

BANCO PRODUCTS (INDIA) LIMITED



**46th ANNUAL REPORT
2006-2007**

BANCO PRODUCTS (INDIA) LIMITED**46th ANNUAL REPORT 2006-2007****Board of Directors**

V. K. Patel - **Chairman**
 A. G. Shroff
 S. K. Patel
 M. K. Patel
 Ram Devidayal
 Sudhir Munjal

Company Secretary

Dinesh Kavthekar (From 28.08.2006)

Bankers

State Bank of India
 Bank of Baroda
 HDFC Bank Ltd.
 Centurion Bank of Punjab Ltd.

Auditors

Shah & Company,
 Chartered Accountants,
 Mumbai.

INDEX**Registered Office**

Bil,
 Near Bhaili Rly.Station,
 Padra Road,
 Dist. Baroda-391 410

Works

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

&

Ankhi,
 Tal. Jambusar,
 Dist. Bharuch.

Listing

Bombay Stock Exchange Limited
 National Stock Exchange of India Limited

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BANCO PRODUCTS (INDIA) LIMITED**NOTICE**

Notice is hereby given that the 46th Annual General Meeting of Banco Products (India) Ltd. will be held on Saturday, the 28th July, 2007 at 10:30 a.m. at the Registered Office of the Company at Bil, Near Bhaili Railway Station, 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, 2007 and Balance Sheet as of 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 M K Patel who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri Atul Shroff 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(s), the following Resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to the recommendation of the Board of Directors and pursuant further 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. 676,08,960/- (Rupees Six crores Seventy Six Lacs Eight Thousand Nine Hundred Sixty only) be capitalised, by issuing 67,60,896 Equity Shares of Rs 10/- each fully paid up, in the proportion of One Equity share of Rs. 10/- each for every One Equity Share of Rs. 10/- each fully paid up so held 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 67,60,896 Equity Shares, whose names appear on the Register of Members on a Record 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, 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 said Equity Shares shall be entitled to full dividend declared thereafter for the year in which Bonus Shares are allotted.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized and empowered to take all necessary steps and to do and perform all necessary acts, deeds, matters, and things and execute all such documents, instruments and writings as may be required in the said connection and to delegate all or any of the powers herein conferred to any committee of Directors or any other or officer of the Company to give effect to the aforesaid resolutions."

7. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution.
"RESOLVED THAT in supersession of all the Resolutions passed earlier, consent of the Company be and is hereby granted, pursuant to Section 293(1)(d) and other applicable provisions of the Companies Act, 1956 or any Repeal or Reenactments thereof, to the Board of Directors to borrow, from time to time, any sum or sums of monies which together with the monies already borrowed by the Company apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business), which may exceed the aggregate of the Paid Up Capital and Free Reserves, that is to say, reserves not set apart for any specific purpose of the Company, from time to time provided that such amount shall not exceed Rs. 200 Crores at any time."
8. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution.
"RESOLVED THAT the consent of the Company be and is hereby granted in terms of Section 293(1)(a) and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or reenactment thereof, for the time being in force), to the Board of Directors to mortgage and/or charge, in addition to the mortgages/charges created/to be created by the Company, in such form and manner and with such ranking and at such time and on such terms as the Board may determine, on all or any of the movable and/or immovable properties of the Company, both present and future and/or the whole or any part of the undertaking(s) of the Company together with the power to take over the management of the business and concern of the Company in certain events of default, in favour of the Lender(s) Agent(s) and Trustee(s), for securing the borrowings, including working capital of the Company, availed by way of loan(s) and Trustee(s), for securing the borrowings, including working capital of the

BANCO PRODUCTS (INDIA) LIMITED

Company, availed/to be availed by way of loans(s) (in foreign currency and /or rupee currency) and Securities (Comprising fully/partly Convertible Debentures and /or Non Convertible Debentures with or without detachable or non-detachable warrants and/or secured premium notes and/or floating rates notes/bonds or other debt instrument), issued/to be issued by the Company, from time to time, subject to the limits approved under Section 293(1)(d) of the Companies Act, 1956, together with interest at the respective agreed rates, additional interest, compound interest in case of default, accumulated interest, liquidated damages, commitment charges, premium on prepayment, remuneration of the Agent(s)/Trustee(s), premium (if any) on redemption, all other costs, charges and expenses, including any increase as a result of devaluation/revaluation/fluctuation in the rates of exchange and all other monies payable by the Company in terms of the Loan Agreement(s)/Heads of Agreement(s), Debenture Trust Deed(s) or any other document, entered into/to be entered into between the Company and the lender(s)/Agent(s) and Trustee(s), in respect of the said working capital/loans/borrowings/debentures and containing such specific terms and conditions and covenants in respect of enforcement of securities as may be stipulated in that behalf and agree to between the Board of Directors or committee thereof and the lender(s)/Agent(s)/Trustee(s).

