



BANCO PRODUCTS (INDIA) LIMITED

BANCO PRODUCTS (INDIA) LIMITED



38th ANNUAL REPORT 1998-99

Board of Directors : Mr. V.K.Patel Chairman

Mr. S.K.Patel

Mr. M.K.Patel

Mr. B.B.Patel

Mr. A.G.Shroff

Bankers : Bank of Baroda

State Bank of India

Auditors : M/s. Shah & Company, Mumbai.

Registered Office : Bil, Near Bhaili Rly. Station, Padra Road,
Dist. Baroda -391 410
(Gujarat) India.

BANCO PRODUCTS (INDIA) LIMITED**BANCO****NOTICE**

Notice is hereby given that the Thirty Eighth Annual General Meeting of Banco Products (India) Ltd. will be held on Friday, the 17th September, 1999 at 10:30 a.m. at the Registered Office of the Company at Bil, Near Bhaili, Padra Road, Dist. Baroda - 391 410 to transact the following business

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March, 1999 and Balance Sheet as of that date and the reports of the Directors and Auditors thereon.
2. To declare Final Dividend.
3. To appoint a Director in place of Shri B.B. Patel who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri S.K. Patel who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provisions of Sections 16 & 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorised Share Capital of the Company, be and is hereby increased from Rs. 5,00,00,000/- (Rupees Five Crores) divided into 50,00,000 (Fifty Lacs) Equity Shares of Rs 10/- (Rupees Ten) each to Rs 10,00,00,000 (Rupees Ten Crores only) divided into 1,00,00,000 (One Crore Only) Equity Shares of Rs. 10/- (Rupees Ten) each and consequently Clause V of the Memorandum of Association of the Company be and is hereby altered by substituting the following clause as Clause V in its place and stead thereof:

V. The Authorised Share Capital of the Company is Rs. 10,00,00,000/- (Rupees Ten Crores Only) divided into 1,00,00,000 (One Crore) Equity Shares of Rs. 10/- (Rupees Ten) each.

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

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, Article 4 of the Articles of Association of the Company, be altered by substituting the following Article as Article 4 in its place and stead thereof.

"4. The Authorised Share Capital of the Company is Rs. 10,00,00,000/- (Rupees Ten Crores only) divided into 1,00,00,000 Equity Shares of Rs. 10/- (Rupees Ten) each."

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

"RESOLVED THAT pursuant to Article 105A of the Articles of Association of the Company and subject to the consent of the Shareholders in General Meeting and such other approvals as may be necessary as per the applicable provisions of any law for the time being in force and further subject to such modification(s) as may be prescribed by the concerned authorities and agreed to by the Board of Directors, a sum of Rs. 3,38,04,480 (Rupees Three Crores Thirty Eighty Lacs Four Thousand Four Hundred Eighty Only) be capitalised, by issuing 33,80,448 Equity Shares of Rs 10/- each fully paid up, out of the General Reserves with effect from such date as may be fixed hereafter by the Board of Directors, who are authorised to transfer to Share Capital the said amount and is hereby set free for distribution among the holders of the existing 33,80,448 Equity Shares, whose names appear on the Register of Members on a date to be determined by the Board of Directors, as an increase in the amount of Share capital of the Company held by such member and not as income in lieu of dividend, credited as fully paid up, and accordingly, be allotted as fully paid Bonus Shares in the proportion of one Share for every one Share so held by them, ranking pari passu in all respects with the existing Equity Shares of the Company, save and except that they shall not be entitled to any dividend declared or paid prior to the date of allotment."

"RESOLVED FURTHER that the Equity Shares to be issued in pursuance of this resolution, shall be subject to the Memorandum and Articles of Association of the Company and shall in all respects rank pari passu to the existing Equity shares of the Company, and that the new Equity Shares shall be entitled to dividend declared thereafter for the year in which Bonus Shares are allotted, on prorata basis."

