

ANNUAL REPORT

1998-99





56TH ANNUAL REPORT 1998-99

CONTENTS**PAGE**

Board of Directors	3
Notice	4
Directors' Report	6
Auditors' Report	9
Annexure to Auditors' Report	10
Balance Sheet	12
Profit and Loss Account	13
Schedules forming part of Balance Sheet	14
Schedules forming part of Profit and Loss Account	22
Accounting Policies and Notes on Accounts	24
Cash Flow Statement	33
Balance Sheet Abstract and General Business Profile	35
Statement u/s 212 of Companies Act, 1956	36

SUBSIDIARY COMPANY :

Bhor Steelgrip Tapes Ltd.	37
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56TH ANNUAL REPORT 1998-99

Board of Directors	Kalyanji J. Tanna	- Chairman
	Laxmikant J. Tanna	- Vice-Chairman
	Tushar T. Tanna	- Managing Director
	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	

President Sumant B. Taneja

General Manager & Company Secretary Devang R. Mehta

Legal Advisers Kanga & Co.

Auditors - Chandrakant & Sevantilal
Chartered Accountants
Korke & Raval
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,
Western Express Highway,
Borivli (East),
Mumbai 400 066.

Factories At	Borivli	Bhor
	Baroda	Satara
	Dombivli	Bangalore
	Hosur	



BHOR INDUSTRIES LIMITED

NOTICE

NOTICE is hereby given that the **FIFTY-SIXTH ANNUAL GENERAL MEETING** of the Members of **BHOR INDUSTRIES LIMITED** will be held at Y.B. Chavan Pratishthan, Y.B. Chavan Centre, Gen. Jagannath Bhosle Road, Mumbai 400 021 on Friday, the August 27, 1999 at 10.30 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, 1999 and the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri N.D. Vadera, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri V. D. Vadera, who retires by rotation and being eligible, offers himself for re-appointment.
4. 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.

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

DEVANG MEHTA

Mumbai : May 27, 1999

General Manager & Company Secretary

Registered Office :

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

Notes :

1. 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.

2. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, August 16, 1999 to Friday, August 27, 1999, both days inclusive.
3. Members are requested to notify immediately change in their addresses specifying the Registered Folio No., Complete address in Block Capitals with Pin Code of the Post Office to Company's Share Transfer Agents, M/s. Purva Sharegistry (India) Pvt. Ltd., 33, Printing House, 28-D, Police Court Lane, Behind Old Handloom House, Fort, Mumbai 400001.
4. Members are requested to bring their copy of the Annual Report alongwith them to the Meeting. Members are also requested to produce the Attendance Slip at the entrance to the venue.

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BHOR BHOR INDUSTRIES LIMITED

DIRECTORS' REPORT

To,

The Members,

Your Directors are pleased to forward the 56th Annual Report and Audited Accounts for the year ended March 31, 1999.

CORPORATE RESULTS :

	Year Ended 31-03-1999 (Rs.in Lacs)	Year Ended 31-03-1998 (Rs.in Lacs)
Manufacturing Income	7715	8601
Non Manufacturing Income	236	255
Total Income	7951	8856
Total Expenditure	8039	8239
Interest (Net)	396	265
Gross Profit	(484)	352
Depreciation	340	324
Profit before Tax	(824)	28
Provision for Tax	25	5
Net Profit/(Loss)	(849)	23
Balance brought from previous year	192	142
Transferred from Investment Allowance Reserves	—	139
Profit available for appropriation	(657)	304
APPROPRIATION		
Proposed Dividend	—	102
Tax @ 10% on Proposed Dividend	—	10
Balance Carried to Balance Sheet	—	192
	(657)	304

PERFORMANCE :

Your Company has achieved a turnover of Rs.76.73 Crores during the Financial Year 1998-99 as against Rs.90.44 Crores for the previous year.

The turnover of the Company declined by Rs.13.71 Crores i.e. 15% compared to the previous year. There was a loss to the extent of Rs.8.25 Crores in the year 98-99 compared to profit after tax of Rs.23 Lacs in the previous year.

Most of this loss was contributed by Borivli. The lock-out which was imposed in Nov 97 was lifted on 30/9/98 but it took 3 months to restart operations at a considerable cost as the entire plant had to be overhauled.

Borivli Plant used to produce around 350 MT in the earlier years while currently it averages around 100 MT per month. The workers continue to be uncooperative. At this level, Borivli is clearly an unviable proposition and is jeopardising the health of the entire company.

We have launched appropriate measures at Borivli plant. However, these measures have to be within the legal framework. Legal compliances are subject to a time consuming process which have to be gone through.

On the national scene, we face rising consumer expectations, dwindling customer loyalty, intensive global competition and rising costs and shrinking margins.

Recession in the user industry, affected the industrial growth wherein your Company could not evade its impact. The situation was further aggravated by low import tariffs which made available tapes, flooring, PU FT/LC at a fraction of our prices. Our net realisation is therefore under great pressure which has forced us to respond with strategies to restructure costs & improve productivity.

