

MAHARASHTRA POLYBUTENES LIMITED

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20th

ANNUAL REPORT
2008 - 2009

MAHARASHTRA POLYBUTENES LIMITED**BOARD OF DIRECTORS**

BRIJMOHAN RATHI

CHAIRMAN AND MANAGING DIRECTOR

P. S. SHARMA

DIRECTOR

V. B. DALAL

DIRECTOR

AJAY BHAMBI

NOMINEE DIRECTOR UPTO 30th JUNE, 2009

SHIVNARAYAN GARG

CHIEF FINANCIAL OFFICER

RAKESH GUPTA

CHIEF OPERATING OFFICER

BANKERS

IDBI Bank Limited

ICICI Bank Limited

Kotak Mahindra Bank Limited

AUDITORS

M/S B. Maheshwari & Associates

Chartered Accountants, Mumbai.

REGISTERED OFFICE & WORKS

R-802, TTC Industrial Area

Thane Belapur Road, Mahape

Navi Mumbai - 400 701.

AUDIT COMMITTEE

V. B. DALAL

P. S. SHARMA

AJAY BHAMBI

SHAREHOLDERS COMMITTEE

BRIJMOHAN RATHI

RAKESH GUPTA

SHUBHENDU TEWARI

UPTO 1st JULY, 2009

PRAKASH SELOT

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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MAHARASHTRA POLYBUTENES LIMITED

NOTICE

NOTICE is hereby given that the Twentieth Annual General Meeting of the Share Holders of MAHARASHTRA POLYBUTENES LIMITED will be held at Saturday, 26th September, 2009 at 11.30 A.M. at Navi Mumbai Sports Association, Sector-1A, Vashi, Navi Mumbai to transact the following business:

A. ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2009 and Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and the Auditors thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in the place of Mr. P. S. SHARMA who retires by rotation and being eligible offers himself for re-appointment.
4. To consider and, if thought fit, to pass, with or without modification(s), the following as an Ordinary Resolution:

"RESOLVED THAT the pursuant to provision of Companies Act, 1956 M/s Indani & Associates, Chartered Accountant, be and hereby appointed as the Statutory Auditor of the Company in place of retiring auditor M/s B. Maheshwari & Associates, Chartered Accountant, to hold office from conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting at a remuneration to be fixed by the Board."

B. SPECIAL BUSINESS:

5. To consider and, if thought fit, to pass, with or without modification(s), the following as an Ordinary Resolution:

"RESOLVED THAT in supersession of earlier Resolution passed by the members at the 7th Annual General Meeting of the Company held on 15th September, 1995 and pursuant to the provisions of Section 293(1)(d) and other applicable provisions if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the Board which term shall be deemed to include any committee thereof for the time being and from time to time, to which all or any of the powers hereby conferred in the Board by this resolution may have been delegated by the Board) to borrow whether by way of Term loan/ Equipment Finance/ Cash Credit facilities or the like from time to time at its discretion from National/International Financial Institutions/ Banks or from Public Body Corporate or from Government Body/ Corporation or Govt. of India or by way of issue of Bonds on such terms and conditions and with or without security to which all or any of the powers hereby conferred on the Board by this resolution which together with the moneys already borrowed by the Company in the ordinary course of business and being borrowed by the Company (apart from the temporary loans obtained from the bankers of the Company in the ordinary course of business) and being borrowed by the Board at any time shall not exceed in the aggregate at any time Rs. 200 Crores (Rupees Two Hundred Crores Only) irrespective of the fact that such aggregate amount of borrowings outstanding at any time may exceed the aggregate for the time being of the paid up capital of the Company and its free reserves that is to say reserves not set apart for any specific purposes.

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RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized and it shall always be deemed to have been so authorized to finalise and execute with the Lenders/Trustees for the holders of the Bonds the requisite agreement, documents, deeds and writings for borrowing and/or for creating the aforesaid mortgage(s) and/or charge(s) and to do all such other acts, deeds and things as may be necessary to give effect to the above resolutions."

6. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 257 of the Companies Act, 1956, Mr I. C. Shrivastava who has offered himself for appointment as a Director of the Company be and is hereby appointed a Director of the Company."

