

MAHARASHTRA POLYBUTENES LIMITED

Report  junction.com

**14 TH
ANNUAL
REPORT
2002**

MAHARASHTRA POLYBUTENES LIMITED**BOARD OF DIRECTORS**

Ms. Sharwaree Gokhale	<i>Chairperson</i>
L. K. Guglani	<i>Managing Director</i>
A. D. Mahajan	<i>Director</i>
S. P. Vohra	<i>Director</i>
P. S. Sharma	<i>Director</i>
A. D. Joshi	<i>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

Computronics Financial Service (I) Ltd.
Unit No. 53-56,
Electronic Sadan No. 1,
Shil Mahape Road, M.I.D.C., T.T.C.
Mahape, Navi Mumbai - 400 709

CONTENTS

	Page Nos.
Notice	1
Explanatory Statement	2
Report of the Directors	3
Annexure to the Directors' Report	4
Management Discussion and Analysis	5
Report on Corporate Governance	6
Auditors' Report	10
Annexure to the Auditors' Report	11
Balance Sheet	13
Profit & Loss Account	14
Schedules	15
Cash Flow Statement	24

14TH ANNUAL REPORT 2002

NOTICE

NOTICE is hereby given that the Fourteenth Annual General Meeting of the members of Maharashtra Polybutenes Limited will be held on Tuesday, July 22, 2003 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 - 400703 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts for the seventeen months period ended December 31, 2002 together with Directors' Report and the Auditor's Report thereon.
2. To appoint a Director in place of Dr. S. P. Vohra who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. A. D. Mahajan who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and 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 Ms. Sharwadee Gokhale who was appointed as an Additional Director of the Company by the Board of Directors and who hold 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 her 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 a Special Resolution :

"RESOLVED THAT in accordance with the provisions of Section 198, 269, 309, 316 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the other necessary approvals, if necessary, the company do approve payment of revised remuneration to Mr. L. K. Gugliani as the Managing Director of the Company for residual period of his term with effect from April 1, 2002 on the same terms and conditions and the remuneration and perquisites as set out in the Draft Remuneration revision Agreement to be entered into between the Company and him.

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to enter into Remuneration revision agreement on behalf of the company with Mr. L. K. Gugliani as Managing Director and to take such steps and to do all such acts, deeds, matters and things as may be necessary, expedient or desirable to give effect to the aforesaid resolution."

7. To consider and if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution :

"RESOLVED THAT the Authorised Share Capital of the Company be and is hereby increased from Rs. 20,00,00,000/- divided into 2,00,00,000 Equity Shares of Rs. 10/- each to Rs. 40,00,00,000/- divided into 2,00,00,000 Equity Shares of Rs. 10/- each and 2,00,00,000 Non-cumulative Redeemable Preference Shares (NCRPS) of Rs. 10/- each and that the Company's Memorandum of Association be and is hereby altered by substituting the following words at the beginning of the Clause V in place of "The Authorised Share Capital (Rupees Ten Only) each."

- V. The Authorised Share Capital of the Company is Rs. 40,00,00,000/- (Rs. Forty Crores only) divided into 2,00,00,000 (Two Crores) Equity Shares of Rs. 10/- (Rupees Ten only) each and 2,00,00,000 (Two crores) Non-cumulative Redeemable Preference Shares (NCRPS) of Rs. 10/- (Rs. Ten Only) each.

8. To consider and if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution :

"RESOLVED THAT subject to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the first three lines of Article No.3 read as "The Authorised Share Capital of the Company is Rs. 20,00,00,000/- (Rupees Twenty Crores only) divided into 2,00,00,000 (Two Crores) Equity Shares of Rs. 10/- (Rupees Ten only) each" be deleted and substituted by

"The Authorised Share Capital of the Company is Rs. 40,00,00,000/- (Rs. Forty Crores only) divided into 2,00,00,000 (Two Crores) Equity Shares of Rs. 10/- (Rupees Ten only) each and 2,00,00,000 (Two crores) Non-cumulative Redeemable Preference Shares (NCRPS) of Rs. 10/- (Rupees Ten only) each."

