

**MAHARASHTRA  
POLYBUTENES  
LIMITED**

**11TH  
ANNUAL  
REPORT  
1999**


## MAHARASHTRA POLYBUTENES LIMITED

### BOARD OF DIRECTORS

**Mrs. K. Bansal** *Chairperson*  
**A.S. Dani**  
**R.M. Pandia**  
**P.V. Krishna**  
**A.S. Dayal**  
**S. Ramesh**  
**K.C. Kothari**  
**A. Deb** *Managing Director*

### BANKERS

State Bank of Travancore

### AUDITORS

Lodha & Company

### REGISTERED OFFICE & WORKS

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

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## 11TH ANNUAL REPORT 1999

## REPORT OF THE DIRECTORS

The Directors present herewith their Eleventh Annual Report together with the Audited Accounts of the Company for the year ended July 31, 1999.

## 1. FINANCIAL RESULTS

	(Rs. in Lacs)	
	Year ended 31st July 1999 (12 months)	Period ended 31st July 1998 (6 months)
Sales	60.13	495.90
Other Income	16.22	2.50
	76.35	498.40
Gross Profit/(Loss) before depreciation	(808.27)	(400.00)
Profit/(Loss) for the period	(853.46)	(441.16)
Profit/(Loss) carried to the Balance Sheet	(2878.43)	(1978.40)

## 2. OPERATIONS :

During the year the operations were suspended in August 1998 due to lack of adequate demand and non-availability of Working Capital. The sales were lower at Rs. 60.13 Lacs. The period had been crucial for the Company. Since there were no activities during the year, almost all the employees had left the Company. In November 1998, MSEB had disconnected the power due to non-payment of power bills for October 1998.

The belated mandate for stricter emission from 2 stroke engines reviving the demand for use of PIB in India, the additional demand for PIB made it worthwhile for the Company to look into resumption of operations preferably by an arrangement where the Working Capital needs will be the least and constant supply of feedstock would be ensured.

Negotiations were commenced with IPCL for a tolling arrangements for conversion of their C4 Raffinate into PIB which would be distributed and marketed by IPCL. In anticipation of IPCL contract, start-up activities including re-commissioning of the plant and facilities as also recruitment and training of staff were commenced. The management of the company opine that the re-commencement of operations would be better through such tolling arrangement as it makes the plant operative.

The finalisation of the arrangement would be subject to certain commercial terms and conditions as also funding requirement for the Unit.

## 3. ACCOUNTS :

As disclosed in the Accounting Policies and Notes to the Accounts, the process knowhow, consultation fees and leave encashment will be accounted on cash basis. Similarly, the company has not provided for interest liability in respect of loans/debentures from certain bodies corporates for the period as the same will be accounted on cash basis since the matter is under reconciliation.

The rest of the notes are self-explanatory.

## 4. 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 employed for part of the year has received remuneration equal to or exceeding the limits prescribed in the said section.

## 5. 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.

## 6. DIRECTORS :

During the year, Mrs. K. Bansal was appointed as Nominee Director of Maharashtra Petrochemicals Corporation Ltd. and also as Chairperson of the Company in place of Late B.K.Chougule.

Mr. R.Kannan, Nominee Director of ICICI ceased to be a Director on the Board on February 23, 1999 on nomination of Mr. S.Ramesh in his place.

Mrs. K.Bansal and Mr.S.Ramesh who were appointed as Additional Directors of the Company hold office 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.

The Board places on record its sincere appreciation for the very valuable contribution made by Mr.R. Kannan during his tenure as Director of the Company.

Mr. A.S.Dani and Mr. A.S.Dayal Directors retire by rotation and being eligible offer themselves for re-appointment at the forthcoming Annual General Meeting.

## 7. FIXED DEPOSITS :

During the period under review, the Company has not accepted any deposits from the public pursuant to Section 58-A of the Companies Act, 1956.

## 8. REFERENCE TO BIFR :

In view of complete erosion of net worth the Company was referred to the Board for Industrial and Financial Reconstruction in pursuance of provisions of Sick Industrial Companies (Special Provision) Act, 1985. BIFR has recently declared the Company as a sick industrial undertaking and appointed IDBI as an operating agency to examine the viability of the Company and formulate a rehabilitation scheme.

