SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

Annual Report 2000-2001

58th

BHOR

BHOR INDUSTRIES LIMITED

A Tanna Group Company

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

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

CONTENTS PAGE

Board of Directors	2
Notice	3
Directors' Report	4
Auditors' Report	7
Balance Sheet	10
Profit and Loss Account	11
Schedules forming part of Balance Sheet	12
Schedules forming part of Profit and Loss Account	17
Accounting Policies and Notes on Accounts	19
Cash Flow Statement	26
Balance Sheet Abstract and General Business Profile	28
Statement u/s 212 of Companies Act, 1956	29

SUBSIDIARY COMPANY :

Bhor Steelgrip Tapes Ltd.	30

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

BHOR INDUSTRIES LIMITED

Board of Directors	Kalyanji Jamnadas Tanna	-	Chairman
	Laxmikant Jamnadas Tanna	-	Vice-Chairman
	Tushar Tulsidas Tanna	-	Managing Director
	Vinodkant Dayalbhai Vadera		
	Narendra Dayalbhai Vadera		
	Rasikchandra Dayalbhai Vadera		Alternate to N.D. Vadera
	V. Ramamrutham		

Legal Advisers

Kanga & Co.

Auditors

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.

reportjunction.com

Corporate & Admn. Office

Devidas Mansion, 3rd Floor,
Mereweather Road, Apollo Bunder,
Colaba, Mumbai- 400 039.

Factories at

Bhor	Baroda
Satara	Dombivli
Banglore	Hosur

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

NOTICE

NOTICE is hereby given that the **FIFTY-EIGHTH ANNUAL GENERAL MEETING** of the Members of **BHOR INDUSTRIES LIMITED** will be held at Y.B. Chavan Centre, Gen. Jagannath Bhosle Road, Mumbai 400 021 on Monday, October 15, 2001 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, 2001 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 Laxmikant J. Tanna, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Tushar T. Tanna, who retires by rotation and being eligible, offers himself for re-appointment.
4. *To appoint M/s. Korke & Raval, Chartered Accountants, Mumbai as 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 of Directors
For **BHOR INDUSTRIES LIMITED**

Mumbai : August 30,2001

K. J. Tanna
Chairman

Registered Office :
New Administrative Block, Magathane,
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.**
2. **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 Thursday, October 11, 2001 to Monday, October 15, 2001, both days inclusive.**
4. 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 the Company or its Share* Transfer Agent, M/s. Purva Sharegistry (India) Pvt.Ltd., 33, Printing House, 28-D, Police Court Lane, Behind Old Handloom House, Fort, Mumbai 400001. Tel No.: 2617957, Fax No. 2626407. Email: busicomp@giasbm01.vsnl.in
5. Members desiring any information, as regards the Accounts are requested to write to the Company at least seven days before the Meeting so as to enable the Management to keep the information ready.
6. 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.
7. Members are requested to produce the Attendance Slip at the entrance to the venue.

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

DIRECTORS' REPORT

To
The Members,
Your Directors are forwarding herewith the Fifty Eighth Annual Report of your Company together with the Audited Accounts for the year ended March 31, 2001.

CORPORATE RESULTS :

	Year ended 31.3.2001 (Rs.In Lacs)	Year ended 31.3.2000 (Rs.in Lacs)
Manufacturing Income	5378	7172
Non Manufacturing Income	1587	46
Total Income	6965	7218
Total Expenditure	6873	8036
Operating Profit/ (Loss)	92	(818)
Interest (Net)	481	472
Gross Loss	389	1290
Depreciation	138	177
Loss before Tax & Extra Ordinary Items	527	1467
Extra Ordinary Items	0	685
Provision for Tax	1	1
Net Loss	528	2153
Balance brought forward from Previous Year	2810	657
Loss Carried to Balance Sheet	3338	2810

