



BANCO PRODUCTS (INDIA) LIMITED



**41st ANNUAL REPORT
2001-2002**

BANCO PRODUCTS (INDIA) LIMITED

BANCO

Date : 30.5.2002

Dear Member,

Payment of Dividend without Tax Deduction at Source

The Board of Directors of the Company at their meeting on 30th May, 2002 have recommended a dividend of 40% (i.e. Rs.4.00 per equity share of Rs. 10/- each) for the year ended 31st March, 2002, subject to the approval of the Members at the forthcoming Annual General meeting of the Company on 27th July, 2002. The dividend, if approved by the Members, will be paid on or before 25th August, 2002 and for this purpose, the Register of Members of the Company will be closed from 22nd July, 2002 to 27th July, 2002 (both days inclusive).

In this regard, pursuant to changes made in the Income Tax Act, 1961 by the Finance Act, 2002, the Company is required to deduct tax at source on dividends exceeding Rs.1000/- paid in a financial year. The tax deduction rate is 10% plus surcharge of 5% i.e. 10.5%.

Individual members whose total income is below the minimum amount liable to tax viz. Rs. 50,000/- and where the above dividend will exceed Rs. 1,000/- may, if they desire to receive the above dividend without deduction of tax at source, are requested to send Form 15-G duly completed in all respects in duplicate, to the Company on or before 27th July, 2002. It may not be possible to accommodate submissions after this date.

The Secretarial Department
M/s. Banco Products (India) Ltd.
Bil, Near Bhaili Railway Station,
Padra Road,
Dist. Baroda - 391 410.

Thanking You,

Yours faithfully,
For Banco Products (India) Ltd.

V. K. Patel
Chairman

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Board of Directors : V. K. Patel, Chairman
 A. G. Shroff
 S. K. Patel
 B. B. Patel (Upto 30.5.2002)
 M. K. Patel
 P. M. Kadakia
 R. R. Biswas Executive Director

Company Secretary : Mukesh Khanna

Bankers : Bank of Baroda
 State Bank of India
 HDFC Bank Ltd.

Auditors : Shah & Company,
 Chartered Accountants
 Mumbai

Registered Office : Bil, Near Bhaili Railway Station,
 Padra Road, Dist. Baroda - 391 410.

Works : At. Bil, Near Bhaili Railway Station,
 Padra Road, Dist. Baroda - 391 410.
 : At. Anakhi, Tal. Jambusar, Dist. Bharuch

BANCO PRODUCTS (INDIA) LIMITED**NOTICE**

Notice is hereby given that the 41st Annual General Meeting of Banco Products (India) Ltd. will be held on Saturday, the 27th July, 2002 at 10:30 a.m. at its Registered Office at Bil, Near Bhaili Railway Station, Padra Road, Dist. Baroda. 391 410, to transact the following ORDINARY business.

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March, 2002 and Balance Sheet as at that date together with the reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Shri S. K. Patel who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri Atul G. Shroff who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration.

Date : 30.5.2002
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, the 22nd July, 2002 to Saturday, the 27th July, 2002 (Both days inclusive)
3. The identities / signatures of Members holding shares in electronic form are liable for verification with the specimen signatures as may be furnished by NSDL and CDSL to the Company. Such Members are advised to bring the identity cards issued by their Depository Participants.
4. Pursuant to the provisions of Section 205(A) of the Companies Act, 1956, as amended with effect from 31st October, 1998, dividends for the financial year ended 31st March, 1995 and thereafter, which remain unclaimed for a period of 7 years from the date of transfer of the same under sub - section (1) of the said Section, will be transferred to the Investor Education and Protection Fund of the Central Government established under Section 205C of the said Act. According to the provisions of the said Act, as amended, no claims shall lie against the said Fund or the Company for the amounts of dividend so transferred nor shall any payment be made in respect of such claims.
5. Shareholders are requested to :
 - a. bring their copy of the Annual Report at the Meeting.
 - b. send all communication relating to their shareholding, quoting Folio No, at Registered Office only.
6. 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**BANCO****ANNEXURE TO THE NOTICE OF ANNUAL GENERAL MEETING**

Information pursuant to Clause 49 of the Listing Agreement regarding reappointment of Directors.