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to finalise, settle and execute such documents/deeds/writings/papers/agreements as may be required and do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question/difficulty or doubt that may arise in regard to creating mortgages/charges as aforesaid."

By Order of the Board,

V K Patel
Chairman

Date : 28.06.2007

Place : Bil

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. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business enumerated at Item No.6 to 8 are annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Saturday, the 21st July, 2007 to Saturday, the 28th July, 2007. (Both days inclusive) for determining the names of Members eligible for dividend on Equity Shares, if declared at the meeting.

The dividend on Equity Shares, if declared at the Meeting, will be paid on or after 13th August 2007 to those Members whose names shall appear on the Company's Register of Members on 20th July, 2007. In respect of shares held in dematerialized form, the dividend will be paid on the basis of particulars of beneficial ownership furnished by the Depositories as at the end of business on 20th July, 2007.

4. 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.
5. 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, 1998, 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.
6. (a) In order to provide protection against fraudulent encashment of dividend warrants, Members who hold shares in physical form are requested to intimate to either the Company or the Company's Registrar and Transfer Agent, M/s. Intime Spectrum Registry Limited, under the signature of the Sole/First joint holder, the following information, to be incorporated on dividend warrants.
 - (I) Name of the Sole/First Joint holder and the Folio Number.
 - (II) Particulars of Bank Account, viz;
 - (a) Name of Bank
 - (b) Name of Branch
 - (c) Complete address of the Bank with Pin Code Number
 - (d) Account type, whether Savings Account (SA) or Current Account (CA)
 - (e) Bank Account Number.

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- (b) Members who hold shares in dematerialized form may kindly note that their Bank Account details, as furnished by their Depositories to the Company, will be printed on their dividend warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such Members for deletion of or change in such Bank Account details. Further, instructions, if any, already given by them in respect of shares held in physical form will not be automatically applicable to shares held in electronic form. Members who wish to change such Bank Account details are therefore requested to advise their Depository Participants about such change with complete details of Bank Account.
7. Shareholders are requested to bring their copy of the Annual Report at the meeting. send all communications relating to their shareholding, quoting Folio No./ Client ID & DP ID, at Registered Office only.
8. MEMBERS DESIROUS OF OBTAINING ANY INFORMATION WITH RESPECT OF THE ACCOUNTS OF THE COMPANY ARE REQUESTED TO SEND THEIR QUERIES IN WRITING TO THE COMPANY AT ITS REGISTERED OFFICE SO AS TO REACH AT LEAST SEVEN DAYS BEFORE THE DATE OF THE MEETING.

Date : 28.06.2007
Place : Bil

By Order of the Board,
V K Patel
Chairman

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.**Item No. 06**

In order to maintain the parity of Issued and Paid up Capital in tandem with Free Reserves of the Company, the level of activities of the Company, the Directors felt that Paid up Capital be raised to a reasonable level by capitalisation of a sum of Rs. 676,08,960/- from the General Reserve Account and apply the same for issuing 67,60,896 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.

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. 7 & 8 :

Under Section 293(1)(d) of the Companies Act, 1956, the Board of Directors can not, except with the consent of the Company in General Meeting, borrow moneys, apart from temporary loans obtained from the Company's bankers in the ordinary course of the business, in excess of the aggregate of the Paid Up Capital and Free Reserves of the Company.

At the Annual General Meeting held on 5th August, 2006, Shareholders had authorized Board of Directors to borrow money, not exceeding Rs. 100 Crores. Your Directors, considering the long term future requirements to borrowed funds, are of the view that the aforesaid limit be enhanced. In the circumstances, the consent of the Shareholders, under Section 293(1)(d) of the Companies Act, 1956 is required to enable the Board of Directors to borrow upto sum Rs. 200 Crores, over and above aggregate of Paid up Capital and Free Reserves of the Company.

The borrowings of the Company are in general required to be secured by suitable mortgage or charge on all or any of the movable or immovable properties of the Company in such form, manner and ranking as may be determined by the Board of Directors of the Company from time to time, in consultation with the lender(s).