NOTES:

1. Explanatory Statement as required under section 173(2) of the Companies Act, 1956 is annexed hereto.
2. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. The instrument appointing proxy must be deposited with the Company at its Registered Office not less than 48 hours before the Meeting.
3. All documents referred to in the accompanied Notice are open for inspection at the Registered Office of the Company between 10.30 a.m. to 12.30 p.m. on all working days except Saturday and holidays upto the date Annual General Meeting.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from Saturday, September 19, 2009 to Saturday, 26, 2009 (both days inclusive).
5. Members holding shares in physical form are requested to forward all applications for transfers and all other shares related correspondence (including intimation for change of address) to the Share Transfer Agents of the Company at the following address:

Sharex Dynamic (India) Private Limited
Unit 1, Luthra Industrial Premises,
Andheri – Kurla Road,
Safed Pool, Andheri (East)
Mumbai – 400 072

6. Shareholder intending to require information about accounts to be explained at the meeting are requested to furnish queries to the Company at least 10 (ten) days advance of the Annual General Meeting.
7. 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.
8. Members are requested to bring their copies of Annual Report at the time of attending the Meeting.

MAHARASHTRA POLYBUTENES LIMITED

9. Members who are holding Company's shares in Dematerialized form are requested to bring details of their DP and Client ID Number for identification.
10. Members are requested to quote Folio Numbers in all correspondence. Members holding share in identical order of names in more than one folio are requested to write to Company to consolidate their holding in one folio.
11. Information pursuant to clause 49 VI (A) of the Listing Agreement required to be disclosed for the Directors who are being appointed/re-appointed is annexed as Annexure II to this notice.

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

Item No. 4

M/s. B. Maheshwari, Chartered Accountant who was the present Auditor of the company has submitted his resignation vide his letter dated 20th August, 2009 stating that he could not continue as Auditor of the Company from Financial year 2009-10 due to his involvement in other Audits and income tax matters and also informed the company that he do not have any objection for appointing any person as Auditor of the Company from Financial year 2009-10.

The Board is of the view that M/s Indani & Associates knowledge and experience will be of immense benefit and value to the Company and therefore recommends his appointment as auditor of the Company.

None of the Directors is interested or concerned in this item of business.

Item No. 5

In terms of Section 293(1)(d) of the Companies Act, 1956, the Board of Directors have the powers to borrow moneys, where the moneys to be borrowed together with moneys already borrowed (other than the temporary loans obtained from the company's bankers in the ordinary course of business) exceeding the aggregate of the paid up capital and free reserves of the company, with the consent of the shareholders obtained in a general meeting.

The shareholders of the company at the annual general meeting held on 15th September 1995 fixed the monetary ceiling for borrowing in excess of the paid up capital and free reserves of the company at Rs.50 crores, taking into account the then prevailing business volumes. Considering the growth of the company and the proposed expansion activities of the company, the directors have considered it desirable to enhance the borrowing powers from Rs.50 crores to Rs.200 crores.

Accordingly, the resolution is placed before the shareholders for their approval. None of the directors is in anyway concerned / interested in the resolution. The directors recommend the resolution to be adopted as an ordinary resolution by the shareholders.

Item No. 6:

Mr. I. C. Srivastava has by his letter dated August 20, 2009, given notice to the Company under Section 257 of the Companies Act, 1956, proposing himself as a candidate for the office of Director of the Company. The Resolution for Mr I. C. Srivastava has been included in the Notice of the Annual General Meeting as required by law.

ANNUAL REPORT 2008 - 2009**DIRECTOR'S REPORT****TO THE MEMBERS**

On behalf of the Board of Directors I have great pleasure in presenting to you the 20th Annual Report together with the Audited Financial Statement of the Company for the year ended on 31st March 2009 and other accompanying reports, notes and certificates.

1. FINANCIAL HIGHLIGHTS**(Rs in Lacs)**

PARTICULAR	Year ended 31.03.2009	Year ended 31.03.2008
Sales	4774.30	4617.52
Other Income	5.29	2.33
Profit /(Loss) Before Depreciation and Tax	417.99	15.18
Less: Depreciation	149.35	148.48
Profit /(Loss) Before Tax	268.64	(133.30)
Sundry credit balance written back	31.29	47.25
Relief/Concession as per BIFR order	-	374.07
Provision for tax including Fringe Benefit Tax	8.98	1.24
Profit/(Loss) after Tax	290.95	286.78
Proposed dividend	56.41	-
Tax on Proposed Dividend	9.59	-
Balance Carried to P & L Appropriation A/c	224.95	286.78

After adjusting the brought forward loss of Rs.178,252,733/- (previous year Rs. 382,740,691/-) against the remission of equity share capital of Rs. 155,887,001/- (previous year Rs. Nil) and the profit for the year Rs. 22,494,795/- (previous year Rs. 28,678,484/-). The balance in the Profit & Loss Appropriation A/c Rs. 129,063/- (previous year Rs. 178,252,732/-) is carried to Balance Sheet.

