

39th Annual Report 2000-2001

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balkrishna industries limited



LORD GANESH TEMPLE AT AMBIVLI FACTORY

श्रद्धांजलि



PRAMODKUMAR PODDAR

EXECUTIVE DIRECTOR

(BORN : 10-10-1931 - EXPIRED : 31-10-2000)

नैनं छिन्दन्ति शस्त्राणि नैनं दहति पावकः ।
न नैनं क्लेदयन्त्यापो न शोषयति मारुतः ॥

*"The soul can never be cut by any
weapon, nor can it be burned by fire,
nor moistened by water
nor withered by the wind."*

We pray to Almighty God for the eternal peace of the departed soul.



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BOARD OF DIRECTORS :

DHARAPRASAD R. PODDAR
Chairman

ASHOKKUMAR P. MAHANSARIA
Vice-Chairman & Managing Director

PAWAN KUMAR D. PODDAR
Joint Managing Director

YOGESHKUMAR A. MAHANSARIA
Executive Director

D.S. MULLA

JAIKUMAR JAIN (W.E.F. 23/6/2001)

S.C. MANTRI (W.E.F. 23/6/2001)

E.V. HARIHARAN
Nominee Director (ICICI Ltd.)

REGISTERED OFFICE :

H-3/1 MIDC, "A" Road, Tarapur (Boisar),
Dist. Thane (Maharashtra) Pin Code : 401 506

PLANTS :

PAPER/PAPER BOARD & COATING PLANT : Village: Ambivli,
P.O. Mohone,
Taluka - Kalyan,
Dist. Thane (Maharashtra)

TEXTILE PROCESSING PLANT (UNIT NOS. 1 & 2) : H-3/1 MIDC, "A" Road,
Tarapur (Boisar),
Dist. Thane (Maharashtra)

TYRE PLANT : B-66, MIDC
Waluj Industrial Area,
Aurangabad
(Maharashtra)

COMPANY SECRETARY :

VIPUL R. SHAH

BANKERS :

BANK OF BARODA
CENTRAL BANK OF INDIA
STATE BANK OF INDIA

AUDITORS :

M/s. JAYANTILAL THAKKAR & CO.
Chartered Accountants

COST AUDITORS :

M/s. THOLIYA & ASSOCIATES
Cost Accountants

INTERNAL AUDITORS :

M/s. R. S. KHANDELWAL & ASSOCIATES
M/s. DILIP A JAIN & ASSOCIATES
Chartered Accountants

SOLICITORS AND LEGAL ADVISORS :

M/S KANGA & COMPANY
Advocates, Solicitors & Notary

Members are requested to bring their copy of the Annual Report along with them at the Annual General Meeting, as copies of the Report will not be distributed at the Meeting.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the 39th Annual Report and Audited Statement of Accounts for the year ended 31st March, 2001.

HOMAGE:

The cruel hands of destiny snatched away from us Shri Pramodkumar Poddar, Executive Director of the Company, on 31st October 2000, in the tragic plane crash at Taipei, while he was travelling to U S A from Taipei on Company's work.

Shri Pramodkumar Poddar was a man of youthful vigour and fully dedicated to his work. His deep sense of responsibility to achieve set goals always inspired his colleagues. His unrelenting efforts for progress of the Company can never be forgotten. He will always be remembered for his ever smiling and humble nature and his absence will be deeply felt by one and all. The Company has lost, in the sudden and untimely demise of Shri Pramodkumar Poddar, a very promising and capable Executive Director.

The Board takes this opportunity to rededicate itself to the high ideals and achieving the goals set before it by him. The Board places on record its deepest appreciation for the invaluable services rendered by Late Shri Pramodkumar Poddar.

The Board prays to the Almighty for eternal peace of the departed soul.

FINANCIAL RESULTS:

(Rs. in crores)

	Current Year ended 31.03.01	Previous Year ended 31.03.00
Gross Turnover and Other Income	168.23	135.12
Gross Profit	10.82	14.78
Less: Depreciation	8.21	6.47
Profit before Tax	2.61	8.31
Less: Provision for Taxation	0.17	1.07
Profit after Tax	2.44	7.24
Add/(Less):		
Adjustments relating to earlier years	(0.02)	0.01
Excess/ (Short) Provision of Income Tax for earlier year	0.13	(0.03)
	2.55	7.22
Add: Surplus brought forward from previous year	2.49	2.33
SURPLUS AVAILABLE FOR APPROPRIATIONS:	5.04	9.55
Transfer to General Reserve	0.20	5.00
Transfer to Capital		
Profit Reserves (* Rs. 23,973)	*Nil	Nil
Interim Dividend	Nil	1.86
Proposed Dividend	1.24	Nil
Tax on Dividend	0.13	0.20
	1.57	7.06
Balance Carried Forward in Profit and Loss Account	3.47	2.49

