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59TH ANNUAL REPORT 2001-2002

Board of Directors	Kalyanji Jamnadas Tanna	- Chairman
	Laxmikant Jamnadas Tanna	- Vice-Chairman
	Tushar Tulsidas Tanna	- Managing Director
	Narendra Dayalbhai Vadera	- Director
	Rasikchandra Dayalbhai Vadera	- Alternate to N.D. Vadera
	V. Ramamrutham	- Director
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	Village Bholawade, Taluka Bhor, Dist. Pune, Maharashtra : 412 206.	
Corporate & Admn. Office	Tanna House Annex, 11-A, N.D. Parekh Marg, Mumbai- 400 039.	



BHOR INDUSTRIES LIMITED

NOTICE

NOTICE is hereby given that the FIFTY-NINTH ANNUAL GENERAL MEETING of the Members of BHOR INDUSTRIES LIMITED will be held at their Registered Office at VILLAGE BHOLAWADE, TALUKA-BHOR, DIST. - PUNE, on Friday, December 13, 2002 at 2.00 p.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, 2002 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 Kalyanji J. 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.
5. To pass the following ordinary resolution:
 "RESOLVED THAT approval be and is hereby accorded to the re-appointment of, and the payment of remuneration to Shri Tushar T. Tanna as the Managing Director of the Company for a further period of five years commencing from October 1, 2002 on the following terms:
 i. Salary of Rs. 25,000/- p.m.
 ii. Company car for official use.
 iii. Telephone at residence for official use.
 iv. Re-imbursement of Driver's salary.
 v. Re-imbursement of actual Medical Expenses for self and family.
 vi. Re-imbursement of Gas and Electricity charges at his residence.

By Order of the Board of Directors
For BHOR INDUSTRIES LIMITED

Mumbai : November 11, 2002

T. T. Tanna
Director

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 Tuesday, December 10, 2002 to Saturday, December 14, 2002.
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.: 22617957, Fax No. 22625407. 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.
8. An Explanatory Statement relating to the business as item No.5 is annexed.
9. The Shares of the Company are listed with the Stock Exchanges at Ahmedabad, Chennai, Delhi, Mumbai and NSDL.

EXPLANATORY STATEMENT --- ANNEXURE TO THE NOTICE

Shri Tushar T. Tanna is being re-appointed as the Managing Director of the Company for another five years on the same remuneration.

Your Directors commend the Resolution for your approval. Shri Tushar T. Tanna, is to be deemed to be interested in this item of business.

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BHORE INDUSTRIES LIMITED

DIRECTORS' REPORT

To

The Members,

Your Directors are forwarding herewith the Fifty Ninth Annual Report of your company together with the Audited Accounts for the year ended 31st March, 2002.

CORPORATE RESULTS :

	Year ended 31.3.2002 (Rs.in Lacs)	Year ended 31.3.2001 (Rs.in Lacs)
Manufacturing Income	3672	5378
Non Manufacturing Income	771	1587
Total Income	4443	6965
Total Expenditure	4916	6873
Operating Profit / (Loss)	(473)	92
Interest (Net)	508	481
Gross Loss	981	389
Depreciation	109	138
Loss before Tax	1090	527
Provision for Tax	5	1
Net Loss	1095	528
Balance brought forward from previous year	3338	2810
Loss carried to Balance Sheet	<u>4433</u>	<u>3338</u>

Your Company has achieved a turnover of Rs. 36.06 Crores during the Financial Year 2001-2002 as against Rs. 57.35 Crores for the previous year. The Turnover of the Company declined by Rs. 21.29 Crores i.e. 37.13 % compared to the previous year.

The Company reported a loss of Rs. 10.90 Crores after Interest & depreciation .

The Company has become a Sick Industrial Company and accordingly, a reference is being made to Board for Industrial and Financial Reconstruction, New Delhi.

During the year the company has accounted for the profit on sale of its Baroda property amounting to Rs. 2.52 Crores as per the Conveyance Deed . The Company has completely closed down its Baroda Plant with effect from 31st March, 2002 and has settled the worker's liabilities. The Company has also closed its manufacturing activities at Satara Plant since July 2001 due to the continued recessionary trend in our products and settled the worker's liabilities.

The Company has sold its Steelgrip Brand to Pidilite Industries Limited. The amount realised has been utilised to pay off the borrowings from the Financial Institutions and the Bankers.

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 the future.

AUDITORS :

The Directors recommend re-appointment of M/s.Korke & Raval, Chartered Accountants , Mumbai as Auditors of the Company for the Financial Year 2002-2003.



The Company has received certificate from them stating that their reappointment, if made, will be within the prescribed limits under section 224 (1B) of the Companies Act, 1956.

DIRECTORS :

During the year Shri Vinodkant D. Vadera has 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 him during his tenure as Member of the Board.