Your Company has achieved a turnover of Rs.57.35 Crores during the Financial Year 2000-2001 as against Rs.72.97 Crores for the previous year. The Turn over of the Company declined by Rs.15.62 Crores i.e. 21.41 % compared to the Previous year.
The Company reported a loss of Rs. 5.27 Crores after Interest & Depreciation.
During the year the Company has accounted for the profit on sale of its Borivli property amounting to Rs. 14.62 Crores. The company has also entered into a MOU for sale of its excess land at Baroda. The company has completely closed down its Borivli Plant and has settled liabilities towards the workers of Borivli plant. For this the company had to incur an expenditure of Rs. 5.12 Crores towards Gratuity,VRS, Leave/LTA payments,etc. of Borivli plant workers. The company has also closed its manufacturing activities at Satara plant since July 2001 due to the continued recessionary trend in our products.
With regard to the sale of Borivali properties, we have to clarify that subsequent to the Memorandum of Understandings dated 27th November 2000 & 30th November 2000 and No Objection Certificate from the Appropriate Authority under Section 269 UL (3) of the Income Tax Act, 1961, the Company has handed over physical possession of the land to the transferee. Moreover, in accordance with Clause 4 (ii) of the Memorandum of Understanding, the Company has further granted development rights to Pradhan Properties Private Limited and Ratnapriya Holdings & Estate Developers Private Limited as well as irrevocable Power of Attorney in their favour. The Board, therefore, reiterates that the sale transaction is practically through and all money receivable under the Memorandum of Understanding is good and fully recoverable which is only a matter of time.
Negotiations for the sale of Brands pertaining to the tapes are under finalisation and the directors expect to complete the transaction by October 2001.
The funds that will accrue from the sale of the real estates and the Brand will be used to pay off the liabilities of the Bankers and the Financial Institutions which in turn will bring down the interest cost substantially.
During the year the total manpower strength has also been brought down substantially and this coupled with other cost cutting measures will restrict the company's losses in near future.

AUDITORS:
The Directors recommend re-appointment of M/s. Korke & Raval, Chartered Accountants, Mumbai as Auditors of the Company for the Financial Year 2001-2002.
The Company has received certificate from them stating that their re-appointment, if made, will be within the prescribed limits under Section 224(1B) of the Companies Act, 1956.

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

DIRECTORS:
During the year Shri B. S. Mehta & Mr. B. R. Shah resigned from the Board of Directors of the Company on account of personal constraints. The Board places on record its appreciation for the valuable contribution made by them during their tenure as Members of the Board.
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 and Shri T. T. Tanna retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

DEPOSITORY SYSTEM:
The Company has signed agreement with Central Depository Services (India) Limited (CDSL) for transaction of its share in demat, in addition to the National Securities Depository Limited (NSDL) so as to give choice to the Shareholders. As per SEBI's instruction the transaction of the Company's shares has to be in Demat form and therefore, members are requested to convert their holdidngs in Demat form.

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, Bhor Steelgrip Tapes Ltd. for the year ended March 31, 2001 are annexed.

FIXED DEPOSITS:
During the Financial Year 2000-2001, Fixed Deposits amounting to Rs. 2,61,000/- 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 2001 were Rs.1,31,000/-

INSURANCE:
All the assets of the Company are adequately insured.

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 the Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given here below:

(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) Proposals being implemented for reduction of consumption of energy :

1. 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 particulary 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 devicing processes and introducing materials to enhance quality.

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

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 plans of action :

1. Enhancement of productivity.
2. Development of cost effective products.
3. Focus on consolidation and quality imrpovement 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:

	2000-2001 Rs.	1999-2000 Rs.
Total foreign exchange earned	**59,92,121**	2,06,64,344
Total foreign exchange used	**4,71,81,131**	7,86,85,859

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, 2001. 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 the 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 at the Corporate Office of the Company.

RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217 (2AA) OF THE COMPANIES ACT, 1956:

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Board of Directors hereby states that :

- In the preparation of the Annual accounts, the applicable Accounting Standards have been followed except wherever otherwise disclosed.
- The Company has selected and applied such Accounting Policy consistently and judgements and estimates are made in a reasonable and prudent manner so as to give true and fair view of the state of affairs of the Company as at the end of financial year and loss of the Company for that period.
- Proper and sufficient care has been taken for maintenance of Accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing/detecting fraud and other irregularities.
- The Annual Accounts are prepared on a going concern basis.

HUMAN RESOURCES:

The Company is having qualified and trained employees who are responsible to both customers' needs and changing economic scenario. Employees' relations were cordial and work atmosphere was congenial during the year.

ACKNOWLEDGEMENT:

The Directors place on record their appreciation for the co-operation given by Financial Institutions, Consortium Bankers,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 : August 30, 2001.

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

AUDITORS' REPORT

To
The Members,
BHOR INDUSTRIES LTD.
Mumbai.

1. We have audited the attached Balance Sheet of BHOR INDUSTRIES LIMITED, as at 31st March 2001 and also the annexed Profit and Loss Account of the Company for the year ended on that date and report that:

   i) *Profit on sale of land and structures thereon at Borivali amounting to Rs.14,61,67,392/- has been accounted on the basis of Memoranda of Understanding with the prospective purchasers but pending execution of conveyance. [Note B:6]*

   ii) *No provision has been made for disputed Excise Duty liability, the effect of which has not been ascertained; [Note B:3(a)]*

   iii) *Valuation of closing inventories of finished and semi-finished goods has been done at the adjusted net realisable value without comparing the same with the cost the effect whereof has not been ascertained. This method is not in accordance with the requirements of Accounting Standard - 2 on Valuation of Inventories. [Note B:9]*

   iv) *The Company has accounted the import duty benefits in respect of Advance Licenses which are likely to accrue to the extent of Rs.14,87,211/- [Note B:10];*

   v) *No provision has been made for diminution of Rs. 3,26,915/- in value of quoted investments including incremental diminution of Rs. 6,878/-. [Note B:5(b)] Also no provision has been made for Rs. 1,36,20,000/- being erosion in value of investment in the subsidiary company. In respect of other unquoted investments, as explained to us, the management could not ascertain the amount of such diminution in the value of such investment. Consequently the Accounting Standard - 13 on Accounting for Investments has not been complied with.*

2 Further, subject to our comments referred to in paragraph 1, we report that:

   i) 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.

   ii) In our opinion, proper books of accounts, as required by law, have been kept by the Company so far as appears from our examination of books.

   iii) The Balance Sheet and Profit and Loss Account dealt with by this Report are in agreement with the books of accounts.

   iv) In our opinion, the Profit and Loss Account and the Balance Sheet comply with the other Accounting Standards as referred in the Section 211(3C) of the Companies Act, 1956.

   v) On the basis of written representations from the Directors, taken on record by the Board of Directors, none of the Directors are disqualified as on 31st March 2001 from being appointed as a Director under Section 274(1)(g) of the Companies Act, 1956.

3. *We further report that the aggregate effect of the items mentioned in para 1 above on the Loss for the year and on the Profit and Loss Account, Advances and Deposits, Investment, Sundry Debtors and Net Block at the end of the year, to the extent the resultant impact could be determined / quantified/ ascertained, namely, by considering the items mentioned in the para 1(i), (iv) and (v) and without considering wholly the effects of the items mentioned in para 1(ii), (iii) and (v) being not ascertainable / quantified / determinable, would be as follows:*

   i) *The reported Loss for the year is understated by Rs.16,12,81,481/-.*

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

ii) The reported Debit Balance in Profit and Loss is understated by Rs.16,16,01,518/-.

iii) The reported Advances and Deposits are understated by Rs.2,78,82,000/-.

iv) The reported Sundry Debtors are overstated by Rs.12,40,05,211/-.

v) The reported Investments are overstated by Rs.1,39,46,915/-.

vi) The reported Net Block is understated by Rs. 42,32,608/-.