OPERATIONS:

The Gross turnover and other income of your Company for the year

ended 31st March 2001, is higher at Rs.168.23 Crores as compared to Rs.135.12 Crores in the previous year, reflecting an increase of 24%. However the gross profit is significantly lower at Rs.10.82 Crores as compared to Rs.14.78 Crores in the previous year, and consequently the profit after tax is placed at Rs.2.44 Crores as against Rs.7.24 Crores in the previous year.

PAPER DIVISION:

The production for the year under review was 22,374 M.Tons as against 14,761 M.Tons in the preceeding year. The sales of the division for the year under review was Rs.50.17 Crores (2,1236 M.Tons) as against Rs.31.22 Crores (15,497 M. Tons) in the previous year.

Several new capacities have come into production over the last 24 months in the Coated Paperboard segment of the paper industry, resulting into excess capacities, whilst the demand remained stagnant; resulting into low capacity utilisation of the paper division during the year under review. Further, due to the oversupply situation, the selling prices have been under considerable pressure.

During November 2000 and April 2001, the Company has carried out certain modifications/modernisation in its Plant, to achieve quality improvements, debottlenecking and cost reductions. Further upgradations are in progress and likely to be completed by December 2001. The complete modernisation scheme involves an estimated capital outlay of Rs.8.50 Crores, and would result into increase in the plant capacity to 42,000 M. Tons as against 36,000 M.Tons.

The Company is also in the process of setting up of a Captive Power Plant of 3.3 Megawatt capacity at an estimated capital outlay of Rs. 4.00 Crores, which is likely to be commissioned by March 2002.

During the year commencing 1st April 2001, the Company has been able to achieve full capacity utilisation so far, as a result of aggressive marketing coupled with improvements in the products. Your Company continues to look for areas of further cost reductions, product improvements and production optimisation. The performance of the division is expected to improve significantly in the current year.

Fire at the Paper Plant:

A fire took place in the raw material yard at the Paper Plant on 10th March, 2001, resulting into damage to waste papers.

The Company has lodged necessary claim with the insurance company, which is under process.

TYRE DIVISION:

During the year under review, the production of Automobile Tyres has increased to 9,345 M.Tons as against 7,715 M.Tons in the previous year, reflecting an increase of 21%. The sales of the Division were higher at Rs.88.03 Crores as against Rs.79.72 Crores in the previous year.

The off-take of Automobile tyres in the domestic market has been adversely affected due to slowdown in the automobile industry. Further, due to the sharp depreciation of "EURO" (EU Currency), the sales realisation for exports to Europe was lower; all of which has affected the profitability of the division during the year under review.

The Company is in the continuous process of developing value added products and achieving fullest utilisation of the installed capacity. During the current year, the Company proposes to spend Rs.4.00 Crores towards de-bottlenecking and enabling it to manufacture a wider range of tyres.

SYNTHETIC TEXTILE PROCESSING DIVISION:

During the year under review, the Division has earned Rs.28.19 Crores towards processing charges as compared to Rs.24.27 Crores in the previous year, reflecting an increase of 16%.



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The Company proposes to install additional specialised hi-tech processing machineries during the financial year 2001-02, at an estimated capital cost of Rs.13.25 Crores, enabling it to widen its product range as well as obtain higher realisations.

DIVIDEND :

Your Directors are pleased to recommend a tax free Dividend of 20% for the year, which, with the tax on the proposed Dividend, will absorb Rs.1.37 Crores out of the surplus available for appropriation.

DEBENTURES:

The Company has utilised the proceeds of the Debentures for the purposes for which the same were raised and has not diverted the funds for any other purpose.

DIRECTORS:

Shri Pramodkumar D. Poddar, Executive Director of the Company passed away on 31st October 2000 in the tragic plane crash at Taipei, while he was travelling to U S A via Taipei.

Shri Shrikishan D. Poddar, Executive Director has resigned from the Board of the Company w.e.f. 22nd June 2001.

Shri Vinodkumar M. Poddar, Director has resigned from the Board of the Company w.e.f. 22nd June 2001.

Shri Pawankumar D. Poddar has been inducted as an additional Director designated as Joint Managing Director of the Company, w.e.f. 23rd June 2001 and holds office till the date of the ensuing Annual General Meeting.