9. To consider and if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution :

"RESOLVED THAT in accordance with the provisions of Section 80, 81 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Board for Industrial and Financial Reconstruction (BIFR) to the Company's Rehabilitation Proposal and subject to further such approvals of the Securities and Exchange Board of India (SEBI) and such other authorities whose permissions and sanctions as may be necessary and subject also to such terms and conditions, alterations and modifications as may be prescribed and specified by any of them while granting such approvals, permission and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board") the consent of the Company be and is hereby given to the Board for conversion of 50% of the simple interest of Financial Institutions and unsecured lenders and promoters ICDS/unsecured loans as may be payable in terms of the Rehabilitation Scheme under consideration of Hon'ble BIFR into Non-cumulative Redeemable Preference Shares (NCRPS) of Rs. 10/- each convertible into equity shares at the option of the holders of the aggregate amount not exceeding Rs. 20,00,00,000/- (Rupees Twenty crores only) by issuing NCRPS to the Financial Institutions, Promoters of the Company and to such other persons as the BIFR may approve at such time and on such terms and conditions, including the number of NCRPS to be issued."

"RESOLVED FURTHER THAT the fractional entitlements, if any, will be rounded off to nearest integer."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board of Directors be and is hereby authorised to take all the decisions with respect to the same and do all such acts, deeds, matters and things of whatever nature as the Directors in their absolute discretion consider necessary, expedient or proper."

By Order of the Board

L. K. GUGLIANI
Managing Director

Dated : April 10, 2003

Registered Office :
R-502, TTC Industrial Area
Thane Belapur Road
Navi Mumbai - 400 701

MAHARASHTRA POLYBUTENES LIMITED

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. 5 to 9 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, July 8, 2003 to Tuesday, July 22, 2003 (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 Annual Report at the time of attending the Meeting.
8. Members who are holding company's shares in dematerialised form are requested to bring details of their DP and client ID number for identification.

ANNEXURE TO NOTICE

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

ITEM NO. 5

The Board of Directors at its meeting held on March 13, 2003 had appointed Ms. Sharwaree Gokhale as an additional Director of the Company. In accordance with Section 260 of the Companies Act, 1956, and Article 159 of the Articles of Association of the Company, she holds office only till the date of this Annual General Meeting. Ms. Sharwaree Gokhale, IAS Officer has occupied various senior positions in the Union and State Government. The Company has received notice in writing from a member pursuant to Section 257 of the Companies Act, 1956, proposing the candidature of Ms. Sharwaree Gokhale as a Director of the Company at the ensuing Annual General Meeting together with requisite deposit as required by law.

None of the Directors other than Ms. Sharwaree Gokhale may be deemed to be concerned or interested in this resolution.

ITEM NO. 6

Mr. L. K. Guglani was appointed as a Whole Time Director of the Company for a period of three years with effect from October 1, 2000. The appointment was approved by the members in the Annual General Meeting held on January 24, 01.

The Board at its meeting held on May 29, 2001 had changed Mr. Guglani's designation and had designated him as the Managing Director of the Company with effect from May 29, 2001 for residual term of his office in view of his wide experience. The same was approved by members of the Company at their Annual General Meeting held on January 25, 2002.

The Board at its meeting held on November 15, 2002 has approved a revision of remuneration to Mr. L. K. Guglani, Managing Director for residual of his term w.e.f. April 1, 2002 as under :

- i) Salary of Rs. 40,000/- p.m.
- ii) In addition to the revised salary, the Managing Director shall also be entitled to a performance incentive of Rs. 10,000/- p.m. for exceeding the actual production beyond the nameplate capacity of the PIB plant situated at Navi Mumbai on monthly basis.

The draft of the remuneration revision agreement to be entered into between the Company and Mr. L. K. Guglani in respect of payment of remuneration to the Managing Director contains interalia terms and conditions as to remuneration and perquisite from the company. Mr. L. K. Guglani being Managing Director of another company, Gujarat Carbon & Industries Limited draws remuneration from that Company. However if the remuneration falls within the limits of Schedule XIII, Managing Director can draw remuneration from two companies within the overall upper limit. The resolution

at item No. 6 is accordingly recommended for the approval of the members.

