

# Annual Report 1996-97

|     |   |   |     |   |
|-----|---|---|-----|---|
| MD  | ✓ |   | BKC | ✓ |
| CS  | ✓ |   | DPY | ✓ |
| RC  | ✓ |   | DIV | ✓ |
| TRA | ✓ |   | AC  | ✓ |
| AGM | ✓ | ✓ | SHI | ✓ |
| YE  | ✓ | ✓ |     | ✓ |



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**FEATHERTOUCH, STEELGRIP, MARBLEX. GUARD,**  
**EUROPA, MURALON, NATRAJ, IMPERIAL,**  
**VYNATILE, NOVASOFT O LAXMI FEEDS**





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### Board of Directors

Kalyanji J. Tanna - *Chairman*  
 Laxmikant J. Tanna - *Vice Chairman*  
 Tushar T. Tanna - *Managing Director*  
 Sumant B. Taneja - *Whole-time Director & President*

Surendra J. Mehta  
 V. D. Vadera  
 Bansi S. Mehta - Alternate to V. D. Vadera  
 N. D. Vadera  
 R. D. Vadera - Alternate to N. D. Vadera  
 B. R. Shah  
 V. Ramamrutham

### General Manager & Company Secretary

Pradeep Chandan

### Legal Advisers

Kanga & Co.

### Auditors

Chandrakant & Sevantilal  
 Chartered Accountants

### Bankers

United Bank of India  
 Union Bank of India  
 Bank of Baroda  
 State Bank of Patiala  
 Indian Bank  
 Syndicate Bank  
 Bombay Mercantile Co-op Bank Ltd.

### Registered Office

New Administrative Block,  
 Magathane, Western Express Highway,  
 Borivli (East),  
 Mumbai 400 066

### Factories At

|          |          |
|----------|----------|
| Borivli  | Bhor     |
| Baroda   | Satara   |
| Dombivli | Banglore |
| Hosur    |          |

# BHOR BHOR INDUSTRIES LIMITED

## NOTICE

NOTICE is hereby given that the FIFTY FOURTH ANNUAL GENERAL MEETING of the Members of BHOR INDUSTRIES LIMITED will be held at M. C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, Kaikhushru Dubhash Marg, Mumbai-400 001 on Tuesday, the August 26, 1997 at 11.00 a.m. to transact the following business :

### As Ordinary Business :

1. To adopt the audited Profit & Loss Account of the Company for the year ended March 31, 1997 and the Balance Sheet as at that date and the Reports of the Directors & Auditors thereon.
2. To declare a dividend on the Equity Shares of the Company for the year ended March 31, 1997.
3. To appoint a Director in place of Shri L. J. Tanna, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri V. D. Vadera, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri S. J. Mehta, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint M/s. Chandrakant & Sevantilal and M/s. Korke & Raval, Chartered Accountants, Mumbai as Joint Statutory Auditors to hold office from conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

### As Special Business :

7. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :  
"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the Companies Act, 1956, approval of the Members, be and is hereby accorded to the re-appointment of and the remuneration & perquisites being paid to Shri Tushar T. Tanna as the Managing Director of the Company for a further period of five years commencing from October 1, 1997 on the following terms of remuneration w.e.f. June 1, 1997.
  1. Salary not exceeding Rs.25,000/- p.m., as may be determined by the Board of Directors from time to time.
  2. Provision of Company car for official use.
  3. Provision of telephone at residence for official use.
  4. Re-imbursement of actual Medical Expenses for self and family.
  5. Re-imbursement of Driver's salary.
  6. Re-imbursement of Gas and Electricity charges.

RESOLVED FURTHER THAT the above remuneration be paid to Shri. Tushar T. Tanna as minimum remuneration in the event of loss or inadequacy of profits during his tenure, provided, however, that the remuneration and perquisites payable to Shri Tushar T. Tanna shall be within the limits as set out in schedule XIII of the Companies Act, 1956 or any amendments thereto.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deemed necessary, expedient, and proper in the best interest of the Company."