Name of the Director	: Atul G. Shroff	Samir K. Patel
Date of Birth	: 23.12.1947	25.03.1960
Date of Appointment	: 15.04.1986	25.09.1983
Specialised Expertise	: General Management	General Management
Qualifications	: Matriculation	B. Sc., M.B.A.
Directorships of other Companies as on 31st March, 2002	: Excel Industries Ltd. Shri Dinesh Mills Ltd. Punjab Chemicals and Pharmaceuticals Ltd. Transmetal Ltd. Nascent Chemical Ind. Pvt. Ltd. Sayaji Iron and Eng. Co. Ltd. Shroffs Engineering Ltd. Ace Zipper Indl. Co. Ltd. Benzo Petrochemicals Ltd. Transpek Marketing Ltd.	Banco Aluminium Ltd. Ganga Investments Pvt. Ltd. Indus Braze Pvt. Ltd. Banco Foundation K K Patel Foundation
Chairman/Member of other Committees of Companies as on 31st March, 2002	: Member - Audit Committee Transpek Industry Ltd. Banco Products (I) Ltd.	Member - Shareholders Grievance Committee Banco Products (I) Ltd.
	: Member - Share Transfer Committee Transpek Industry Ltd.	
	: Member - Committee of Directors Bank Operations Borrowing & Investments Transpek Industry Ltd. Transmetal Ltd.	
	: Chairman - Shareholders Grievance Committe Banco Products (I) Ltd. Shree Dinesh Mills Ltd.	
	: Member - Remuneration Committee Shre Dinesh Mills Ltd.	

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

To,

The Members,

Your Directors have pleasure in presenting the 41st Annual Report together with the audited statements of accounts for the year ended 31st March, 2002

1. FINANCIAL RESULTS

(Rs . in Lacs)

	Year ended 31.3.2002	Year ended 31.3.2001
Total Turnover	9224.04	9325.33
Profit before Taxation	1047.99	885.95
Less :		
Provision for taxation	290.00	282.00
Deferred Tax Liability	20.10	---
Profit After Tax	737.89	603.95
Add : Prior years adjustments	0.20	---
Less : Short provision of Taxes of earlier years, written off	---	(20.94)
Add : Balance brought forward from previous year	279.69	155.20
Profit available for appropriation	1017.78	738.21
APPROPRIATIONS :		
Transfer to General Reserve	450.00	235.00
Proposed Dividend	270.44	202.83
Provision for Tax on Proposed Dividend	-	20.69
Balance carried to Balance Sheet	297.34	279.69
	1017.78	738.21

BANCO PRODUCTS (INDIA) LIMITED**2. DIVIDEND**

The Directors are pleased to recommend payment of dividend @ 40% (Rs.4/- per share) for the year 2001-2002 to the shareholders holding shares of the Company on 27.7.2002. The dividend, if approved by the shareholders at the ensuing Annual General Meeting, will absorb Rs.270.44 lacs.

3. OPERATIONS

During the year under review, the Company witnessed a marginal decline in Turnover by about 1.8% (from Rs.9077.93 lacs to Rs. 8917.48 lacs). However, the Company registered a rise in Profit before Tax of 18.3% (from Rs. 885.95 lacs to Rs. 1047.99 lacs) mainly on account of cost and expenditure control measures.

The Directors have pleasure to report that during the year under review Exports have increased from Rs. 1304.90 lacs to Rs. 1519.89 lacs on FOB basis and the Company has been a Net Foreign Exchange Earner to the extent of Rs.362.88 lacs, as against Rs.176.60 lacs in the previous year.

Automobile sector of the Indian economy is slowly coming out of the recessionary conditions. On the front of product development, the Company has successfully developed Aluminium Radiators and has commenced commercial production from March, 2002. It is hoped that in the current year, the Company would be able to sell in the Indian market. There is good scope for marketing of Aluminium Radiators in the Export market. With the continuing efforts on cost and expenditure controls, it is hoped that the Company will perform better in the current year.

4. DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 217(2AA) of the Companies Act, 1956, the Directors would like to state that :-

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed.
- ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review.
- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) The Directors have prepared the annual accounts on a going concern basis.

5. DIRECTORS

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

Shri B. B. Patel resigned as a Director of the Company after long association of about 21 years, on account of his old age. The Board of Directors places on record its appreciation of the valuable guidance and contributions given to the board, during his association as a Director of the Company.

6. CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges, Management Discussion and Analysis, Report on Corporate Governance and Auditors' Certificate regarding compliance of conditions of Corporate Governance are made a part of the Annual Report, at Annexure "A".

BANCO PRODUCTS (INDIA) LIMITED**7. 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) Rules, 1975 is not furnished as no employee is covered thereunder.

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

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 out go, is given in the Annexure - B.

9. 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, offer themselves for reappointment.

You are requested to appoint the Auditors and fix their remuneration.

10. 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, 2002, deposits amounting to Rs. 25,000/- which were due for repayment, remained unclaimed. Out of these, deposits aggregating Rs. 15,000/- have since been refunded.

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 relations 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 place on record its deep appreciation for the co-operation and continued support received by the Company from Shareholders, Banks, Depositors and Employees during the year.