4. *Subject to the above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts, read with the notes thereon and in particular Note regarding Excise Duty claims and liabilities [Note B:3], changes in the methods of accounting for provisions for gratuity and leave salary [Note B:4] and disputed Income tax liability [Note B:10],* give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:-

   i) In case of the Balance Sheet of the state of affairs of the company as at 31st March,2001 and

   ii) In the case of the Profit & Loss Account of the **LOSS** for the year ended on that date.

5. Further, as required by the Manufacturing and Other Companies (Auditor's 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 report that:

   i) The records of fixed assets maintained by the Company are incomplete except at the Feeds Division. Assets have not been physically verified during the year and therefore the discrepancies cannot be ascertained.

   ii) None of the fixed assets have been revalued during the year.

   iii) We are informed that the stocks of finished goods, stores, spare parts and raw materials have been physically verified by the Management at reasonable intervals.

   iv) In our opinion, the procedure of physical verification 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.

   v) 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 stocks being carried and has been written off.

   vi) *Subject to the comments in para 1 above and the valuation of finished and semi-finished goods in the manner as stated in Note B:9, which method is not in accordance with the requirements of Accounting Standard* - 2, in our opinion and on the basis of our examination of stock records, we report that the valuation of other items of stock is fair and proper and is in accordance with the normally accepted accounting principles and on the same basis as in the earlier year.

   vii) The Company has not obtained any loan from companies required to be listed in the register to be maintained under section 301 of the Companies Act, 1956. In terms of sub- section (6) of section 370 of the Act, provisions of section 370 are not applicable to a company after 31st October, 1998.

   viii) We are informed that the transactions with the subsidiary company are in the nature of advances paid in the ordinary course of business and are not in the nature of Loan. There were advances to companies required to be listed in the register to be maintained under section 301 of the Companies Act, 1956, in our opinion they are prima facie not prejudicial to the interest of the company. In terms of sub- section (6) of section 370 of the Act, provisions of section 370 are not applicable to a company after 31st October, 1998.

   ix) Subject to our comments in para 8 above the interest free loans or advances given to employees are being recovered as per the terms stipulated.

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

x) 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 the 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 the nature of its business.

xi) We are informed that there were no transactions of purchase of goods and materials and services and sale of goods, materials and services made in pursuance of contracts or arrangements which are required to be entered in the register, to be maintained under section 301 of the Companies Act, 1956 and aggregating during the year to Rs.50,000/- or more in respect of each party.

xii) The company has determined un-serviceable or damaged stores, raw materials and finished goods and due provision for the loss has been made.

xiii) According to the information and explanations given to us, and in our opinion, the Company has complied with the provisions of section 58A of the Companies Act, 1956 and the Rules framed thereunder with regard to the deposits accepted from the public.

xiv) According to the information and explanations given to us, the Company maintains reasonable records for the sale and disposal of realisable scrap attracting excise duty. With respect to other realisable scrap, only actual sales are recorded. As informed, the company has no by-products.

xv) The function of internal audit, as explained, is being carried out by professionals, management and / or the designated staff, through the systems and procedures set out by the Company, in our opinion, are commensurate with the size of the Company and the nature of its business.

xvi) The Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for any of the products of the Company.

xvii) According to the records of the Company, the Provident Fund dues and wherever applicable, the dues under the Employees' State Insurance Scheme have been generally regularly deposited during the year with the appropriate authorities.

xviii) As per the information and explanations given to us, there was no amount outstanding on the last day of the year, in respect of undisputed Income-tax, Wealth-tax, Sales-tax, Customs duty and Excise duty which was due for more than six months from the date it became payable.

xix) During the course of our examination of the books of accounts carried out in accordance with the generally accepted auditing practices, we have not come across any personal expenses other than those payable under contractual obligations or in accordance with generally accepted business practices which have been charged to Profit and Loss Account nor have been informed of such case by the management.

xx) In our opinion, the company is not a sick industrial company within the meaning of section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985.

For **KORKE & RAVAL**

Chartered Accountants

J. C. Raval
Partner

Mumbai : August 30, 2001

www.reportjunction.com