

MAHARASHTRA
POLYBUTENES
LIMITED

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19th

ANNUAL REPORT
2007 - 2008

MAHARASHTRA POLYBUTENES LIMITED**BOARD OF DIRECTORS**

Brijmohan Rathi

Chairman and Managing Director

• P.S. Sharma

Director

V. B. Dalal

Director

I. C. Srivastava

Director (BIFR Nominee)

Rakesh B. Gupta

Chief Operating Officer

Prakash Selot

Finance Controller

BANKERS

Bank of Baroda

Kotak Mahindra Bank Limited

AUDITORSM/S B. Maheshwari & Associates
Chartered Accountants, Mumbai.**REGISTERED OFFICE & WORKS**R-802, TTC Industrial Area
Thane Belapur Road, Mahape
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**CONTENTS****Page Nos.**

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MAHARASHTRA POLYBUTENES LIMITED

NOTICE

NOTICE is hereby given that the Nineteenth Annual General Meeting of the members of Maharashtra Polybutenes Limited will be held on Saturday, 27 September, 2008 at 11.00A.M. at Navi Mumbai Sports Association, Sector-1A, Vashi, Navi Mumbai to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts for the year ended March 31, 2008 together with Directors' Report and the Auditors' Report thereon.
2. To appoint a Director in place of Mr. V.B. Dalal who retires by and being eligible, offers himself for re-appointment.
3. To appoint Statutory Auditors and to fix their remuneration.

SPECIAL BUSINESS

4. Remuneration of Mr. Brijmohan Rath, Chairman and Managing Director

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an *ordinary resolution*:

"Resolved that pursuant to the provisions of sections 198, 269 and 309 read with schedule XII of the companies act, 1956 and the articles of the association of the company and other applicable provisions, if any, and subject to the approval of the Central Government, consent of the members be and is hereby given to fix and pay remuneration to Mr. Brijmohan Rath, Chairman and Managing Director of the company for the remaining period of his tenure of office with effect from 01 April, 2008 in the following manner:

- i. Gross monthly remuneration not exceeding Rs. 2,00,000 (Rs. Two lac only) whether paid as salary, allowance(s), perquisites or a combination thereof; and
- ii. Commission not exceeding @ 2% of the net profit of the company calculated in the manner provided under the provision of the companies act 1956, if any

Provided that the following perquisites will not be included in the aforesaid remuneration:

- a. Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the income tax act, 1956:
- b. Gratuity payable at a rate not exceeding half a month's salary for each completed year of services; and
- c. Encashment of leave at the end of the tenure.

Provided further that, payment /re-imbursement of telephone and /or mobile phone (s) bills, conveyance, fuel expenses or other out of pocket expenses incurred in course of the official duties will not be included in the aforesaid remuneration.

Resolved further that in the event of loss, absence or inadequacy of profits, the gross monthly remuneration not exceeding Rs. 2,00,000 (Rs Two lac only) shall be paid as the minimum

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remuneration. However, in such an event, payment of commission will be proportionately reduced so as to restrict the overall managerial remuneration within the maximum permissible limits as prescribed under the companies act, 1956.

Resolved further that the board of directors of the company (including any committee /sub-committee of the board) be and is hereby authorized to assign and delegate, from time to time, such work, duties, power and authorities to the managing director as it may deem fit and proper.

Resolved further that the board of directors and the remuneration committee of the company be and are hereby severally authorized to fix such remuneration and to work out various components of the remuneration package as it may deem fit and proper within the overall limits of the remuneration as approved above.

Resolved further that the board of directors of the company (including any committee /sub-committee of the board) be and is hereby authorized to take all necessary steps to give effect to the aforesaid resolution."

By Order of the Board
For Maharashtra Polybutenes Ltd

Dated : 4th August, 2008
Place: Mumbai

Brijmohan Rathi
Chairman and Managing Director

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NOTES :

- A. A member entitled to attend and vote 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 of the company.
- B. 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.
- C. 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.
- D. The Register of Members and Share Transfer Books of the company will remain closed from Friday, September 26, 2007 to Saturday , September 29, 2007 (both days inclusive)
- E. 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.
- F. 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.
- G. Members are requested to bring their copies of Annual Report at the time of attending the Meeting.

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H. Members who are holding Company's shares in dematerialised form are requested to bring details of their DP and client ID number for identification.

I. As required under the Listing Agreement with the Stock Exchange the particulars of Directors who are proposed to be re-appointed/appointed are given below.

- | | | |
|-----------------------------|---|--|
| (A) (i) Name | : | Mr. V.B. Dalal |
| (ii) Age | : | 63 Years |
| (iii) Qualifications | : | B. Com., FCA |
| (iv) Experience | : | He is a practicing Chartered Accountant with 38 years of experience. He is the Chairperson of the audit committee. |
| (v) Director of the Company | : | Since 30/10/2001 |
| (vi) Other Directorship | : | Oxides and Specialities Limited, Gujarat Carbon And Industried Limited and Unimers India Limited. |

Explanatory Statement pursuant to section 173 (2) of the Companies Act, 1956

Item No. 4

Mr. Brijmohan Rath, Chairman and Managing Director of the company is on Board for more than two years and the Company has recorded an impressive turnaround during this short period. Considering his valuable contribution to the Company, it is proposed to fix and pay the remuneration to Mr. Rath. This remuneration will be payable to him with effect from 01 April, 2008.