Date : 30.5.2002
Place : Bil

By Order of the Board,

V. K. Patel
Chairman

BANCO PRODUCTS (INDIA) LIMITED**ANNEXURE - "A"****MANAGEMENT DISCUSSION & ANALYSIS****Introduction**

The Company is in the business of manufacturing Gaskets and Radiators - both of which are considered important components in Automobile Industry. Backed by over four decades of sound manufacturing experience, the Company has developed competencies in design, product development, quality manufacturing and understanding customers' requirements.

Industry Structure and Developments

Indian Auto Industry during 2001-2002 has suffered a negative growth of 3% over last year against which the growth of auto component industry was 5%. However, Gaskets production showed a trend of drastic reduction by 29% over last year while Radiator production reduced by 20% as compared to that of last year. There is a downward trend in Copper-brass radiator production over last four years and the trend will continue as Cu-br radiators are being replaced by Aluminium - braze radiators in most of the OEM applications in Auto Industry. Needless to mention that growth in Radiator & Gasket Segment will depend on the growth in Auto production as well as speed at which indigenisation is implemented by the vehicle manufacturers.

Our Operations

Despite the stagnancy observed in the automobile industry, the Company has achieved a positive growth in OEM supplies of gaskets to the extent of 6% but registered a negative growth of 16% in Radiators. The focus at our manufacturing facilities continued to be higher productivity, shorter lead time, development of new products, lower unit costs, closer analysis of the market and better product reliability. There is a reasonable growth of 12% in our Export segment wherein we could become Radiator & Oilcooler supplier to a few OEMs abroad. The Company became an Export House during the financial year 2000-2001.

Technology

The Company has signed an agreement with Japan Metal Gaskets Co., Japan to get the know how of Multi Layer Steel Gaskets (MLS) which is considered as the latest in advanced gasketing technology to suit today's high performing engines. Japan Metal Gasket Company, Japan is the pioneer in MLS technology. In addition to that the Company has been getting design support from Elring Klinger, Germany for non-retorque Cylinder Head Gasket manufacturing.

Internal Control and its Adequacy

The Company will be running through the 4th year of successful maintenance of QS-9000 Quality System to have reasonable control on the manufacturing process and system. Besides that, implementation of 5S, Value Engineering and JIT system is being done companywide. For effective interdepartmental communications & follow up process, highspeed and latest software has been installed. The system of internal control provides reasonable maintenance of proper accounting records, the reliability of financial information used with a viewing running business. The Company has clearly defined organisation structure and limits of authority. Sufficient control is exercised through monthly, quarterly and annual business review by the Management Review Committee and application of Corporate Governance. An internal audit system is in place for both commercial and technical

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activities. Normal foreseeable risks to the Company's assets are adequately covered by comprehensive insurance.

Financials

The detailed financial analysis of the Company's operations for the year is given in the Directors' Report and therefore the same is not repeated. However, some important ratios on the Company's profitability are given below.

	<u>2001-2002</u>	<u>2000-2001</u>
Net Profit to Sales (PBT)	11.75%	9.76%
Earning per Share (EPS) (Rs.)	10.91	8.93
Cash earning per share (Rs.)	14.53	12.27
Return on Networth (PAT)	13.8%	11.7%
Dividend Payout Ratio (Including Dividend Tax)	36.65%	37.0%
Retained Earnings (Rs. in Lacs)	467.45	380.43
Retained Earnings (%)	63.35%	63.00%

Risk and Concerns

The excessive competition in the auto industry which is facing the problem of over capacity, has forced auto-manufacturers to cut costs in order to maintain the bottomline, the effect of which is evident as the auto-component manufacturers are experiencing scale down of net value addition in rupee term. Tractor segment is passing through a recession and in the event of any possible failure of monsoon, the segment will be seriously affected which in turn will affect the Company's business in that segment.

Future Strategy

It is clear that the Company's future has to be built upon its existing strengths and over four decades of proven skills in cooling and sealing business. The Company is working with a time bound schedule to productionise its Alu-braze plant with a view to shortly becoming a major supplier of Aluminium Radiators and Charge Air Coolers to Automobile OEMs. The Company has focused on developing new markets both in India and abroad, penetrating existing markets and launching new products. In addition, there is an increased focus on achieving greater efficiency through cost reduction initiatives, improved quality standards and better supply chain management.

REPORT ON CORPORATE GOVERNANCE

In compliance with Clause 49 of the Listing Agreement entered in to with Stock Exchanges, the Company submits the report on the matters mentioned in the said Clause and lists the practices followed by the Company.

1. Company's Philosophy on Code of Corporate Governance.

The Company's philosophy on Corporate Governance envisages working towards high level of transparency, accountability, consistent value systems, delegation, across all facets of its operations leading to sharply focussed and operationally efficient growth. The business operations are conducted to benefit its all stakeholders, including shareholders, employees, customers, suppliers and statutory authorities.