

Annual Report 1996-97



BESCO LIMITED

MD	✓		BKC	✓
CS	✓		DPY	✓
RO	✓		DIV	✓
TRA	✓		AC	✓
AGM	✓	✓	SEI	✓
YE	✓	✓		✓



BESCO LIMITED

BOARD OF DIRECTORS

SHRI O.P. TANTIA *(Managing Director)*
SHRI A.K. TANTIA *(Joint Managing Director)*
SHRI M.S. TANTIA *(Whole Time Director)*
SHRI S. S. CHAUDHRY *(Whole Time Director)*
SHRI D.P. KHARIA
SHRI A.V. IYENGAR
SHRI M.S. GUJRAL
SHRI J.S. BAIJAL
SHRI J.P. KUNDRA
SHRI P.K. KHAITAN

BANKERS

STATE BANK OF INDIA
STATE BANK OF BIKANER & JAIPUR

AUDITORS

SINGHI & CO.
CHARTERED ACCOUNTANTS

REGISTERED OFFICE

'POONAM'
5/2 RUSSEL STREET,
CALCUTTA-700 071

WORKS

BALLYGUNGE, CALCUTTA (WEST BENGAL)
BARUIPUR, SOUTH 24-PARGANAS (WEST BENGAL)
FARIDABAD, (HARYANA)

BESCO LIMITED**NOTICE**

Notice is hereby given that the sixtyseventh Annual General Meeting of the Members of BESCO LIMITED will be held at the Registered Office of the Company at 7B & C, "POONAM", 5/2 Russel Street, Calcutta - 700 071 on Saturday, the 28th day of March, 1998 at 10.30 A.M. to transact the following business.

AS ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet and Profit & Loss Account of the Company for the year ended 30th September, 1997 together with Reports of the Directors' and Auditors' thereon.
2. To declare Dividend on Equity Shares for the year, effective and payable subject to consent of Bankers.
3. To appoint Director in place of Shri M. S. Gujral, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Director in place of Shri P. K. Khaitan, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration.

NOTES :

1. A member entitled to attend and to vote at the Annual General Meeting may appoint a proxy to attend and to vote in his/her stead. A proxy need not be a member of the Company. Proxies, in order to be effective,

must be received at the Registered Office of the Company situated at 'Poonam', 5/2, Russel Street, Calcutta-700 071 not less than forty eight hours before the Meeting.

2. The dividend when sanctioned will be made payable on or after 28th March, 1998 to those shareholders, whose names will appear as members in the books of the Company on that date.
3. Change of Address, Tax Exemption Certificates, Form 15G and Dividend Mandates for payment of dividend must reach the Registered Office of the Company on or before 28th March, 1998.
4. Members are informed that dividend declared at the previous Annual General Meetings but remaining unpaid/unclaimed beyond the prescribed period have been transferred by the Company to the General Revenue Account of the Central Government pursuant to Section 205A(5) of Companies Act, 1956. Members concerned are requested to claim their due demands from the Registrar of Companies, West Bengal, Calcutta.
5. Members are requested to intimate to the Company, queries, if any, regarding these accounts at least seven days before the meeting to enable the Management to keep the information required, available at the Meeting.
6. Register of Members and Share Transfer Book of the Company will remain closed from 26th March, 1998 to 28th March, 1998 (Both days inclusive).

Registered Office :

"POONAM"
5/2, Russel Street,
Calcutta-700 071
31st December, 1997

By Order of the Board
for **BESCO LIMITED**

O. P. TANTIA
Managing Director

DIRECTORS' REPORT

Your Directors are pleased to submit their Report together with the Audited Statement of Accounts for the year ended 30th September, 1997.

FINANCIAL RESULTS

(Rs. in Lacs)

	<u>1996-97</u>	<u>1995-96</u>
Profit before interest, depreciation and taxation	481.30	282.61
Deduct:		
Interest	241.16	143.43
Depreciation	81.43	322.59
Profit before tax	158.71	94.44
Provision for tax	21.40	18.00
Profit after tax/Net Profit	137.31	76.44
Add: Surplus brought forward from previous year	7.84	0.30
Transferred from		
Investment Allowance Reserve	25.57	3.50
Debenture Redemption Reserve	30.00	—
Amount available for appropriation:	200.72	80.24
Dividend recommended	54.00	32.40
Tax on proposed dividend	5.40	—
Transfer to General Reserve	125.00	40.00
Surplus carried forward to next year	16.32	7.84

DIVIDEND

Your Directors have recommended a Dividend of Rs. 1.25 per share on the enhanced equity capital which will absorb Rs. 59.40 lacs, as against Rs. 32.40 lacs paid out in the previous year. This also includes an amount of Rs. 5.40 which will be paid as dividend tax on the distributed profits, in accordance with the Finance Act 1997-98.