Shri J. K. Jain and Shri S. C. Mantri have been inducted as additional Directors of the Company w.e.f. 23rd June 2001 and hold office till the date of the ensuing Annual General Meeting.

The Company has received notices from some of the members proposing the names of Shri Pawankumar Poddar, Shri J. K. Jain and Shri S. C. Mantri as Directors of the Company. Your Directors commend the resolutions.

Your Directors record their deep appreciation for the valuable guidance received from Shri Shrikishan D. Poddar and Shri Vinodkumar M. Poddar during the course of their association with the Company.

Shri Dharaprasad Poddar and Shri D S Mulla retire by rotation and being eligible, offer themselves for re-appointment. Necessary resolutions for their re-appointment are placed before the shareholders. Your Directors commend the resolutions.

FIXED DEPOSITS:

There were unclaimed deposits amounting to Rs.1,67,000/- at the close of the year. Necessary reminders have been sent to these depositors for the same.

INDUSTRIAL RELATIONS:

The relation with staff and workmen during the year under review continued to be cordial.

PARTICULARS OF EMPLOYEES:

Particulars of remuneration paid to the employees as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, are given in the Annexure-I attached hereto and form part of the Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

Information pursuant to Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the

Report of Board of Directors) Rules, 1988, is given in the Annexure-II to the Report.

DEMATERIALISATION:

The Company proposes to enter into an arrangement with National Securities Depository Ltd. (NSDL) and Central Depository Services Ltd. (CDSL) for dematerialisation of its shares.

RESPONSIBILITY STATEMENT:

As stipulated under Section 217 (2AA) of the Companies Act, 1956 your Directors confirm as under:

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) That in the preparation of the accounts for the financial year ended 31st March, 2001, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were 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 or loss of the Company for the year under review;
- (iii) That the Directors have 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) That the Directors have prepared the accounts for the financial year ended 31st March, 2001 on a 'going concern' basis.

AUDIT COMMITTEE :

The Company has constituted Audit committee as per the provision of Companies Act, 1956 comprising of Shri Ashokkumar Mahansaria, Shri D. S. Mulla and Shri E. V. Hariharan.

AUDITORS:

The members are requested to appoint Auditors from the conclusion of this meeting until the conclusion of the next Annual General Meeting and fix their remuneration.

The observations made in the Auditor's Report read together with the relevant notes are self explanatory and therefore do not call for any further comments Under Section 217 of the Companies Act, 1956.

APPRECIATION:

Your Company is grateful for the continued co-operation and assistance extended to it by the Financial Institutions and Banks in meeting the financial requirements of the Company.

Your Directors also wish to place on record their warm appreciation for the services rendered by the employees and dealers of the Company.

For and on behalf of the Board of Directors

Mumbai,
Dated: 23rd June, 2001

DHARAPRASAD PODDAR
Chairman

ANNEXURE-I

Statement containing information as per Section 217(2A) read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 2001.

Sr. No.	Name	Age	Designation & nature of duties	Gross Remuneration (In Rs.)	Net Remuneration (In Rs.)	Qualification & Experience (Years)	Date of commencement of employment	Last employment held, designation & period
A. Employed throughout the financial year and were in receipt of remuneration in the aggregate of not less than Rs.12,00,000/-								
1.	Mr. A. P. Mahansaria	49	Managing Director	26,55,957	19,79,358	Inter Science (30)	01-04-1980	Shree Sitaram Dyg. & Ptg. Mills Pvt. Ltd.
2.	Mr. S. D. Poddar	37	Executive Director	23,65,006	17,29,058	B. Com. (19)	27-10-1997	Siyaram Silk Mills Ltd. Executive Director(9years)
3.	Mr. Y. A. Mahansaria	26	Executive Director	19,94,712	14,63,848	B.Com. (7)	1-04-1994	—
A. Employed for a part of the financial year and were in receipt of remuneration for any part of the year at the rate which (in aggregate) was not less than Rs. 1,00,000/- per month								
1.	Mr. P. D. Poddar	40	Executive Director	17,84,102	14,35,980	B.Com. (20)	01-04-1985	—

