

**MAHARASHTRA
POLYBUTENES
LIMITED**

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**18th
ANNUAL REPORT
2006 - 2007**

ANNUAL REPORT 2006 - 2007**BOARD OF DIRECTORS**

Mr. Brijmohan Rathi	Director
Mr. P.S. Sharma	Director
Mr. V. B. Dalal	Director
Mr. I. C. Srivastava	Director, BIFR Nominee

Chief Operating Officer
Mr. Rakesh B. Gupta

Company Secretary and Financial Controller
Mrs. S.L. Samdani

BANKERS

Bank of Baroda
Kotak Mahindra Bank Limited

AUDITORS

M/s B. Maheshwari & Associates

REGISTERED OFFICE & WORKS

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

REGISTRAR & TRANSFER AGENTS

Sharex Dynamic (India) Private Limited,
17 / B, Dena Bank Building,
2nd Floor, Horniman Circle,
Fort, Mumbai-400 001.

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6. Members/ Proxies who attend the meeting are requested to bring the enclosed attendance slip duly filled 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.
9. As required under the Listing Agreement with the Stock Exchanges, the particulars of Directors who are proposed to be re-appointed/appointed are given below.

(A) (i) Name	: Mr. P. S. Sharma
(ii) Age	: 67 Years
(iii) Qualifications	: B. E. (Chemical)
(iv) Experience	: He served with DCM Group for 35 Years including last nine years as Executive Director of DCM Shriram Industries Limited. He also served as Managing Director of NRC Ltd and Unimers India Ltd.
(v) Director of the Company	: Since 29.08.2001
(vi) Other Directorship	: Oxides and Specialities Limited,

By Order of the Board
For Maharashtra Polybutenes Ltd

Dated : June 30, 2007
Place: Mumbai

S.L.SAMDANI
Company Secretary and Financial Controller

MAHARASHTRA POLYBUTENES LIMITED

NOTICE

NOTICE is hereby given that the Eighteenth Annual General Meeting of the members of Maharashtra Polybutenes Limited will be held on Saturday, September 29, 2007 at 11.00A.M. at Navi Mumbai Sports Association, Sector-1A, Vashi, Navi Mumbai-401703 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts for the period ended March 31, 2007 together with Directors' Report and the Auditors' Report thereon.
2. To appoint a Director in place of Mr. P.S.Sharma who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

By Order of the Board
For Maharashtra Polybutenes Ltd

Dated : June 30, 2007

Place: Mumbai

S.L.SAMDANI

Company Secretary and Financial Controller

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 proxy form duly completed and signed should be deposited at the Registered Office of the Company not later than 48 hours before the meeting. A form of proxy is given at the end of the Annual Report.
3. All documents referred to in the accompanying Notice 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 Saturday and holidays upto the date of the Annual General Meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, September 20, 2007 to Saturday, September 29, 2007 (both days inclusive)
5. Queries on accounts and operations of the Company, if any may please be sent to the Company seven days in advance of the meeting so that the answers may be made available at the meeting.

MAHARASHTRA POLYBUTENES LIMITED

REPORT OF THE DIRECTORS

The Directors present herewith the Eighteenth Annual Report together with the Audited Accounts of the Company for the fifteen months period ended March 31, 2007.

FINANCIAL RESULTS :

PARTICULARS	(Rs. in Lacs)	
	period ended 31 st	Year ended 31 st
	March 2007 (15 months)	December 2005 (12 months)
Sales / Income from Operations	742.50	22.60
Other Income	0.53	0.02
	743.03	22.62
Profit/ (Loss) before depreciation	(553.88)	(416.72)
Profit/ (Loss) before exceptional items and tax	(1545.54)	(451.46)
Exceptional items	109.62	13.95
Fringe Benefit Tax	0.86	0.14
Profit / (Loss) after taxation	(1436.79)	(437.65)
Profit / (Loss) carried to the Balance Sheet	(3827.41)	(2390.62)

OPERATION & PRODUCTION :

The Company has incurred huge startup expenses during the period January 2006 to September 2006 including re-commissioning of the plant and facilities, and also recruitment and training of staff. Till August 2005 the operations were suspended due to non availability of working capital. In the event, the alternative arrangement was worked out with Sunciti Financial Services Private Limited (SFSPL) by brining in the start-up expenses and the working capital to restart the operations and resulting into successful trial production.

The Commercial operations of the Company commenced during September 2006 after initial trial run. The Company succeeded in manufacturing Polybutenes of various grades conforming to the customer's specifications in September- October, 2006

Operations during the year were done on campaign basis to match the marketing requirement with the production and to minimize inventory costs. During the plant shut down, mechanical and chemical cleaning of the plant was undertaken to improve product quality. Modifications to enable manufacture of specialty grades of high molecular weight PIBs were also undertaken.

Liquidity position continued to be crucial due to low market off takes and plant operations were affected during the period due to unscheduled supply of feed stock.

The production during the accounting period was 870.927 M.T. and operational income is Rs. 742.50 lacs.

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

The Company expects better performance in the Current Financial Year 2007-08 with good capacity utilization. This could be possible with induction of fresh funds by SFSPL & Associates and their efforts to increase marketing arrangements with Lubrizol India Private Limited, Hindustan Petroleum Corporation Limited & other big players in the

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industry. Further, the Company is exploring to export its products in various countries to increase its market share.

STATUS ON REFERENCE TO BIFR :

A Modified Draft Rehabilitation Scheme (MDRS) has been submitted to the monitoring agency in January 2007 which is under finalisation and the same will be circulated to the Honorable BIFR after the approval of Financial Institutions / Banks. This scheme envisages inter alia the OTS Payment of all the Financial Institutions / Banks from the funds to be brought in by SFSP and Associates, subject to the BIFR sanction.

