinery, equipment and other assets and with regard to the sale of goods.
 11. According to the information and explanations given to us, there were no transactions of purchase of goods and materials and sale of goods, materials and services made in pursuance of agreements entered in the register maintained under Section 301 of the 'Act' and aggregating during the year to Rs. 50,000 or more in respect of each party.
 12. As explained to us, the Company has a system of determining unserviceable or damaged stores, raw materials and finished goods and adequate provision has been made in the accounts for the loss arising on the items so determined.
 13. The Company has not accepted any deposit within the meaning of Section 58A of the Act and rules framed thereunder.
 14. The Company has maintained reasonable records for the sale and disposal of realisable scrap and by-products.
 15. The Company has an internal audit system commensurate with the size and nature of its business.
 16. According to the information and explanations given to us, the Central Government has not prescribed for the maintenance of cost records under Section 209 (1) (d) of the Act, for the product manufactured by the Company.
 17. The Company is generally regular in depositing Provident Fund and Employees' State Insurance dues with the appropriate authorities.
 18. No undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty were outstanding as at 31st January, 1998 for a period of more than six months from the date they became payable, except sales tax amounting to Rs.26,883.
 19. No personal expenses of employees or directors have been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practice.
 20. As per legal opinion received by the Company to the effect that on adjustment of revaluation reserve amount to the accumulated losses, and on effecting changes as referred to in Note No.4 and 5 in Schedule 18 resulting in positive networth, the Company is not considered to have become a Sick Industrial Company within the meaning of clause (o) of Sub-section (1) of Section (3) of Sick Industrial Companies (Special Provisions) Act, 1985 and accordingly, as explained, no reference has been made to the Board for Industrial and Financial Reconstruction (BIFR).

For **LODHA & COMPANY**
Chartered Accountants

(N. KISHORE BAFNA)
Partner

Place : Mumbai
Dated : 14th May, 1998.