OPERATIONS AND FUTURE PROSPECTS

In a year marked by a general slowdown of the economy, your company has turned in improved results. The turnover increased by 29.89% and the net profit after taxes increased by 79.62% which reflects improvements in efficiencies and cost control measures. Your Company's corporate policy continues to be focussed on innovativeness, value additions without losing sight of cost control imperatives. Moreover, investments in modern technologies and equipment continued to be made during the year. Your Company is continuing expansion-cum-diversification programmes which has started giving returns and in the long run, the Company is expected to reap rich dividends through these measures.

WAGONS

During the year your Company started manufacturing & supply of BOXN Wagons to Indian Railways. Supply of the full quantity against this development Wagon order is expected to be completed and fresh bulk orders received during 1998 for continuous operation of this activity.

RESEARCH & DEVELOPMENT

Your Company's research facilities continue to enjoy the recognition by the Government of India, Department of Science and Technology. Your Company accords highest priority to Research and Development and believes that innovation and technology are the foundations of growth. During the year, the R&D Centre continued to make regular improvements and innovations in the manufacturing process, product design and product development.

ENVIRONMENT SAFETY, ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Your Company has taken steps towards improvement of environs of its plants and is on the way to become a role model for the Engineering Industry.

Particulars required U/S 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 is given in Annexure forming a part of this Report.

AUDITOR'S REPORT

The observations made by the Auditors in their report are self-explanatory and have been noted by your Board.

DIRECTORS

Pursuant to provisions of Articles of Association of the Company Shri. M. S. Gujral and Shri P. K. Khaitan, Directors of the Company will retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment.

PARTICULARS OF EMPLOYEES

A statement giving the particulars of Employees as required under section 217 (2A) of the Companies Act 1956 read with the Companies (Particulars of Employees) Rules 1975 is given in the Annexure hereto which forms part of this Report.

AUDITORS

M/s. Singhi & Company, the Auditors of the Company retire but being eligible offer themselves for reappointment at this Annual General Meeting.

BESCO LIMITED**APPRECIATION**

The Directors acknowledge with gratitude the co-operation and assistance provided by the Government, Financial Institutions, Bankers of the Company and seek their support

in the future. The Directors also wish to place on record their appreciation for employees' dedication in realizing the objectives of the Company.

Registered Office :

"POONAM"
5/2, Russel Street,
Calcutta 700 071
31st December, 1997.

For and on behalf of the Board

O. P. TANTIA
Managing Director

ANNEXURE-A TO THE DIRECTORS' REPORT

STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO THE PROVISIONS OF SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 FOR THE YEAR ENDED 30TH SEPTEMBER, 1997

Sr. No	Name	Age (years)	Qualification	Experience	Designation	Remuneration Rs.	Joining Date	Previous Employment/ Designation.
1.	Tantia, O.P.	58	Graduate in Commerce	38	Managing Director	534375	29.6.67	—
2.	Tantia, A.K.	44	Graduate in Commerce	25	Jt. Managing Director	461650	8.4.72	—
3.	Chawdhry, S.S.	63	M.Com., LLB., DSW (Labour)	44	Whole Time Director	372015	24.7.86	Aluminium Africa Ltd. Dares Salaam, Tanzania, Senior General Manager
4.	Gupta, P.S.*	53	B.Com., LLB., Chartered Accountant	29	Advisor Corporate Finance	77400	1.7.97	Best Board Limited President

Notes :

- Designation is indicative of the nature of duties.
- Remuneration includes Salary, Contribution to Provident Fund & Super Annuation Fund, Allowances and Other Perquisites as provided by the Company.
- Shri O.P. Tantia and Shri A.K. Tantia are related to each other and Shri O.P. Tantia is also related to Shri M.S. Tantia, a Director of the Company.
- *Denotes employed for a part of the year.