8. 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 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII of the Companies Act, 1956 and in partial modifications of the resolution passed at the 51st Annual General Meeting of the Company held on 28th September 1994, the approval of the Members of the Company be and is hereby accorded to payment of following revised remuneration and perquisites to Shri Sumant B. Taneja, Whole-time Director and President of the Company, w.e.f. June 1, 1997.
  1. Salary and Commission not exceeding Rs. 36,00,000/- p.a. as may be determined by the Board of Directors from time to time.
  2. Provision of residential accommodation.
  3. Provision of Company car for official use.
  4. Provision of telephone at residence for official use.
  5. Re-imbursement of actual Medical Expenses for self and family.
  6. Payment of premium on Medical Insurance Policy for self and family.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year of the Company during the term of Shri Sumant B. Taneja, as a Whole-time Director & President, the remuneration and perquisites payable to Shri Sumant B. Taneja shall be within the limits as provided in Section II of Part II of Schedule XIII to the Companies Act, 1956."



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9. 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 198,269,309 Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 in partial modification of the resolution passed at the 51st Annual General Meeting of the Company held on September 28, 1994, the approval of the Members of the Company be and is hereby accorded to the payment of following additional perquisites to Shri. Kalyanji J. Tanna, Whole-time Director & Chairman of the Company w.e.f. June 1, 1997.
1. Re-imbursement of actual Medical Expenses for self and family.
  2. Re-imbursement of Driver's salary.
  3. Re-imbursement of Gas and Electricity charges.
- RESOLVED FURTHER THAT the aggregate of the salary and value of perquisites payable to Shri. Kalyanji J. Tanna shall not exceed the limits specified under Schedule XIII of the Companies Act, 1956."
10. 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 198,269,309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, in partial modifications of the resolution passed at the 51st Annual General Meeting of the Company held on September 28, 1994, the approval of the Members of the Company be and is hereby accorded to the payment of following additional perquisites to Shri. Laxmikant J. Tanna, Whole-time Director and Vice-Chairman of the Company w.e.f. June 1, 1997.
1. Re-imbursement of actual Medical Expenses for self and family.
  2. Re-imbursement of Driver's salary.
  3. Re-imbursement of Gas and Electricity charges.
- RESOLVED FURTHER THAT the aggregate of the salary and value of perquisites payable to Shri Laxmikant J. Tanna shall not exceed the limits specified under Schedule XIII of the Companies Act, 1956."

By Order of the Board  
For BHOR INDUSTRIES LIMITED

**PRADEEP CHANDAN**  
General Manager & Company Secretary

Mumbai : June 27, 1997

**Registered Office :**  
New Administrative Block,  
Western Express Highway,  
Borivli (East), Mumbai - 400 066.

### Notes :

1. The relevant Explanatory Statement in respect of Special Business as required under Section 173 (2) of the Companies Act, 1956 is annexed hereto.
  2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND THE PROXY SO APPOINTED NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
  3. The Register of Members and Share Transfer Books of the Company, will remain closed from Tuesday, August 12, 1997 to Tuesday, August 26, 1997 both days inclusive.
  4. Dividend, if declared at the above General Meeting will be payable to those persons whose names appear on the Company's Register of Members as on August 26, 1997.
  5. Pursuant to Section 205 (A) of the Companies Act, 1956 all unclaimed dividends for the following financial years will be transferred to the General Revenue Account of the Central Government on the dates specified against the year.
- |                      |                |   |                    |
|----------------------|----------------|---|--------------------|
| Financial year ended | March 31, 1994 | - | November 17, 1997  |
| - do -               | March 31, 1995 | - | October 5, 1998    |
| - do -               | March 31, 1996 | - | September 18, 1999 |

Members who have not encashed/claimed their dividend warrants for the above financial years are requested to immediately forward the same duly discharged to the Company to facilitate payment.