## 9. Y2K COMPLIANCE :

The Company has taken adequate steps for verification of Y2K Compliance after startup. The expenses for the same are not expected to be significant.

## 10. AUDITORS :

The Auditors M/s. Lodha & Company, Chartered Accountants, Mumbai, retire at the ensuing Annual General Meeting and are eligible for re-appointment. The members are requested to appoint Auditors for the current year and fix their remuneration.

## 11. ACKNOWLEDGEMENT :

The Directors acknowledge with gratitude and place on record their appreciation of the support and co-operation received by the company from Financial Institutions, Maharashtra Petrochemicals Corporation Ltd., Herdillia Chemicals Limited and Banks.

The Directors further acknowledge the support and co-operation from its Personnel, Suppliers, Contractors and Customers.

By Order of the Board  
K.Bansal  
Chairperson

Date : September 20, 1999.

Registered Office :  
R-802, TTC Industrial Area, Thane - Belapur Road,  
Navi Mumbai - 400 701.

# MAHARASHTRA POLYBUTENES LIMITED

## ANNEXURE TO THE DIRECTORS' REPORT

INFORMATION UNDER SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED JULY 31, 1999.

### A. CONSERVATION OF ENERGY

During the year the operations were suspended due to lack of adequate demand and hence the details of conservation of energy are not applicable.

- (a) Energy Conservation Measures taken : N.A.  
 (b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy : N.A.  
 (c) Impact of energy conservation measures: N.A.  
 (d) Total energy consumption per unit of production: As per Form A.

### FORM A

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

Power and Fuel Consumption	Current Year	Previous Period (6 months)
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#### 1. Electricity

(a) Purchased		
Unit (KWH)	1,09,980	12,78,200
Total amount (Rs)	20,11,880	51,33,592
Rate per unit (Rs/KWH)	18.29	4.02

Note: Due to non-payment of power bills, MSEB had disconnected power during November 98; however due to minimum demand charges billed by MSEB for the silent period, the rate per unit is high.

#### (b) Own generation

(i) Through diesel generator		
Unit (KWH)	N.A.	N.A.
Unit per litre of diesel oil	N.A.	N.A.
Cost per unit (Rs./KWH)	N.A.	N.A.
(ii) Through steam turbine/generator		
Unit (KWH), Units per litre of diesel oil		
Cost/Unit (Rs./KWH)	N.A.	N.A.

#### 2. Coal (Specify quality and where used)

Quantity	N.A.	N.A.
Total Cost	N.A.	N.A.
Average rate	N.A.	N.A.

#### 3. Furnace Oil/LSHS

Quantity (MT)	N.A.	285
Total Cost	N.A.	17,20,740
Average rate (Rs./MT)	N.A.	6,038

#### 4. Others/Internal generation

N.A. N.A.

#### 5. Production of Petrochemicals/chemicals (MT)

N.A. 884

#### 6. Electricity consumed (Units/MT)

N.A. 1,446

### B. TECHNOLOGY ABSORPTION

#### I. Research and Development (R&D)

1. Specific areas in which R & D carried out by the company.  
N.A.  
 2. Benefit derived as a result of the above R & D : N.A.  
 3. Future plan of action : ---  
 4. Expenditure on R & D : Nil

#### II. Technology absorption, adaptation and innovation :

1. Efforts, in brief, made towards technology absorption, adaptation and innovation :  
 The technology had been absorbed and adapted to suit local conditions.  
 2. Benefits derived as a result of the above efforts :  
 The plant was independently operated by competent and qualified personnel and product had been approved by major users.  
 3. Information in case of technology imported during the last 5 years reckoned from the beginning of the financial year :  
 Not Applicable

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

There was no inflow or outflow of foreign exchange.