None of the Directors other than Mr. L. K. Guglani may be deemed to be concerned or interested in this resolution.

ITEM NO. 7, 8 & 9

The Company had submitted its Revised Rehabilitation Proposal in January 03 as per the directives of the BIFR. With a view to improve the net worth of the company in the said proposal, the company had proposed conversion of 50% of the simple interest of Financial Institutions and unsecured lenders and Promoters' ICDs/ Unsecured loans into 7% Non cumulative Redeemable Preference Shares (NCRPS) convertible into equity shares at the option of the holders to the extent of Rs. 20 crores (approx.) outstanding as on the cut off date of December 31, 2002. As far as UTI is concerned the Company is negotiating with UTI to settle the matter of interest payment and any sum payable to UTI in lieu of NCRPS.

In the last joint meeting held with the secured lenders, it was decided that a Draft Rehabilitation Scheme will be prepared by the Operating Agency and sent to BIFR with copy to all the secured lenders to enable them to obtain approval from their delegated authority.

The Company's proposal seems to be in final stage. As per the provisions of Section 80, 81 and other applicable provisions of the Companies Act, 1956, the Special Resolution as set out in Item No. 9 is recommended for your approval.

As per clause V of the Memorandum of Association and Article 3 of the Articles of Association, the Authorised Capital for the time being can be divided into several classes with such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company for the time being.

The Authorised Share Capital of the Company needs to be increased to accommodate increase in the issued, Subscribed and Paid-up Capital of the Company resulting from issue of NCRPS convertible into equity shares at the option of the holders. The proposal for increase in the Authorised Share Capital and consequential amendment to the Memorandum and Articles of Association of the Company requires approval of the members. Hence resolution at Item Nos. 7, 8 & 9 are placed before the meeting for the approval of the members.

None of the Directors may be deemed to be concerned or interested in the passing of resolution no. 7, 8 and 9.

By Order of the Board

L. K. GUGLANI
Managing Director

Dated : April 10, 2003

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

14TH ANNUAL REPORT 2002

REPORT OF THE DIRECTORS

The Directors present herewith the Fourteenth Annual Report together with the Audited Accounts of the Company for the 17 months period ended December 31, 2002.

1. FINANCIAL RESULTS

	(Rs. in lacs)	
	Period ended 31 st December, 2002 (17 months)	Year ended 31 st July, 2001 (12 months)
Conversion Charges	1272.22	1017.77
Other Income	83.14	9.13
	<u>1355.36</u>	<u>1026.90</u>
Profit/ (Loss) before depreciation	(1482.74)	(657.01)
Profit / (Loss) for the period	(1597.35)	(810.47)
Profit/ (Loss) carried to the Balance Sheet	(6056.32)	(4458.97)

2. CHANGE OF ACCOUNTING YEAR AND EXTENSION FOR HOLDING ANNUAL GENERAL MEETING :

The Company has been granted permission by the Registrar of Companies, Maharashtra to extend its accounting year for 2001-02 from 31st July, 2002 to 31st December, 2002 thus making the accounting period of 17 months.

The Registrar of Companies, Maharashtra has also given permission for extending the period for holding the Annual General Meeting upto July 24, 2003.

3. OPERATIONS :

During the year the capacity utilisation was 93% on annualised basis. During recent months with minor modifications and better operating practices the plant had achieved even higher capacity utilisation against the name plate capacity. The income from conversion charges during the period was Rs. 1272.22 lacs against Rs. 1017.77 lacs in the previous year.

The Company expects better performance in the next year with good capacity utilisation and improved specific consumption.

4. ACCOUNTS:

The accounts for the year have been prepared on the basis of a "going concern" as the matter is still under purview of BIFR.

The accumulated losses amounting to Rs. 1529.42 lacs were adjusted against the revaluation reserves following legal advice.

As disclosed in the Accounting Policies and Notes to the Accounts, the technical know-how and consultation fees 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.

Depreciation on Plant and Machinery has been provided on actual capacity utilisation basis since the deterioration in the span of actual life of Plant and Machinery would be lower to that extent.