"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised and empowered to take all necessary steps and to do and perform all necessary acts to give effect to the aforesaid resolutions."

BANCO PRODUCTS (INDIA) LIMITED**BANCO**

9. To consider and if thought fit, to pass with or without modifications the following Resolution as a Special Resolution:
 "RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered as follows:

(A) The following Heading and Article be inserted as Article No. 5A after the existing Article No. 5:

BUY-BACK OF SHARES

5A. Notwithstanding any thing contained in these Articles, pursuant to the Provisions of Sec 77A of the Companies Act, 1956 or any amendment or reenactment thereto, the Board of Directors may, when and if thought fit, buy back such of the Company's own shares or securities as it may think necessary, subject to such limits, upon such terms and conditions, and subject to such approvals, as may be permitted under the law"

(B) The following Heading and Article be inserted as Article No. 10A after the existing Article No. 10:

DEMATERIALISATION OF SECURITIES

10A (a) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996.

(b) **Definitions**

For the purpose of this Article:-

"Beneficial Owner" means a person or persons whose name(s) is/are recorded as such with a depository;

"SEBI" means the Securities and Exchange Board of India;

"Depository" means a Company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration to act as a depository under the Securities and Exchange Board of India Act, 1992, and

"Security" means such security as may be specified by SEBI from time to time.

(c) **Options for Investors**

Every person subscribing to Security offered by the Company shall have the option to receive Security certificates or to hold the security in a dematerialised form with a depository. Such a person who is the beneficial owner of the Security can at any time opt out of a depository, if permitted by the law, in respect of any Security in the manner provided by the Depositories Act and Rules, if any, prescribed thereunder, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificates of Securities.

If a person opts to hold his Security with a depository, the Company shall intimate such depository the details of allotment of the Security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the Security.

(d) **Securities in Depositories to be in fungible form.**

All securities held by a depository shall be dematerialised and shall be fungible form in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B and 187 C of the Act, shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

(e) **Rights of Depositories**

- (i) Notwithstanding anything to the contrary and Beneficial Owners contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting the transfer of ownership of security on behalf of the beneficial owner.
- (ii) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
- (iii) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.

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(f) **Service of Documents**

Notwithstanding anything contained in the Act or these Articles, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

(g) **Transfer of Securities**

Nothing contained in Section 108 of the Act or these Articles, shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

(h) **Allotment of Securities**

Notwithstanding anything contained in the Articles, where securities are dealt with in a dematerialised form with a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

(i) **Distinctive numbers of Securities held in a Depository**

Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.

(j) **Register and Index of Beneficial Owners**

The Register and Index of beneficial owners maintained by a depository under the Depositories Act, 1996, shall be deemed to be the purposes of these Articles.

(k) **Other matters**

Notwithstanding anything contained in these Articles or the Act, the provisions of Depositories Act, 1996 relating to dematerialisation of Securities, (including any modification or re-enactment thereof and Rules/Regulations made thereunder) shall prevail and apply accordingly."

Date : 31st July, 1999

Place : Bil

By Order of the Board,

V K Patel
Chairman

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. PROXIES SHOULD BE LODGED WITH THE COMPANY 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, 13th September, 1999 to Saturday, 17th September, 1998. (Both days inclusive)
3. Shareholders are requested to :
 - a. Bring their copy of the Annual Report at the meeting.
 - b. Send all communications relating to their shareholding, quoting Folio No. at the Registered Office only.
 - c. Encash their dividend warrants as the dividend warrants remaining unpaid at the expiry of Seven years will be transferred to General Revenue Account of the Central Government in terms of Section 205-A of the Companies Act, 1956.
4. MEMBERS DESIROUS OF OBTAINING ANY INFORMATION WITH RESPECT OF THE ACCOUNTS OF THE COMPANY ARE REQUESTED TO SEND THEIR QUERRIES IN WRITING TO THE COMPANY AT ITS REGISTERED OFFICE SO AS TO REACH AT LEAST SEVEN DAYS BEFORE THE DATE OF THE MEETING.