2. OPERATIONS AND PRODUCTION

During the year under review, the operations of the plant were regular and consistent. The Company produces various grades of PIB viz: HV 10, HV 10 for export, HV 30, HV 100 & HV 200 of polybutenes. The Major achievements during the year were consistency of product quality and increase in Sales through exports. Though there were variations in the feedstock prices during the year under review, company was able to manage with limited resources and consistently cater to its customers demand in time. Sales picked up during the last quarter. The company also got order worth 35 crores from BPCL. Its major customers being Lubrizol and BPCL amounted to Rs. 16.28 crores of the total sales.

3. DIVIDEND

For the year under review, your Directors are pleased to recommend a Maiden dividend of 3% on the equity shares of the company for the year ended 31st March 2009. The dividend outgo including dividend distribution tax will amount to Rs 66 Lakh.

4. FIXED DEPOSIT

The Company has not accepted any Fixed Deposits within the meaning of Section 58A of the

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Companies Act, 1956 and the rules made there under during the year under review.

5. FUTURE BUSINESS PLANS OF THE COMPANY

Since Company have satisfied operations for manufacturing of Polybutenes. Company is looking forward for integration of its products.

Company is now in process of developing the various automotive lubricants, consumable like break oil, coolant etc.

Also company is looking forward to expand its business to auto LPG sector by use of the residual LPG stream.

Company is also looking forward for the further integration of its product/ by products to enhance & convert them in to value addition products.

6. DIRECTOR AND DIRECTOR'S RESIGNATION AND APPOINTMENT

The nominee director appointed by BIFR with effect from 31/01/2006 and ceased from Directorship w.e.f. 15th July, 2008 in his place the BIFR has nominated Mr. Ajay Bhambi with effect from 29/09/2008. Mr. Ajay Bhambi also ceased to be director with effect from 30th June, 2009. The board places on record the services & guidance received from Mr. I. C. Shrivastava & Mr. Ajay Bhambi as nominee directors appointed by BIFR.

Mr. P. S. Sharma Director retires by rotation and being eligible offers himself for re-appointment at the forthcoming Annual General Meeting. Mr. I. C. Shrivastava is proposed to be appointed as a Director in a Annual General Meeting.

7. DIRECTORS RESPONSIBILITY STATEMENT

In terms of Section 217 (2AA) of the Companies Act, 1956, your director's state:

- a. That in the preparation of the annual accounts for the year ended 31st March 2009; the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
- b. That they have 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 as at 31st march 2009 and of the profit of the Company for the year ended on that date.
- c. That proper and sufficient care has been taken 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.
- d. That the annual accounts have been prepared on a going concern basis.

8. AUDITORS

The present Auditors of the Company, M/s. B. Maheshwari & Associates, Chartered Accountants, Mumbai, have expressed their unwillingness to be re-appointed as Auditors on their retirement at the forthcoming Annual General Meeting. The Company has received a special notice from a shareholder of the Company, in terms of the provisions of the Companies Act, 1956, signifying the intention to propose the appointment of M/s. Indani & Associates, Chartered Accountants, Indore as Statutory Auditors of the Company from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting.

M/s. Indani & Associates, Chartered Accountants have also expressed their willingness to act

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as Auditors of the Company, if appointed, and have further confirmed that the said appointment would be in conformity with the provisions of Section 224(1B) of the Companies Act, 1956.

Since this being the appointment of Auditors other than the retiring Auditor, calls for Special Notice under section 225 and accordingly the same has been covered as Special Business in the Notice for calling the Annual General Meeting.

As far as remarks of the Auditors in their report are concerned they are self explanatory.

9. CORPORATE GOVERNANCE

Pursuant to Clause 49 of Listing Agreement with Bombay Stock Exchange, Management Discussion and Analysis, Corporate Governance and Certificate from the Auditors of the Company regarding compliance of the condition 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.

10. LISTING WITH STOCK EXCHANGE

The Company will remain listed with Bombay Stock Exchange and annual listing fee for the same has been paid.

11. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Details of conservation of energy, technology absorption, foreign exchange earnings and outgo, in accordance with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 is attached as Annexure A

12. DEMATERIALIZATION OF SHARES

Company has dematerialized its shares with both depositories viz. CDSL and NSDL.