The mortgage and/or charge by the Company of its movable and/or immovable properties and/or the whole or an part of the undertaking(s) of the Company in favour of the Lender(s), with a power to take over the management of the business and concern of the Company in certain events of default by the Company, may be regarded as disposal of the Company's undertaking(s) within the meaning of Section 293(1)(a) of the Companies Act, 1956. Hence, it is necessary for the members to pass a resolution under the said Section.

The Directors recommend this enabling resolution for approval of the Shareholders.

None of the Directors of the Company, is in any way concerned or interested in the resolutions.

Date : 28.06.2007
Place : Bil

By Order of the Board,
V K Patel
Chairman

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	Shri M.K.Patel	Shri Atul Shroff
Date of Birth	26.10.1964	23.12.1947
Date of Appointment	08.02.1990	15.04.1986
Specialised Expertise	General Management	General Management
Qualifications	M. Sc. (Engineering)	Matriculation.
Directorships of other Companies as on 31st March,2007	Banco Aluminum Ltd Ganga Investments Pvt Ltd. K K Patel Foundation Banco Foundation	<ol style="list-style-type: none"> 1. Transpek Industry Limited 2. Transmetal Limited 3. Transchem Agritech Limited 4. Shri Dinesh Mills Limited 5. Punjab Chemicals and Pharmaceuticals Limited 6. Excel Industries Limited 7. Sayaji Iron & engineering Co. Limited 8. Shanghai Forever Chemical Co. Limited 9. Oasis Agritech Limited 10. Madison Investments Pvt. Limited
Chairman/Member of other Committees of Companies as on 31 st March,2007	NIL	<p>Member of the Committees of following Companies :</p> <ol style="list-style-type: none"> 1. Transpek Industry Limited Share Transfer Committee Committee of Directors (Bank Operations) 2. Transmetal Limited Share Transfer Committee Borrowing and Investment Bank Account Operations 3. Shri Dinesh Mills Limited Remuneration Committee 4. Banco Products (India) Ltd. Audit Committee Chairman of the Committees of following Companies : <ol style="list-style-type: none"> 1. Banco Products (India) Ltd. Shareholders' Grievance Committee 2. Shri Dinesh Mills Limited Investor Grievance Committee

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

To,
The Members,

Your Directors have pleasure in presenting the 46th Annual Report together with the Audited Statements of Accounts for the Year ended 31st March, 2007.

1. FINANCIAL RESULTS :

	Year ended 31.3.2007	(Rs. in Lacs) Year ended 31.3.2006
TOTAL TURNOVER	26672.63	17519.87
PROFIT BEFORE TAXATION	3035.19	1846.18
Less: Provision for taxation	345.50	498.00
Deferred Tax Liability	151.84	58.63
Provision for Fringe Benefit Tax	12.00	18.51
PROFIT AFTER TAX	2525.85	1271.04
Add: Balance brought forward from previous year	880.11	787.26
PROFIT AVAILABLE FOR APPROPRIATION	3405.96	2058.30
APPROPRIATIONS:		
Short Provision of Tax of Previous Years	26.81	—
Transfer to General Reserve	600.00	600.00
Interim Dividend	507.07	—
Tax on Interim Dividend	71.12	—
Proposed Dividend	101.41	507.07
Provision For Tax on Proposed Dividend	17.23	71.12
Balance Carried to Balance Sheet.	2082.32	880.11
	3405.96	2058.30

2. DIVIDEND:

In view of the good performance of the Company, the Directors are pleased to recommend for the approval of members, a Final Dividend @ 15% (Rs. 1.50 per share) for the year ended on 31.03.2007. The Dividend if approved by the shareholders at the ensuing Annual General Meeting, will absorb Rs.118.64 lacs including Dividend Distribution Tax. A Table on Dividend paid during year and that of previous year are given below:

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(Rs. in lacs)

Financial Year	Year ended on 31.03.2007					Year ended on 31.03.2006				
	No.of Shares	Div. %	Div. Amt	Div. Tax	Total Cash Flow (C+D)	No.of Shares	Div. %	Div. Amt.	Div. Tax	Total Cash Flow (C+D)
	A	B	C	D		A	B	C	D	
First Interim Dividend	6760896	75	507.07	71.12	578.19	-	-	-	-	-
Final Dividend	6760896	15	101.41	17.23	118.64	6760896	75	507.07	71.12	578.19
Total Dividend			608.48	88.35	696.83	6760896	75	507.07	71.12	578.19

3. OPERATIONS:

Growing Radiator Market in Exports as well as in Domestic OEM Market, on-going investments in capacity as well as on product development, Competitive Cost Structure has resulted in to a sales growth of around 50%, compared to the Financial Year ended on 31.03.2006.