The revised Managerial remuneration was duly paid in accordance with the approval of the Board of Directors subject to the approval of the members, since the revised terms and conditions for remuneration as laid down by notification GSR No. 38(E) dated January 16, 2002 would

be applicable only to the prospective appointment and as per the clarification issued by the Govt. earlier the managerial personnel who are already in position could draw their remuneration without approval of the Central Government in accordance with provisions of part III of the schedule.

The rest of the notes are self-explanatory.

5. PARTICULARS OF EMPLOYEES

The provision 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 throughout the year or employed 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

Ms. Sharwaree Gokhale was appointed as Nominee Director of Maharashtra Petrochemicals Corporation Limited (MPCL) and also as Chairperson of the Company in place of Mrs. R. A. Jadhav w.e.f. March 13, 2003. She holds office till the date of this Annual General Meeting. Notice in writing under Section 257 of the Companies Act, 1956 have been received from a member of the Company proposing her candidature for the office of the Director.

Mrs. R. A. Jadhav who has been associated with the company as nominee of MPCL has resigned from the Board.

The Board wish to place on record its sincere appreciation for the very valuable contribution made by Mrs. R. A. Jadhav during her tenure as a Chairperson of the company in particular for the revival of the unit.

The Board of Directors at its meeting held on November 15, 2002 has approved payment of remuneration to Mr. L. K. Gagani, Managing Director of the company for residual period of his contract effective April 1, 2002 subject to the approval of members of the company at their next Annual General Meeting as per resolution recommended for the approval at the ensuing Annual General Meeting.

Dr. S. P. Vohra and Mr. A. D. Mahajan, Directors, retire by rotation and being eligible offer themselves for re-appointment at the forthcoming Annual General Meeting.

8. FIXED DEPOSITS :

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

9. THE CORPORATE GOVERNANCE CODE

The Securities & Exchange Board of India has introduced a code of Corporate Governance for implementation by the listed companies by an amendment to the Listing Agreement. The same has been implemented by your Company during the year. Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, a compliance report on Corporate Governance is annexed as part of the Annual Report.

MAHARASHTRA POLYBUTENES LIMITED

10. DEMATERIALISATION OF SHARES

In terms of the notification issued by the Securities and Exchange Board of India (SEBI) the Company had applied for registration for dematerialising the shares with both the depositories. CDSL has already established connectivity for compulsory Demat. However, NSDL has refrained from establishing the connectivity on the grounds of net worth of the company not meeting its requirements. Necessary follow up is being made with NSDL.

11. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to sub-section (2AA) of Section 217 of the Companies Act, 1956 the Board of Directors of the Company hereby state and confirm that:

- in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- The Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit/loss of the Company for that period;
- The Directors had 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.
- The Directors had prepared the annual accounts on a going concern basis.

12. STATUS ON REFERENCE TO BIFR

The Company continues to be under the purview of BIFR. As per the directives of the Honorable BIFR, the Company had submitted its revised proposal in January, 03.

The Company has received support for its proposal from

all institutions except UTI. The Company continues to negotiate with UTI for the sums payable to UTI in lieu of Non-cumulative Redeemable Preference shares as per the proposal, if possible. The Draft Rehabilitation Scheme (DRS) is under circulation and Company is hopeful of successfully implementing the Rehabilitation Scheme subject to approval by Honourable BIFR.

Upon approval of the scheme by BIFR, necessary effects for the reliefs and concessions granted by the BIFR would be given in the Accounts for the relevant year of approval as of the cut off date of December 31, 2002.

13. 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.

14. ACKNOWLEDGEMENTS

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 Corp. Ltd., Banks and Duncans Industries Ltd.

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

For and on behalf of the
Board of Directors

SHARWAREE GOKHALE
Chairperson

Place : Mumbai

Dated: April 10, 2003

REGISTERED OFFICE & WORKS

R-802, TTC Industrial Area

Thane Belapur Road

Navi Mumbai - 400 701

ANNEXURE TO THE DIRECTORS' REPORT

INFORMATION UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE PERIOD ENDED DECEMBER 31, 2002.