In addition, we commenced value engineering and simultaneously launched drives to improve worker and machine productivity. We have also made organisational changes to combat the situation so as to



56TH ANNUAL REPORT 1998-99

have a better focus on customer satisfaction through competitive prices and better services combined with good quality.

With the combination of above steps, we might be able to contain, if not overcome the existing adversities.

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 B. S. Mehta and Shri V. D. Vadera retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

AUDITORS AND AUDITORS' REPORT :

The Joint Auditors, M/s. Chandrakant & Sevantilal and M/s. Korke & Raval, retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

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.

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. Bhor Steelgrip Tapes Ltd. for the year ended March 31, 1999 are annexed.

PARTICULARS OF EMPLOYEES :

Information in accordance with Sub-section (2A) of Section 217 of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 forms part of the Directors' Report for the year ended March 31, 1999. However, as per the provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956, the Directors' Report and Accounts are being sent to all Shareholders of the Company, excluding the statement of particulars of employees under Section 217 (2A) of the Act. Any Shareholder interested in obtaining a copy of the Statement, may write to the Secretary at the Registered Office of the Company.

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.

A detailed list of hardware and application software has been identified and a significant part of these have been made Y2K compliant. The remaining part is expected to be completed on or before July 31, 1999.

FIXED DEPOSITS :

During the Financial Year 1998-99, Fixed Deposits amounting to Rs.4,11,500/- matured and the same were either paid or renewed. No deposits remained unclaimed. The balance of Fixed Deposits with the Company as on 31st March 1999 were Rs.7,89,000/-.

INSURANCE :

All the assets of the Company are adequately insured.

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, May 27, 1999

BHOR BHOR INDUSTRIES LIMITED

ANNEXURE "A"

ANNEXURE TO THE DIRECTORS' REPORT SHOWING PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO :

(A) CONSERVATION OF ENERGY :

- (a) Energy conservation measures taken :
Conservation of energy is given top priority by the Company. During the year, the Company has taken following measures towards energy conservation.
1. Organising the operating procedures in such a way that energy losses are minimised by eliminating idle running. This has helped in reducing Furnace Oil consumption and Energy per unit.
 2. Modifying the processes so as to eliminate intermediate steps bringing down per unit consumption of Energy.
 3. Optimisation of electrical load by matching motor power capacity to the exact operational requirement.
- (b) Additional investments and proposals being implemented for reduction of consumption of energy :
1. Banbury Mixer at the Calender has been recommissioned so as to reduce the power consumption by employing lower horse power motor. This has also resulted in reduction in wastage of raw materials leading to lower consumption of energy.
 2. Development of products to meet new uses and users in domestic and export market.
 3. Development of products aimed at import substitution particularly in automobile sector.
 4. Introduction of ingredients to enhance environmental protection.
 5. Modification of processes so as to reduce the number of steps.
- The above measures have been instrumental in bringing down the cost of energy per unit of production in addition to improving quality.

(B) TECHNOLOGY ABSORPTION :

- (a) Specific areas in which R&D was carried out by the Company.
1. Efforts are directed towards producing products meeting international standards by devising processes and introducing materials to enhance quality.
 2. As a result of these efforts, products developed to meet the requirements of new customers resulting in import substitution and cost reduction.
- (b) Benefits derived as a result of above :
1. Product range widened to meet market requirements and to serve new customers.
 2. Reduction in cost of products.
 3. Improved quality and productivity.
- (c) Future plan of action :
1. Enhancement of productivity.
 2. Development of cost effective products.
 3. Focus on consolidation and quality improvement and cost reduction.
- (d) Technology absorption, adaptation and innovation :
The Company has not imported any technology during the year.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO :

	1998-99	1997-98
	Rs.	Rs.
Total foreign exchange earned	1,23,56,375	2,95,93,041
Total foreign exchange used	7,40,91,666	6,79,71,538

By order of the Board

K. J. TANNA
Chairman

Mumbai, May 27, 1999.



AUDITORS' REPORT

We have audited the attached Balance Sheet of BHOR INDUSTRIES LIMITED, as at 31st March, 1999 and also the annexed Profit and Loss Account of the Company for the year ended on that date and report that :