Given below are Top and bottom line figure

(Rs. in lacs)

	Year ended on 31.03.2007	Year ended on 31.03.2006
Sales (Net)	26021	17268
Profit After Tax (PAT)	2525	1271

4. DIRECTORS' RESPONSIBILITY STATEMENT:

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

- in the preparation of the annual accounts, the applicable accounting standards have been followed.
- 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.
- 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;
- the directors have prepared the annual accounts on a going concern basis.

5. DIRECTORS:

Shri M K Patel and Shri Atul Shroff, the Directors, retire by rotation and being eligible, offer themselves for reappointment.

6. AUDIT COMMITTEE:

Audit Committee as constituted in terms of Section 292A of the Companies Act, 1956, with three independent Directors viz Shri Ram Devidayal as the Chairman, Shri Atul G Shroff and Shri Sudhir Munjal as Members, performed inter alia the work assigned to it as laid down thereunder, during the year under review.

7. CORPORATE GOVERNANCE:

Pursuant to Clause 49 of the Listing Agreement with the Bombay Stock Exchange Ltd. and National Stock Exchange of India Limited, a Management Discussion and Analysis, Corporate Governance Report and Auditors' Certificate regarding compliance of conditions of Corporate Governance are made a part of the Annual Report, as Annexure "A". The Company is regular in payment of Listing Fees to the Stock Exchanges.

8. 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 therein.

BANCO PRODUCTS (INDIA) LIMITED**9. 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.

10. 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 and offer themselves for reappointment. You are requested to appoint the Auditors and fix their remuneration.

11. PUBLIC DEPOSITS:

As on 31st March, 2007 no deposits were due for repayment and remained unclaimed and therefore no deposit have since been refunded.

12. INSURANCE:

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

13. 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.

14. ACKNOWLEDGEMENT:

The Board places 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.

By the order of the Board,

Date : 28.06.2007
Place: Bil

V.K.Patel
Chairman

BANCO PRODUCTS (INDIA) LIMITED

ANNEXURE - "A"

MANAGEMENT DISCUSSION & ANALYSIS

Introduction:

Banco Products (India) Limited is in the business of manufacturing Gaskets and Radiators - both of which are considered important components in sealing and cooling applications in Automotive and industrial engines. The Company has always focused on development/improvement activities of the products which can be seen from the on going capital investment made by the Company.

Industry Structure and Developments:

2006-07 year was a good year for Automobile Industry in general. Except Industrial Radiators, most of the Automobile Sector has shifted to Aluminum Radiator. Gasket Market has remained more or less at the same level. Recently, slowdown has started in Automotive Sector to which the Company is major supplier. However, it is expected that the same to be of temporary nature.

Our Operations:

The focus at our manufacturing facilities continued to be higher productivity, shorter lead time, faster development and validation of new products, with major focus on Aluminum Radiator and exports in particular.

Technology:

The Company's agreement with Japan Metal Gaskets Co., Japan on need base technical know how is in force.

Internal Control and its Adequacy:

The Company has successfully obtained renewal of TS-16949 certification and now started Lean 6-sigma implementation. Software for inter and intra department communication and follow up has been upgraded to latest version. For data security specifically in design section suitable software has been installed.

The system of internal control designed to provide reasonable maintenance of proper accounting records and the reliability of operational and financial information complying with statutes, safeguarding assets from unauthorized use or losses executing transaction with proper authorization ensuring compliance of corporate policies used with a view to running business. The Company has clearly defined organization structure and lines 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. Normal foreseeable risks to the Company's assets are adequately covered by comprehensive insurance.

The Company had appointed M/s K C Mehta & Co. Chartered Accountants to carry out Internal Audit of the Company's activities during the Financial Year.

In line with well accepted practices and objectives, the planning and internal audit is oriented towards the review of operational controls in the management risk strengths and opportunities.

The Company has an Audit Committee, which reviews the Reports of Internal and External Auditors, make suggestions for improvements, follow upon the implementation of corrective actions and keeps informed the Board of its major observation from time to time.