ANNEXURE—B TO THE DIRECTORS' REPORT

ANNEXURE TO AND FORMING PART OF REPORT OF BOARD OF DIRECTORS AS PER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

FORM 'B'
(AS PER RULE-2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION

RESEARCH AND DEVELOPMENT (R&D)

1. Specified areas in which R&D carried out :
 - a) Development of machining techniques for austenitic Manganese Castings.
 - b) Development of gating and risering techniques for austenitic manganese castings to achieve high soundness and improved yields.
 - c) Development of different designs of self steered bogies for different country railway wagons for marketing and application trials.
 - d) Welding in Wagons in lieu of Rivetting.
 - e) Development of improved design of Coupler Components.
 - f) Designing & Development of Components for Wagons for export.
2. Benefits derived as a result of the above R & D :
 - a) Increased output of product.
 - b) Reduced cost of product.
 - c) Awaiting market orders, trials and performance results.
3. Future Plan of action :
 - a) Development of new designs for more efficient wagons and other sub-assemblies.
 - b) Development of processes for reducing inclusions in metals.
 - c) Development of heat treatment processes for reduced energy consumption while ensuring correct heat treatment.
 - d) Introducing high productivity in casting by modern processes.
4. Expenditure on R & D :

		(Rs. in lacs)
a) Capital		—
b) Recurring	<ol style="list-style-type: none"> i) Salaries ii) New Products Development 	8.20 4.70 <hr/> 12.90
c) Total		12.90
d) Total R&D expenditure as a % of total turnover		0.17%

TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

- 1) Efforts, in brief made towards Technology Absorption, Adaptation and Innovation : Have continued to introduce new items in the Product line.
- 2) Benefits derived as a result of the above efforts : Efficient utilisation of Capacity & resources, savings in foreign exchange.
- 3) Further information in case of Technology imported during the last 5 years :
 - a) Technology imported : None
 - b) Year of Import : Nil
 - c) Has technology been fully absorbed : Does not arise
 - d) If not fully absorbed areas where this has not taken place, reasons therefore and further plans of action : Does not arise

BESCO LIMITED**AUDITORS' REPORT TO THE SHAREHOLDERS**

We have audited the Balance Sheet of the BESCO LIMITED as at 30th September, 1997 and the Profit & Loss Account of the said Company for the year ended 30th September 1997 both annexed hereto.

We report that :-

- 1) In our opinion and to the best of our information and according to the explanations given to us, the annexed Accounts, subject to Note No.B(3) regarding recoverability dues from M/s Best Board Ltd. (a Company under the Same Management), Note B(5) regarding non provision of accruing Gratuity and Retirement Leave Liability, Note B(7) regarding accounting of escalation claims, Note B(10) regarding non-provision of electricity dues which is accounted on payment basis, Note no B(11) regarding non-provision for decline in the value of investments in shares of M/s Best Board Ltd. in Schedule 12 with impact as stated in respective notes and read with other Notes thereon, give the information required by the Companies Act, 1956 (as amended) in the manner so required and give a true and fair view:
 - (a) In the case of the Balance Sheet of the state of affairs of the Company as on 30th September, 1997 and
 - (b) In the case of the Profit & Loss Account of the profit of the Company for the year ended on that date.
- 2) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- 3) In our opinion, proper books of accounts as required by the Companies Act, 1956 (as amended) subject to Note No. B(10) in Schedule 12 have been kept by the Company so far as appears from our examination of those books, and
- 4) The Balance Sheet and Profit & Loss Account are in agreement with the Books of Account.

As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Central Government and on the basis of such checks as were considered appropriate, we further report that :-

- i) The Company has maintained proper records to

show full particulars including quantitative details and situation of the Fixed Assets. As stated in previous years the Company has adopted the practice of physical verification of Fixed Assets once in a period of three years; accordingly physical verification has been carried out in 1995 and no major discrepancy was observed on such verification.

- ii) The Assets of the Company have not been revalued during the year.
- iii) Physical verification has been conducted by the Management on perpetual inventory basis and/or at the year end in respect of finished products, stores, spare parts and raw materials.
- iv) In our opinion and as per explanations given to us, the procedure of physical verification of stocks followed by the Management is reasonable and adequate in relation to the size of the Company and the nature of its business.
- v) No material discrepancy has been noticed on physical verification of stocks as compared to book records and the same has been properly dealt with in the books of Accounts.
- vi) On the basis of our examination of stocks, we are satisfied that such valuation is fair and proper in accordance with the normally accepted accounting principles except valuation of finished goods on selling price and is on the same basis as in the earlier year. Excise Duty on stock of finished goods not cleared from the factory as at the year end is not considered as part of the cost as per past practice.
- vii) As per records maintained, the Company has not taken any loans, secured or unsecured from companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956 and/or from Companies under the same Management as defined under section 370 (1B) of the Companies Act, 1956.
- viii) As per records produced to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956 and/or from Companies under the same Management as defined under section 370 (1B) of the Companies Act, 1956.
- ix) Advances in the nature of loans given to the employees are being recovered as stipulated and no interest