ACCOUNTS :

The company has extended its accounting year for 2006-7 from 31st December 2006 to 31st March 2007 thus making the accounting period for 15 months.

During the period it was thought prudent to provide Depreciation on Plant and Machinery on installed capacity instead of actual capacity utilization w.e.f 01/01/2007 because of this the earlier years short provision of Rs.826.35 lacs and Rs.87.41 lacs for the part of current period aggregate amounting to Rs.913.76 lacs now provided for. The said short provisioning was qualified by the Auditors, in earlier years, as it was not in accordance with the provisions of Schedule XIV of the Companies Act, read with Accounting Standard-6 "Depreciation Accounting" issued by the Institute of Chartered Accountant of India.

The rest of the notes are self explanatory.

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.

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.

DIRECTORS:

Mr. P. S. Sharma, Director, retires by rotation and being eligible offers himself for re-appointment at the forthcoming Annual General Meeting.

FIXED DEPOSITS:

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

THE CORPORATE GOVERNANCE CODE:

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, Management Discussion and Analysis, Corporate Governance and Certificate from the Auditors of the Company regarding compliance of conditions of corporate governance by the Company is attached to this report.

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Further, a declaration signed by the member of the Board affirming compliance with the Code of Conduct by all Board members and Senior Management Personnel is attached to this report.

DEMATERIALIZATION OF SHARES:

In terms of the notification issued by the Securities and Exchange Board of India (SEBI) the Company has dematerialized its shares with both the depositories viz. CDSL and NSDL.

DIRECTOR'S 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 :

- i) In the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- ii) The Directors had 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 at the end of the financial year and of the profit/loss of the Company for that period.
- iii) 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.
- iv) The Directors had prepared the annual accounts on a going concern basis.

AUDITORS :

M/s B. Maheshwari & Associates, Statutory Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting and they are eligible for re-appointment.

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 and Banks.

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

For and on behalf of the
Board of Directors

Dated : June 30, 2007
Place : Mumbai

Brijmohan Rath
Director

V. B. Dalal
Director

ANNUAL REPORT 2006 - 2007**ANNEXURE 'A'****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 MARCH 31, 2007.

A. CONSERVATION OF ENERGY.**(a) Energy Conservation Measures taken :**

- i) Waste streams were incinerated and the heat was recovered as fuel equivalent.
- ii) 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 Year 15 months	Previous Year 12 months
1. Electricity		
a. Purchased Unit (KWH)	8,70,690	—
Total amount (Rs.)	5637493	—
Rate Per Unit (Rs./KWH)	6.47	—
b. Own generation		
i) Through diesel		
Generator Unit (KWH)	6912	—
Unit per liter of diesel oil	7.94	—
Cost per unit (Rs./KWH)	36.61	—
ii) Through Steam turbine		
Generator Unit (KWH)	N.A.	N.A.
Unit per liter of diesel oil	N.A.	N.A.
Cost per unit (Rs./KWH)	N.A.	N.A.

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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)	324.745	22.590
Total Cost (Rs.)	53,78,077	3,71,030
Average rate (Rs. / MT)	16560.92	16424.52
4. Others/ Internal Generation	N.A.	N.A.
5. Production of Petrochemicals/ Chemicals (MT)	870.927	—
6. Electricity Consumed (Units/MT)	1000	—
7. Fuel oil consumed (MT/MT)	0.373	—

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

C. FOREIGN EXCHANGE EARNINGS AND OUTGO :

Nil

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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 filled cables, imulsions 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. Overall Company's product demand has good potential worldwide. Due to cost structure there is no possibilities of coming new capacity in our product (PIB). However, the demand of our product is increasing due to newer applications in Chemical industry and Specialty Chemicals.

b. Opportunities and Threats :

The Company enjoys good reputation with the Institutions and Industry. The alternative arrangement worked out with Sunciti Financial Services Private Limited (SFSPL) and Associates by bringing in the startup expenses and Working Capital.

The Company expects better performance in the Current Financial year 2007-08 with good capacity utilization. This could be possible with induction of fresh funds by SFSPL & Associates and their efforts to increase marketing arrangements with Lubrizol India Private Limited, Hindustan Petroleum Corporation Limited & other big players in the industry. Further, the Company is exploring to export its products in various countries to increase its market share.

Liquidity position continued to be crucial due to low market off takes and plant operations were affected during the period due to unscheduled supply of feed stock.

c. Segmentation or product-wise performance:

The Company manufactures single product PIB. The Commercial operations of the Company commenced during September 2006 after initial trial run. The Company succeeded in manufacturing Polybutenes of various grades conforming to the customer's specifications in September- October, 2006.

d. Outlook, risks and concern:

The international market and realization for PIB has been buoyant during the year. The demand in the country has been steady and the outlook for realisation and demand in the coming years is bright and your Company is planning to take advantage of these opportunities.

e. Internal control systems and their adequacy:

The Commercial operations of the Company commenced during September 2006 after initial trial run. The Company succeeded in manufacturing Polybutenes of various grades conforming to the customer's specifications in September- October, 2006. There is adequate internal control system in the Company through regular operations review.

f. Financial performance with respect to operational performance:

During the year the Company has restarted its operations, so, the financial performance with respect to operational performance could be worked out in the current financial year 2007-08 only.

g. Development in Human Resource / Industrial Relations front:

The Industrial Relations with worker during the year were renewal. The Directors place on record their appreciation for the sincere and efficient services rendered by the executives, staff and workmen of the Company and are confident that they will contribute to the Company's prosperity and growth.