6. Members are requested to notify immediately any change in their addresses to the Company or its Share Transfer Agent, M/s. Goldcrest Share Services Ltd., Devidas Mansion, 3rd Floor, Mereweather Road, Colaba, Mumbai-400 039.
7. Members are requested to bring their copy of the Annual Report alongwith them to the Meeting as copies of the Annual Report will not be distributed at the Meeting.
8. Members are requested to produce the Attendance Slip at the entrance to the venue.

# **BHOR BHOR INDUSTRIES LIMITED**

## **ANNEXURE TO THE NOTICE**

### **EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**

#### **ITEM NO. 7 :**

Shri. Tushar T. Tanna was appointed as Managing Director of the Company for a period of 5 years w.e.f. from October 1, 1992 and his contract is due for renewal. Your Directors consider the services of Shri Tushar T. Tanna extremely useful keeping in view his varied experience and abilities. It would be in the best interest of the Company to re-appoint Shri Tushar T. Tanna as Managing Director. Therefore, the Board of Directors at their Meeting held on June 27, 1997 subject to the consent of the Members, have proposed to re-appoint Shri Tushar T. Tanna as a Managing Director of the Company for a further period of 5 years w.e.f. October 1, 1997 on the following terms of remuneration and perquisites. The remuneration and the additional perquisites payable to Shri Tushar T. Tanna w.e.f. June 1, 1997 are as under :

1. Salary, not exceeding Rs. 25,000/- p.m. as may be determined by the Board of Directors from time to time.
2. Provision of Company Car for Official use.
3. Provision of telephone at residence for official use.
4. Re-imbursement of actual medical expense for self and family.
5. Re-imbursement of Driver's salary.
6. Re-imbursement of Gas and Electricity charges.

Except Shri Tushar T. Tanna, Shri Kalyanji J. Tanna and Shri Laxmikant J. Tanna (last 2 being uncles of Shri Tushar T. Tanna), none of the Directors is in anyway concerned or interested in the accompanying resolution.

The above may also be treated as an abstract of the terms of appointment and revision in the perquisites payable to Shri Tushar T. Tanna under Section 302 of the Companies Act, 1956.

#### **ITEM NO. 8 :**

Shri Sumant B. Taneja was appointed as Whole-Time Director of the Company for a period of 5 years w.e.f. August 1, 1993. The appointment of Shri Sumant B. Taneja and variation in remuneration payable to him was approved by Members at 50th and 51st Annual General Meeting held on September 30, 1993 and September 28, 1994 respectively. The Board keeping in view the performance of the Company during the tenure of Shri Sumant B. Taneja as Whole-time Director and President, proposed to increase the remuneration payable to him w.e.f. June 1, 1997 subject to approval of the Members. The remuneration and perquisites payable to Shri. Sumant B. Taneja w.e.f. June 1, 1997 are as under :

1. Salary and Commission not exceeding Rs. 36,00,000/- p.a. as may be determined by the Board of Directors from time to time.
2. Provision of residential accommodation
3. Provision of Company car for official use.
4. Provision of telephone at residence for official use.
5. Re-imbursement of actual premium Medical Expenses for self and family.
6. Payment of premium on Medical Insurance Policy for self and family.

The Board recommends the resolution as set out under item No. 8 of the notice for your approval.

Except Shri Sumant B. Taneja, none of the Directors is concerned or interested in the resolution.

The above may also be treated as an abstract of variation of the terms of appointment and increase in the remuneration of Shri Sumant B. Taneja under Section 302 of the Companies Act, 1956.

#### **ITEM NO. 9 AND 10 :**

Shri Kalyanji J. Tanna and Shri Laxmikant J. Tanna, Chairman and Vice-Chairman of the Company respectively, were appointed in the whole-time employment of the Company for a period of 5 years with effect from January 1, 1994.