A. CONSERVATION OF ENERGY :

(a) Energy Conservation Measures taken :

- Waste streams were incinerated and the heat was recovered as fuel equivalent.
 - Electricity consumption was brought down through planned production and judicious usage of equipments.
- (b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy : Not Envisaged.
- (c) Impact of energy conservation measures :
Specific energy consumption of fuel oil per ton of steam generated and electricity consumption had come down due to measures adopted in A(a) (i) and (ii) above.
- (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 Period (17 months)	Previous Year
1 Electricity		
a) Purchased		
Unit (KWH)	44,91,855	42,70,376
Total amount (Rs.)	1,72,17,950	1,69,05,297
Rate Per unit (Rs./KWH)	3.83	3.96
b) Own generation :		
i) Through diesel		
Generator Unit (KWH)	1795.50	N.A.
Unit per litre of diesel oil	1.88	N.A.
Cost per unit (Rs./KWH)	8.50	N.A.
ii) Through steam turbine		
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.

14TH ANNUAL REPORT 2002**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)	987.03	1612.880
Total Cost (Rs.)	1,09,82,847	1,67,54,580
Average rate (Rs./MT)	11127.17	10887.99

4. Others/ Internal Generation

N.A.	N.A.
------	------

5. Production of Petrochemicals / Chemicals (MT)

8606.114	4762.448
----------	----------

6. Electricity Consumed (Units/MT)

689	897
-----	-----

7. Fuel oil consumed (MT/MT)

0.15	0.34
------	------

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.

MANAGEMENT DISCUSSION AND ANALYSIS**a. Industry Structure and Development :**

The main product of the company is Polyisobutene (PIB), an industrial chemical used in the manufacture of lubricating oil, jelly for jolly filled cables, cable oil in regnant as well as in formulations of engine oils for two stroke engines of two wheelers. Other applications of PIB are in the manufacture of adhesives, caulking and sealing compounds, leather finishing, engineering plastics etc.

There are four indigenous manufacturers for this product in India. Two of them including your company has tolling arrangement with IPCL.

The demand for your Company's products has increased significantly. The main consumers are Public Sector oil Companies. Your Company has geared up production significantly to meet this demand.

b. Opportunities and Threats :

Of late the Company has become the largest producer of PIB. Since November, 1999, the company has been operating on toll conversion basis with IPCL. IPCL supplies C4 Raffinate for conversion into PIB at the companies plant at Navi Mumbai with marketing arrangement by IPCL itself.

The company is a sick company registered with BIFR. The company could be revived through rehabilitation package from BIFR.

The Company enjoys good reputation with the Institutions and industry. However, is totally dependent on IPCL for its survival. In the unlikely event of the rehabilitation package of the company not going through, the company faces the threat of liquidation / closure of company in view of BIFR status.

Lack of working capital and limited feedstock sources does not enable the company to operate independently.

c. Segmentation or product-wise performance :

The company manufactures single product PIB. Due to regular supplies of the raw material during recent past, the company was able to exceed its name plate capacity with minor modifications. However, due to IPCL restricting raw material supplies during January to May, 02, the production had suffered during the period. Despite better performance in later period, the capacity utilization was at 93% on annualized basis.

d. Outlook, risks and concern :

The PIB consumption in the country has improved during last few years due to its mandatory use in the 2 stroke engines of two wheelers. With minor modifications, the company is able to manufacture at a substantial higher capacity as against its name plate capacity of 5000 TPA. In view of adequate demand in the domestic market, IPCL is able to market the entire quantity produced by MPL. The outlook at the existing level seems quite encouraging.

MPL is totally dependent on IPCL for its operations and continuation of contract. Revival of the company is completely dependant on approval of the BIFR scheme.

e. Internal control systems and their adequacy :

There is adequate internal control system in the company through Internal Audit and regular operations review.

f. Financial performance with respect to operational performance :

Despite excellent operation performance, this aspect is not reflected in Financial Performance. This is due to cascading burden of interest on Term Loans and reduction in remuneration by IPCL effective July 2002.

g. Development in Human Resources / Industrial Relations front :

Considering that the Company has been passing through difficult times and is under BIFR purview the human capital of the Company has been motivated and committed to bring good operating performance. The industrial relations are cordial.