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## AUDITORS' REPORT

TO

THE MEMBERS:

MAHARASHTRA POLYBUTENES LIMITED

We have audited the attached Balance Sheet of Maharashtra Polybutenes Limited as at 31st July, 1999 and also the annexed Profit and Loss Account of the Company for the year ended on that date and report that :

- a) Subject to what is stated in para 'h' below, we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those Books subject to what is stated in para (i) and (ii) below;
  - i) Accounting of process know-how and consultation fees on cash basis resulting in non-provision of (1) process know-how fee of Rs. 91.97 lacs and (2) consultation fee of Rs. 33.56 lacs and (3) resultant depreciation (Refer Note No.1(H), 4 and 6(a) in Schedule '17' of significant Accounting Policies and Notes to Accounts);
  - ii) Accounting of interest liability on certain inter corporate deposits/debentures on cash basis resulting in non-provision thereof aggregating to Rs.978.30 lacs (including Rs. 289.98 lacs for the year) (Refer Note No.6 (b) in Schedule '17');
- c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
- d) The Company had earlier enhanced the period of write off of deferred revenue expenditure from ten years to fifteen years resulting in accumulated losses being stated lower by Rs.178.84 lacs (including Rs. 37.69 lacs for the year) as referred to in Note No.1 (e) in Schedule '17'. This is not in accordance with the generally accepted accounting practices;
- e) The accumulated losses of the Company have exceeded the entire net worth of the Company. The accounts have, however been prepared by the management on a going concern basis, as explained in Note No.3 in Schedule '17'. This being a technical matter, we are unable to express our opinion as to whether the company can now operate as a going concern;
- f) The Company has provided depreciation on Plant & Machinery based on actual utilised capacity instead of on installed capacity, resulting in short depreciation provision of Rs.473.91 lacs (including Rs.117.64 lacs for the year) as referred to in Note No. 4 in Schedule '17'. This is not in accordance with the provisions of Schedule XIV to the Companies Act, 1956 (hereinafter referred to as the 'Act') read with Accounting Standard '6' relating to Depreciation Accounting and generally accepted accounting practices;
- g) Following legal advice, the Company had earlier adjusted the accumulated losses amounting to Rs. 1529.42 lacs against the revaluation reserve (refer Note No. 9(b) in Schedule '17'). This treatment is not in accordance with the views of the Institute of Chartered Accountants of India on treatment of reserve created on revaluation of fixed assets read with Accounting Standard '10' relating to Fixed Assets;
- h) The accounts of certain creditors and secured/unsecured loans taken are subject to confirmation and reconciliations, if any (Refer Note No.11 (b) in Schedule '17');
- i) In our opinion, the Balance Sheet and Profit and Loss Account comply with the Accounting Standards (AS) referred to in sub-section 3 (C) of Section 211 of the Act excepting (i) AS 6-Depreciation Accounting and (ii) AS 10-Fixed Assets, the details and effect of which have been disclosed in the paras 'f' and 'g' above, respectively.
- j) In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to what is stated in paragraphs 'b', 'd', 'f', 'g' and 'h' above having consequential impact on the loss for the year, accumulated losses, assets and liabilities, to the extent ascertained or presently not ascertainable, as the case may be and also subject to what is stated in paragraph 'e' above regarding presentation of accounts on a going concern basis and read together with Significant Accounting Policies and other Notes appearing in Schedule '17' Particularly, Note No.13 regarding information to be furnished in respect of dues/overdues to small scale/ancillary industrial undertakings and Note No.14 regarding diminution in the value of quoted investments; and else where in the accounts and our comments in paragraph 'k' below, give the information required by the Act, in the manner so required and give a true and fair view :
  - i) in the case of Balance Sheet, of the state of affairs of the Company as at 31st July, 1999 and
  - ii) in the case of Profit and Loss Account, of the loss for the year ended on that date.
- k) As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Company Law Board in terms of Section 227 (4A) of the Act and on the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we further state that:
  - 1) The Company is in the process of updating its fixed assets records to show full particulars including quantitative details and situation of fixed assets. As explained to us, most of the Assets have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable having regards to the size of the Company and nature of its fixed assets. The discrepancies, if any, as may be noticed would be adjusted of updation of the said records.