The Board of Directors and the Remuneration Committee have already approved and recommended the proposed remuneration. The Members' approval is required by way of an Ordinary Resolution in this regard. This explanatory statement together with the accompanying notice are to be treated as relevant abstracts of the terms under Section 302 of the Companies Act, 1956.

Memorandum of concern/interest:

Mr. Brijmohan Rath is deemed to be interested and concerned in the proposed resolution.

By Order of the Board
For Maharashtra Polybutenes Ltd

Dated : 4th August, 2008
Place: Mumbai

Brijmohan Rath
Chairman and Managing Director

ANNUAL REPORT 2007 - 2008**DIRECTOR'S REPORT**

On behalf of the Board of Directors I have great pleasure in presenting to you the Nineteenth Annual Report on the working of the company, together with the Audited Accounts for the year ended 31st March, 2008.

HIGHLIGHTS**FINANCIAL**

(Rs. in Lacs)

PARTICULARS	period ended 31st March 2008 (12months)	period ended 31st March 2007 (15months)
Sales / Income from Operations	4384.14	819.49
Other Income	2.33	0.52
Profit/ (Loss) before Depreciation & Tax	15.18	(553.88)
Depreciation	148.48	991.66
Profit/ (Loss) for the year	(133.30)	(1545.54)
Sundry Credit Balances written back	47.25	109.62
Reliefs/Concessions as per BIFR Scheme	374.07	-
Fringe Benefit Tax	1.24	0.86
Profit / (Loss) after taxation	286.78	(1436.79)

The year 2007-08 has been quite good for your company as it has achieved success on various fronts. Sales have improved; the company has earned cash profit, and has repaid the outstanding secured loans as per the BIFR Scheme.

STATUS ON REFERENCE TO BIFR:

The Hon'ble BIFR Vide its Order dated 6 June 2008 approved the Modified Revival Scheme of the Company. The Order grants various relief & concessions such as reduction of share capital by 95%, allotment of shares to new promoters, their associates & others, waiver and writing back of the amount payable to certain specified secured and unsecured creditors, waiver of interest, penal interest, and other relief & concessions by government authorities as detailed in the scheme sanctioned by the BIFR. Certain effects have already been given to the said order which are reflected in the Note No.2 of Schedule 17 attached with the audited Accounts. Remaining effects of the said Order will be given in due course.

OPERATION AND PRODUCTION

The plant was fully operational during the year and produced various grades of PIB viz: HV 10, HV 10 for export, HV 30, HV 100, and HV 200 of Polybutenes. Total 4156 MT of PIB of various grades was produced. This corresponds to approximately 52% capacity utilization.

The major achievements during the year were consistency of product quality achieved in spite of short production run of PIB below 50 APHA colour to meet international market requirements, installation

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of molecular sieve based drying system, achieving plant daily production up to 42 Tons in a single day (24 hours) up from previous high of 35 Tons.

The major constraint in operation of plant during the year was short production runs. This was due to movement of feed LPG stream from RIL, Hazira and lower off take of Return LPG stream during plant operation period. Thus many times the plant had to be stopped due to non availability of storage space for return LPG Stream.

MARKETING SCENARIO

The major customers for PIB during the year were Hindustan Petroleum Corporation Limited, and Lubrizol India Private Limited. The total of about 4000 MT of PIB was dispatched during the year.

Sustained efforts were put in to penetrate new markets both in the domestic as well as international level. The product of the company has been approved by petroleum giants like Indian Oil Corporation and Bharat Petroleum Corporation Limited. Both the companies purchase PIB through tender based annual contracts and the company is making every effort to win some of these contracts. On the export front the company has started well with the exports to countries like South Africa, Turkey, Poland, Netherlands, the Philippines, and Singapore etc.

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 employed throughout the year or for part thereof 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. V.B. Dalal, 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.

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.

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DEMATERIALISATION OF SHARES:

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.

AUDITOR'S REPORT

The observations made by the statutory Auditors in their report are self explanatory and do not require any further clarification.

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.

By Order of the Board
For Maharashtra Polybutenes Ltd

Dated : 4th August, 2008
Place: Mumbai

Brijmohan Rath
Chairman and Managing Director

MAHARASHTRA POLYBUTENES LIMITED

ANNEXURE 'A'

ANNEXURE TO THE DIRECTOR'S 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 12 months	Previous Year 15 months
1. Electricity		
a. Purchased Unit (KWH)	18,06,735	8,70,690
Total amount (Rs.)	8919370	5637493
Rate Per Unit (Rs./KWH)	4.93	6.47
b. Own generation :		
i) Through diesel		
Generator Unit (KWH)	21038	6912
Unit per liter of diesel oil	6.47	7.94
Cost per unit (Rs./KWH)	50.47	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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Quantity	N.A.	N.A.
Total Cost	N.A.	N.A.
Average rate	N.A.	N.A.

3. Furnace Oil / LSHS

Quantity (MT)	750,880	324,745
Total Cost (Rs.)	1,40,79,821	53,78,077
Average rate (Rs. / MT)	18751.09	16560.92

4. Others/ Internal Generation

N.A. N.A.

5. Production of Petrochemicals/ Chemicals (MT)

4156.140 870.927

6. Electricity Consumed (Units/MT)

435 1000

7. Fuel oil consumed (MT/MT)

0.180 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 through Exports	Rs.92,48,846/-
Outgo	Nil