Pursuant to the provisions of the section 256 of the Companies Act, 1956 and Article 105 of the Articles of the Company Shri N.D. Vadera and Shri K. J. Tanna retire by rotation at the ensuing annual general meeting and being eligible offer themselves for re-appointment.

AUDIT COMMITTEE :

The Board of Directors of the company has constituted an Audit committee, pursuant to section 292 A of the Companies Act, 1956. This committee has three Directors, Shri L.J. Tanna, Shri T.T. Tanna and Shri V. Ramamrutham.

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 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.

- i. Efforts are directed towards producing products meeting international standards by devising processes and introducing materials to enhance quality.
- ii. As a result of these efforts, products developed to meet the requirements of new customers resulting in import substitution and cost reduction.

BHOR INDUSTRIES LIMITED
(b) Benefits derived as a result of above :

- i. Product range widened to meet market requirements and to serve new customers.
- ii. Reduction in cost of new products
- iii. Improved quality and productivity

(c) Technology Absorption, adaptation and Innovation:

The company has not improved any technology during the year.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

	2001-2002 Rs.	2000-2001 Rs.
Total foreign exchange earned	44,24,799	59,92,121
Total foreign exchange used	1,90, 24,711	4,71,81,131

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 state that :

- i. in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed except wherever otherwise disclosed.
- ii. 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 the financial year and loss of the company for that period.
- iii. 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.
- iv. 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

L.J. TANNA
Vice Chairman

T.T. TANNA
Managing Director

MUMBAI : 26th August 2002



AUDITORS' REPORT

To
The Members,
BHOR INDUSTRIES LTD.

1. We have audited the attached Balance Sheet of BHOR INDUSTRIES LIMITED, as at 31st March 2002 and also the annexed Profit and Loss Account of the Company for the year ended on that date. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion and we report that:

- i) *No provision has been made for disputed Excise Duty liability amounting to Rs.1054 lakhs, without considering interest thereon the amount of which is not ascertainable; [Note B3a]*
- ii) *Current Assets includes an amount of Rs.103 Lakhs being an excise duty refund receivable, the claim in respect of which has been rejected by the excise department. [Note B3b]*
- iii) *Although the Finished and Semi finished Inventories are valued at lower of the cost or the estimated realisable value, the method is not in accordance with AS 2 "Valuation of Inventory" because the cost calculated by the Company includes administrative, selling, distribution and finance cost also resulting into, in most of the cases, cost being higher than the net realisable value. The financial impact of this is unascertainable [Note B9]*
- iv) *Sundry Debtors includes amount receivable on sale of Land amounting to Rs.1179.5 Lakhs. The conveyance for the same is not yet executed. [Note B5]*
- v) *Investments are valued at First In First Out basis as against Average Cost as required by the AS 13 "Accounting for Investments" issued by The Institute of Chartered Accountants of India as a result of which loss on sale of Investment is overstated and value of Investments is understated by Rs.205 Lakhs. [Note B10];*
- vi) *Deferred Taxation reserve is not created as required by the AS 22 "Deferred Taxation" issued by The Institute of Chartered Accountants of India, the amount of which is not ascertainable.*

- 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 it 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 Accounting Standards as referred in the Section 211(3C) of the Companies Act, 1956 except those stated above.
- 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 2002 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, Investment, Sundry Debtors and Net Block and Current Liabilities 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), (ii), (iv) and (v) and without considering wholly the effects of the items mentioned in para 1(iii) and (vi) being not ascertainable / quantified / determinable, would be as follows:
- The reported Loss for the year is understated by Rs.952 Lakhs.
 - The reported Debit Balance in Profit and Loss is understated by Rs.2413 Lakhs.
 - The reported Sundry Debtors are overstated by Rs.1179.5 Lakhs.
 - The reported other current Assets are overstated by Rs.103 Lakhs.
 - The reported Current Liabilities are understated by Rs.1378.5 Lakhs.
 - The reported Investments are understated by Rs.205 Lakhs.
 - The reported Net Block is understated by Rs. 42.32 Lakhs.
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 disputed income tax liability (Note B:), give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:-
- In case of the Balance Sheet of the state of affairs of the company as at 31st March, 2002 and
 - 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 on the basis of the information and explanations given to us and such checks as we considered appropriate, we report that:
- 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.
 - The Plant & Machinery and Buildings located at Satara plant has been revalued during the year and as a result of which Rs. 205.4 Lakhs is charged to the profit & loss A/c being Revaluation Loss.
 - 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.
 - 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.
 - 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.
 - 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 raw materials is fair and proper and is in accordance with the normally accepted accounting principles and on the same basis as in the earlier year.
 - The register required to be maintained under section 301 of the Companies Act, 1956 is not updated. We are informed that the Company has obtained loan from companies required to be listed in the register to be maintained under section 301 of the Companies Act, 1956. In our opinion the rate of interest and other terms and conditions are prima facie not prejudicial to the interest of the Company.