BANCO PRODUCTS (INDIA) LIMITED**ANNEXURE TO NOTICE****EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.****Item Nos. 6 and 7:**

Considering the size of Company's operations and its future requirements of Capital, it is proposed to increase Authorised Share Capital of the Company from Rs.5 Crores to Rs.10 Crores in the manner as set out in resolution No. 6 of the Notice. The increased Share Capital will consist of 1,00,00,000 (One Hundred Lacs) of Rs. 10/- each. The alteration in the Memorandum and Articles of Association of the Company are only consequent to the proposed change in the Authorised Share Capital.

Your Directors recommend the resolution for adoption.

None of the Directors is concerned or interested in these resolutions.

Item No. 8

In order to bring the level of Issued and Paid up Capital in line with the total Fund requirement and the level of activities of the Company, the Directors felt that Paid up Capital be raised to a level of Rs. 6,76,08,960 by Capitalising a sum of Rs. 3,38,04,480/- from the General Reserve Account and apply the same issuing 33,80,448 Fully Paid up Equity Shares of Rs.10/- each, to be distributed amongst the members of the Company whose names appear on the Register of Members on such date as may be determined by the Board. Subject to any unforeseen circumstances, the Board intends to declare dividend of not less than 10% on the enhanced Paid up Capital in the financial year immediately after the issue of Bonus Shares. The issue of Bonus Shares will be in compliance with the guidelines in this respect and will be subject to such conditions as may be required.

Your Directors recommend the resolution for adoption.

None of the Directors is concerned or interested in this resolution except to the extent of the shares that may be held by them in the Share Capital of the Company.

Item No. 9

(A) It is proposed to insert a new Article No. 5A after Article No. 5 as set out in the Resolution at Item No. 9(A) to enable the Company to purchase any of its own Shares or Securities as proposed in the Resolution. As per Sections 77A and 77B of the Companies Act, 1956, as amended by the Companies (Amendment) Ordinance, 1999, a Company is now permitted to buy back its own shares. Article No. 8A is being inserted to have enabling provisions in the Articles of Association for buy back of Shares or Securities by the Company.

(B) With the introduction of the Depository system as per Depositories Act, 1996, some of the provisions of the Companies Act, 1956, relating to the issue, holding, transfer, transmission of shares and other securities have been amended to facilitate the implementation of the new system. The Depository System of holding securities in an electronic form is a far safer and more convenient method for holding and trading in the Securities of a Company. Your Company has plans to join a Depository and its Securities can be dematerialised and it is, therefore, proposed that the Company's Articles of Association be suitably altered as set out in resolution at Item No. 9(B) of the Notice to reflect the provisions introduced by the Depositories Act, 1996 and to spell out the rights of the beneficial owners of the Securities in such a system.

Your Directors recommend the resolution for adoption.

None of the Directors is concerned or interested in these resolutions except to the extent of the shares that may be held by them in the Share Capital of the Company.

A copy of the Articles of Association of your Company together with the proposed alterations is available for inspection by the members of the Company at its Registered Office between the hours of 3.00 p.m and 5.00 p.m on any working day of the Company.

By Order of the Board,

Date : 31st July, 1999
Place : Bil

V K Patel
Chairman

BANCO PRODUCTS (INDIA) LIMITED**DIRECTORS' REPORT**

To
The Members,

Your Directors have pleasure in presenting the 38th Annual Report together with the audited statement of accounts for the year ended 31st March, 1999.