The appointment of Shri Kalyanji J. Tanna and Shri Laxmikant J. Tanna and payment of remuneration to them was approved by the Shareholders at the 51st Annual General Meeting held on September 28, 1994.

The Board of Directors at their meeting held on June 27, 1997, have proposed to pay the following additional perquisites to Shri Kalyanji J. Tanna and Shri Laxmikant J. Tanna w.e.f. June 1, 1997 subject to approval of Members.

1. Re-imbursement of actual Medical Expenses for self and family.
2. Re-imbursement of Driver's salary.
3. Re-imbursement of Gas and Electricity charges.

The Board recommends the resolutions as set out under item Nos. 9 and 10 for your approval.

Except Shri Kalyanji J. Tanna, Shri Laxmikant J. Tanna and Shri Tushar T. Tanna, none of the Directors of the Company is concerned or interested in the resolutions set out under item Nos. 9 and 10 of the notice.

The above may also be treated as an abstract of the variation of terms of remuneration and perquisites payable to Shri Kalyanji J. Tanna and Shri Laxmikant J. Tanna under Section 302 of the Companies Act, 1956.

By the Order of the Board  
For **BHOR INDUSTRIES LIMITED**

**PRADEEP CHANDAN**  
General Manager & Company Secretary

Mumbai : June 27, 1997

**Registered Office :**  
New Administrative Block, Western Express  
Highway, Borivli (East), Mumbai-400 066.





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### DIRECTORS' REPORT

To,

The Members,

Your Directors are pleased to submit the 54th Annual Report and audited Accounts for the year ended March 31, 1997.

#### CORPORATE RESULTS

|   | Year ended<br>31.03.97<br>(Rs. in Lacs) | Year ended<br>31.03.96<br>(Rs. in Lacs) |
|---|---|---|
| Manufacturing Income                    | 11847                                   | 11667                                   |
| Non Manufacturing Income                | 290                                     | 855                                     |
| Total Income                            | 12137                                   | 12522                                   |
| Total Expenditure                       | 10942                                   | 10811                                   |
| Interest (Net)                          | 225                                     | 84                                      |
| Gross Profit                            | 970                                     | 1627                                    |
| Depreciation                            | 336                                     | 334                                     |
| Deferred Revenue Expenditure            | 969                                     | 174                                     |
| Less : Transferred from General Reserve | - 969                                   | 0                                       |
| Profit before Tax                       | 634                                     | 1119                                    |
| Provision for Tax                       | 3                                       | 1                                       |
| Net Profit                              | 631                                     | 1118                                    |
| Balance brought from previous year      | 112                                     | 97                                      |
| Profit available for appropriation      | 743                                     | 1215                                    |

#### APPROPRIATION

|                                  |     |      |
|----------------------------------|-----|------|
| Interim Dividend paid            | —   | 101  |
| Proposed Dividend                | 183 | 102  |
| Tax @ 10% on Proposed Dividend   | 18  | —    |
| Transferred to General Reserve   | 400 | 900  |
| Balance carried to Balance Sheet | 142 | 112  |
|                                  | 743 | 1215 |

#### PERFORMANCE

During the year under review, manufacturing income of your Company went up to Rs. 118 Crores and the total income remained at Rs. 121 Crores. The net profit after tax stood at Rs. 6.31 Crores as against Rs. 11.18 Crores in the previous year. The drop in the net profit is mainly due to reduction in non-manufacturing income. There was heavy pressure on the Company's margins on account of competition as well as increase in input costs, especially energy costs. Increased energy costs of around Rs. 1 Crore have adversely impacted on the profits of the Company. Higher interest costs also reduced the profits by Rs. 1.5 Crores. However, efforts are made to trim the interest as well as other costs.

Production was a limiting factor to our growth on account of ageing Plant and Machinery. Artificial constraints also existed by way of adverse norms in the Industrial-relations agreements. The mix of these two factors had resulted in high break-downs and poor quality.