- NOTES:
1. Appointment of Managing Director and Executive Directors is for a period of five years.
 2. Mr. Ashokkumar P. Mahansaria, Vice Chairman and Managing Director, is a relative of Mr. Vinod Kumar M. Poddar, the Director and Mr. Yogeshkumar A. Mahansaria, the Executive Director.
Late Mr. Pramod D. Poddar, Executive Director, was a relative of Mr. Dharaprasad R. Poddar, the Chairman, and Mr. Shrikishan D. Poddar, the Executive Director.
Mr. Shrikishan D. Poddar, Executive Director, is a relative of Mr. Dharaprasad R. Poddar, the Chairman, and Late Mr. Pramod D. Poddar, the Executive Director.
Mr. Yogeshkumar A. Mahansaria, Executive Director, is a relative of Mr. Ashokkumar P. Mahansaria, the Vice Chairman and Managing Director.
 3. Gross Remuneration includes Salary, Commission, Leave Travel Allowance, Medical reimbursement, House Rent Allowance and Contribution to Provident Fund, Superannuation fund, Gratuity Fund, Gratuity/Provision for Gratuity, Personal Accident Insurance and Bonus/Exgratia wherever applicable.

For and on behalf of the Board of Directors

Mumbai,
Dated: 23rd June, 2001

DHARAPRASAD PODDAR
Chairman

ANNEXURE - II

INFORMATION AS PER SECTION 217(1)(e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2001.

A. CONSERVATION OF ENERGY:**(a) Energy conservation measures taken by the Company:****(i) Electrical Energy:**

Energy Audit by outside Consultants have been carried out in the earlier years at all the Plants of the Company and necessary follow-up actions are being continuously carried out. Besides, regular monitoring of the overall energy consumption is also carried out during the year, and losses, if any, are identified and suitable improvements carried out.

(ii) Coal/Fuel Oil Consumption:

The Company is carrying out regular maintenance of steam lines/steam traps and user equipments to ensure high efficiency levels throughout the year, and new improvements are reviewed regularly and implemented wherever found suitable.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

The Company is reviewing various proposals for reduction in consumption of energy, mainly by way of replacement of existing equipments by modern and energy efficient equipments.

(c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

The various energy conservation measures detailed above adopted by the Company have resulted in savings in energy consumption as per information given in Form 'A'.

(d) Total energy consumption and energy consumption per unit of production as per Form 'A' hereunder:



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FORM 'A'

I. Power and fuel consumption:

	Current Year	Previous Year
1. Electricity		
(a) Purchased		
Units (KWH)	2,72,29,065	2,00,62,050
Total Amount (Rs.in lacs)	1122.14	847.87
Rate/unit (Rs.)	4.12	4.23
(b) Own generation		
(i) Through Diesel Generator *		
Units (KWH)	17,200	11,220
Units per liter of diesel oil	2.80	2.40
Cost/unit (Rs.)	6.61	5.57
(ii) Through steam turbine/generator	NIL	NIL
* Includes consumption of diesel oil for regular weekly trials of Diesel Generating Set.		
2. Coal (specify quality and where used)		
The Company uses steam coal grade B/C in its Boilers		
Quantity (Tons)	6,567	1,685
Total Amount (Rs.in lacs)	142.02	31.58
Average rate (Rs.)	2,163	1,874
3. Furnace Oil/L.D.O.		
Quantity (K. Ltrs.)	7,979	7,775
Total amount (Rs. in lacs)	836.20	681.34
Average rate (Rs.) (Net of Modvat, wherever applicable)	10,480	8,763

II. Consumption per unit of production *

	Current year			Previous year		
	Electricity (KWH)	Coal (Kgs)	Furnace Oil (Ltr)	Electricity (KWH)	Coal (Kgs)	Furnace Oil (Ltr)
(a) Paper/Paper Board (MT)	597	293	54	601	114	157
(b) Automobile Tyres (MT)	905	NIL	257	895	NIL	276
(c) Cloth Processing (000' Mtrs.)	279	NIL	226	262	NIL	203

* Note: The Company manufactures a wide range of products and the consumption of energy will vary significantly depending upon the actual product-mix.

B. TECHNOLOGY ABSORPTION:

(a) Efforts made in technology absorption as per Form 'B':

FORM 'B'

I. Research and development (R & D):

- Specific areas in which R & D carried out by the Company:
Product and quality improvement, development of new designs/products, cost control and energy conservation.
- Benefits derived as a result of the above R & D:
The R & D activities have resulted in conserving of scarce raw materials, higher productivity and containing the costs all around.
- Future plan of action:
Water and energy conservation, development of new designs of tyres, further improvement in process technology and product mix.
- Expenditure on R & D (Rs. in lacs):
 - Capital : NIL
 - Recurring : 15.03
 - Total : 15.03

II. Technology absorption, adaptation and innovation:

- Efforts, in brief, made towards technology absorption, adaptation and innovation:
The Company has been developing in-house modification/improvement in Process Technology in its various manufacturing sections - which, when found suitable, are integrated into the regular manufacturing operation.