1. FINANCIAL RESULTS:

	Year ended 31.03.99 (Rs. in Lacs)	Year ended 31.03.98 (Rs. in Lacs)
Total Turnover	8334.17	7214.87
Profit before Taxation	1043.34	963.65
Less : Provision for taxation	290.00	280.00
Profit after Tax	753.34	683.65
Add : Prior years adjustments	37.69	—
Add : Transfer from Investment Allowance Reserve	—	3.81
Less : Short Provision for Tax of earlier year	(60.45)	—
Add : Balance brought forward from previous year	143.76	67.85
Profit available for appropriation	874.33	755.31
APPROPRIATIONS:		
Transfer to General Reserve	600.00	500.00
Interim Dividend.	50.71	40.56
Tax on Interim Dividend.	5.07	4.06
Proposed Final Dividend	67.61	60.84
Provision of Tax on proposed Final Dividend	7.44	6.08
Balance Carried to Balance Sheet	143.50	143.75
	874.33	755.31

2. DIVIDEND:

The Board of Directors at a meeting held on 11.2.1999 declared and paid an Interim Dividend @ 15% (Rs.1.50 per share), absorbing Rs. 55.78 Lacs including Tax on Dividend. The Directors recommend the payment of Final Dividend of 20 % (Rs. 2/- per share) in addition to Interim Dividend making a total dividend of 35% which if approved by the shareholders at the Annual General Meeting, will absorb Rs.130.83 Lacs including Tax on Dividend in aggregate.

3. OPERATIONS:

The year under review witnessed a slow down of Economy in general and Automobile sector in particular. Despite the Company was able to achieve a growth in the turnover by 15.5 % (from Rs. 7215 Lacs to Rs. 8334 Lacs) compared to previous year. Similarly, the Net Profit also witnessed a rise of 10.2 % (from Rs. 684 Lacs to Rs. 753 Lacs).

The Company is hopeful to maintain the level of performance in the current year also.

4. QS 9000 CERTIFICATION:

Your Directors are happy to inform that our Company has been recommended for certification for QS 9000 Quality System by Underwriters Laboratory for design and manufacture of Gaskets and Radiators.

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This is a very prestigious certificate awarded, by which the quality systems as adopted by the Company has been checked by the Auditing Body and found conforming to very high certification level which is achieved by very few automobile components manufacturers worldwide.

5. **DIRECTORS:**

Shri B.B.Patel and Shri S.K.Patel , the Directors, retire by rotation and being eligible, offer themselves for reappointment.

6. **PARTICULARS OF EMPLOYEES:**

Particulars of employees required to be furnished under Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rule, 1975 is furnished at Annexure A.

7. **COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.**

The particulars in accordance with the provisions of Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 regarding Conservation of Energy, Technology absorption and Foreign Exchange earnings and outgo is given in the Annexure - B.

8. **AUDITORS:**

M/s. Shah & Co., Chartered Accountants, Mumbai, Auditors of the Company retire at the conclusion of ensuing Annual General Meeting. The retiring Auditors being eligible, have expressed their willingness for reappointment. You are requested to appoint the Auditors and fix their remuneration.

9. **PUBLIC DEPOSITS:**

The Company has accepted deposits from public and has complied with the provisions of the Section 58-A of the Companies Act, 1956 and Rules made thereunder. As on 31st March, 1999, deposits amounting to Rs.5,02,000 which were due for repayment, remained unclaimed. Out of these, deposits aggregating Rs.60,000 have since been refunded/renewed.

10. **YEAR-2000 COMPLIANCE:**

The Company has been taking adequate steps to make its Information Technology systems Y2K compliant and the same is expected to be completed by October, 1999.

11. **INSURANCE:**

All the properties and insurable interests of the Company including buildings, plant and machineries and stocks, have been adequately insured.

12. **INDUSTRIAL RELATIONS:**

Overall industrial relation continued to be cordial. The Directors place on record their appreciation for the continued support and co-operation of all the employees.

13. **ACKNOWLEDGEMENT**

The Board places on record its deep appreciation for the continued support and co-operation received from Shareholders, Banks, Financial Institutions, Depositors and Employees for furthering the interest of the Company.

By Order of the Board,

V K Patel
Chairman

Date : 31st July, 1999
Place : Bil