13. COMPLIANCE CERTIFICATE

In accordance with the requirements of Section 383A of the Companies Act, 1956, certificate from Practicing Company Secretary certifying compliance with the legal requirements, in respect of the Company for the year ended 31st March 2009, is enclosed and marked as Annexure.

14. PARTICULARS OF EMPLOYEE

During the year under review there were no employees receiving remuneration of or in excess of limits prescribed as per the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

15. AUDITORS REPORT

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

16. ACKNOWLEDGEMENTS

Your directors express their thanks and appreciation for the Cooperation they received from various Government authorities and Employees of the Company.

For and on behalf of the Board

Place: Navi Mumbai
Dated: 30th August, 2009

Brijmohan Rathi
Chairman & 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, 2009.

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)

14,38,600

18,06,735

Total amount (Rs.)

74,28,364

89,19,370

Rate Per Unit (Rs./KWH)

5.16

4.93

b. Own generation :

i) Through diesel

Generator Unit (KWH)

21,040

21,038

Unit per liter of diesel oil

10.28

6.47

Cost per unit (Rs./KWH)

40.00

50.47

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.

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)

539.717

750.880

Total Cost (Rs.)

1,23,34,704

1,40,79,821

Average rate (Rs. / MT)

22854.02

18751.09

4. Others/ Internal Generation

N.A.

N.A.

5. Electricity Consumed (Units/MT)

412

435

6. Fuel oil consumed (MT/MT)

0.154

0.180

B. TECHNOLOGY ABSORPTION

I. Research and Development (R&D)

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

N.A.

N.A.

—

Nil

C. FOREIGN EXCHANGE

Earnings through Exports

Rs 26129635/-

D. Outgo

Nil

ANNUAL REPORT 2008 - 2009**MANAGEMENT DISCUSSION AND ANALYSIS****INDUSTRY STRUCTURE AND DEVELOPMENT:**

The main product of the company is Polyisobutene (PIB), an industrial chemical used in the manufacture of lubricant oil, jelly filled cables, imulsions as well as in formulation of engine oil for two strokes engines of two wheelers. Other application of PIB are in the manufacturing of adhesives, caulking and sealing compounds, leather finishing, engineering, plastics, insecticide etc.

There are four indigenous manufacturing for this product in India. Overall company's product demand has good potential worldwide. Due to cost structure there are no possibilities of coming up with new capacity in companies product (PIB). However, the demand of our product is increasing due to newer application in chemical industry and specialty chemicals are being found like replacing some of the additives in lubricant industry with PIB. Sales have improved considerably during the current fiscal year. There has been consistent demand worldwide due to which the exports have grown.

OPPORTUNITIES AND THREAT:

The company enjoys good reputation with the institutions and industries. The alternative financial arrangement workout.

The company expects better performance in the current year 2009-10 with higher capacity utilization. The company has entered in to Agreement for the Factoring of Receivables with IFCI Factors Limited for factoring of Debts and other associated rights and to avail prepayment of receivables against supplies to major customers which induced funds in the company. The Company has been successfully in winning orders from Lubrizol India Pvt. Ltd and Bharat Petroleum Corporation Ltd, Indian Oil Corporation and other big players in the Industry. Further, the company is exploring opportunities to increase the quantum of exports its products in various countries to increase its capacity utilization.

Liquidity position remained critical during the year due to low market offtakes due to general slow down in demand and hence plant operation were affected during the period.

SEGMENTATION OR PRODUCT WISE PERFORMANCE:

The company manufactures and sells single product PIB. The commercial operation of the company commenced after September 2006 after initial trial runs succeeded in manufacturing polyisobutenes of various grades confirming to the customers specification in September-October, 2006.

OUTLOOK, RISKS, AND CONCERNS:

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 the realization and demand in the coming years is bright and your company is planning to take advantage of the opportunities in domestic as well as in international market.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Commercial operation of the company recommenced during September 2006 after initial trial run. The company succeeded in manufacturing polybutenes of various grades confirming to the customer's specification in September - October, 2006. There are adequate internal control system in the company through regular operations review.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

During the year the company has restarted its operation, so, the financial performance with respect to operational performance could be worked out in the current financial year 2008-09 only.

DEVELOPMENT IN HUMAN RESOURCE / INDUSTRIAL RELATIONS FONT:

The industrial relations with the worker during the year were renewal. The directors place on the records their appreciation for the sincere and efficient services rendered by the executive, staff and workmen of the company and are confident that they will contribute to the company's prosperity and growth.