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956 and in terms of information and explanations given to us and on the basis of such checks as we considered appropriate, we enclose in an Annexure hereto, a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further and subject to our comments in the Annexure referred to in paragraph 1 above :
 - (a) 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.
 - (b) In our opinion, and subject to, non provision of
 - (i) Liabilities in respect of gratuity and leave encashment payable upon retirement; and
 - (ii) diminution in value of investments proper books of account, as required by law, have been kept by the Company so far as appears from our examination of the books.
 - (c) The Balance Sheet and Profit and Loss Account dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, subject to non compliance with the specified Accounting Standards relating to :
 - (i) No provision for diminution in value of investments (as required by Accounting Standard 13- Accounting for Investments) [Note : 17(b)] and
 - (ii) No provision for retirement benefits, namely, gratuity and leave salary (as required by Accounting Standard 15 - Accounting for Retirement benefits in the Financial Statements of Employers) [Note : 4(a) & 4(b)]
 the Profit and Loss Account and the Balance Sheet comply with the other Accounting Standards as referred to in the Section 211 (3c) of the Companies Act, 1956; and
 - (e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, subject to:
 - (i) Non provision of disputed Excise Duty liability [Note : 3 (a)] and unascertained octroi duty liability [Note : 2(c)], the effects of which have not been ascertained;
 - (ii) Non provision of the additional liability which may arise for the period upto 31st March, 1999 on the finalisation of wage agreements with Employees' Unions (Note : 12);
 - (iii) Non provision of :
 - (a) Gratuity liability to the extent of Rs. 3,48,58,659/- (Net of tax Rs. 2,26,58,128/-) (to which extent the liabilities of the Company are understated and the Reserves are overstated), including incremental liability in respect of current year Rs. 33,86,343/- (to which extent the Loss for the year is understated) [Note : 4(a)]; and
 - (b) Leave salaries payable to the employees upon retirement, to the extent of Rs. 92,37,261/- (to which extent the liabilities of the Company are understated and the Reserves are overstated), including incremental liability in respect of the current year Rs. 6,35,589/- (to which extent the Loss for the year is understated) [Note : 4(b)];
 - (iv) Non confirmations and non provision, if any, in respect of the items of Plant & Machineries given on lease and of balances by lessees for the Security Deposits and adjustments of lease rent in terms of lease agreements [Note 6(b)];
 - (v) Non provision of earlier years' Income Tax and Wealth Tax liability amounting to Rs. 2,261.24 lacs [Note : 5(a)];
 - (vi) Accounting of import duty benefits likely to accrue in respect of advance licenses to the extent of Rs. 9.97 lacs [Note : 8(b)];
 - (vii) Non provision for diminution in value of investments [Note : 17(b)];
 - (viii) Non confirmation of balances by customers [Note : 6(a)]; and
 - (ix) Non disclosure of amounts owed to Small Scale Industrial Undertakings [Note 9] and read with the other notes appearing thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :-
 - (i) in the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 1999; and
 - (ii) in the case of the Profit and Loss Account of the LOSS for the year ended on that date.

For **CHANDRAKANT & SEVANTILAL**
Chartered Accountants

(PRADEEP S. SHAH)
PARTNER

Mumbai : May 27, 1999

For **KORKE & RAVAL**
Chartered Accountants

(NAGESH N. KINI)
PARTNER

**ANNEXURE TO THE AUDITORS' REPORT ON THE ACCOUNTS FOR
THE YEAR ENDED 31ST MARCH, 1999 OF BHOR INDUSTRIES LIMITED**

(Referred to in paragraph 1 thereof)

1. The company is still in the process of maintaining and/or improvising fixed assets records so as to show full particulars including quantitative details and situation. In respect of the Assets given on lease, the physical verification has not been carried out by the Management and nor produced any confirmation from the lessees about its physical verification. In respect of other assets also, we have to report that, no physical verification was conducted since last four years, including current year, except at Feeds Division, where as informed, some of the portion of the fixed assets were physically verified. Accordingly, save the Feeds Division, the discrepancy, if any, in respect of other assets, cannot be ascertained.
2. None of the fixed assets has been revalued during the year.
3. As informed, the stocks of finished goods, stores, spare parts and raw materials have been physically verified by the management at reasonable intervals.
4. In our opinion, the procedure of physical verification of stocks (except the procedure for identification and determination of non moving and/or slow moving and/or unusable or non saleable items of stocks) followed by the Management, having regard to perpetual inventory system, covering the detailed verification of all items of inventories once in a year, is reasonable and adequate in relation to the size of the Company and the nature of its business.
5. As per the information and explanations given to us, the discrepancy between physical stocks and book records noticed on detailed physical verification, was not material compared to the volume of Stocks being carried and has been written off.
6. Subject to comments in para 4 above, in our opinion and on the basis of our examination of stock records, we report that the valuation of the stock is fair and proper and is in accordance with the normally accepted accounting principles and is on the same basis as in the earlier year.
7. We were informed that the transactions with the subsidiary company are in the nature of advances paid in the ordinary course of business and are not of the nature of Loan. Except this, as informed, the Company has not obtained/given any other loan from/to Companies, firms or other parties required to be listed in the register to be maintained under section 301 of the Companies Act, 1956 or from/to the Companies under the same management as defined under section 370(1B) of the Companies Act, 1956.
8. Subject to the comments in para 7 above, as per the information and explanations given, the Company has not given any loan or advances in the nature of loan to any party. The interest free loans or advances given to employees are being recovered as per the terms stipulated.
9. In our opinion there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the sale of goods.

As per information and explanations given to us, the formal procedures of internal control laid down by the Company with regard to the purchase of stores, raw materials including components, plant and machinery, equipment are in our opinion commensurate with the size of the Company and nature of its business.
10. In our opinion and according to the information and explanations given to us, there were no transactions of purchase of goods and sale of goods and services made in pursuance of contracts or arrangement entered in the register to