In this era of liberalisation, keeping in view the very real threat from cheap imports, your Company has taken appropriate counter measures by implementing the following during the current year :

1. In order to increase the volumes, your Company has commenced trial runs at its Satara Plant which is capable of producing Flooring, Tapes, P.V.C. and P.U. products.
2. A switch in emphasis from supplying to Institutions and OEs to individual consumers especially with regard to Marbled, Tapes and Wallpaper.
3. Production of superior quality products to compete with imports.
4. Your Company also has plans to make capital expenditure in its existing plants to upgrade them.

Macro economic conditions, however, are extremely demanding. The Industry had to face severe recessionary trends in the domestic market, especially in the Automotives and Footwear segments. The Industry is also saddled with excess capacity leading to uneconomical pricing. This has in turn resulted in shrinking margins. Your Company's response in this situation is to improve its services, quality of products and to switch

## **BHOR BHOR INDUSTRIES LIMITED**

emphasis from supplying to institutions & OEs to individual consumers. All this will entail expenditure in advertisement, distribution-network, marketing and plant upgradation. Your Company is committed to consolidate its position in this manner.

During the year under review, your Company has divested 560000 Equity Shares of Rs. 10/- each, of Bhor Wavelock Industries Ltd., at Rs. 5/- per Share.

### **DIVIDEND**

Your Directors are pleased to recommend for your consideration payment of dividend of 18% for the year ended March 31, 1997 on 10151700 Equity Shares of Rs. 10/- each. The dividend will absorb Rs. 183 Lacs. The Finance Bill 1997 inter-alia proposes that no deduction shall be made in respect of any dividends declared or paid to the Shareholders and as such, the incidence of the said Tax will be borne by the Company. Therefore, the Shareholders will have the benefit of receiving taxfree dividends. The provision for the additional tax on account of dividend has been reflected in the accounts for the year ended March 31, 1997.

### **DIRECTORS**

Pursuant to the provisions of Section 256 of the Companies Act, 1956 and Article 105 of the Articles of Association of the Company Shri. L. J. Tanna, Shri. V. D. Vadera and Shri. S. J. Mehta retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

### **SUBSIDIARY COMPANY**

As required under Section 212 of the Companies Act, 1956 the audited statement of accounts together with the Directors' and Auditors' Report of Subsidiary Company, M/s. Bhore Steelgrip Tapes Ltd. for the year ended March 31, 1997 are annexed.

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

Information in accordance with the provisions of Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure 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 forming part of this Report.

### **PARTICULARS OF EMPLOYEES**

As required by the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975, as amended, the names and other particulars of Employees are set out in the Annexure to the Directors' Report.

### **AUDITORS AND AUDITORS' REPORT**

The Auditors, M/s. Chandrakant & Sevantalal, retire and being eligible, offer themselves for re-appointment. In order to have a comprehensive and effective audit compliance, it is proposed that M/s. Chandrakant & Sevantalal and M/s. Korke & Raval, Chartered Accountants be jointly appointed as Statutory Auditors of the Company. While M/s. Chandrakant & Sevantalal will continue to audit the traditional business of your company undertaken by it prior to the amalgamation, M/s. Korke & Raval will carry out the audit of Company's Laxmi Feeds Division.

As required under the provisions of Section 224 (1) (B) of the Companies Act, 1956 the Company has obtained from the said Auditors, written confirmations to the effect that their appointments, if made, would be in conformity with the limits specified in the said Section.

The observations of the Auditors in their Report, when read with the notes to the accounts are self explanatory and therefore, do not call for any further comments.

### **ACKNOWLEDGEMENT**

Your Directors express their grateful appreciation for the co-operation received from the Banks, Financial Institutions, Shareholders, Dealers, Valued Customers and the Employees of the Company during the year under review.

For and on behalf of the Board

**K. J. TANNA**  
Chairman

Mumbai : June 27, 1997.