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CTR

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1996-97
ANNUAL
REPORT





MANUFACTURING INDUSTRIES LIMITED

REPORT AND ACCOUNTS FOR 1996-97

BOARD OF DIRECTORS

Shri. B.M. Suri Chairman

Shri. R. Dasgupta

Shri. T.K. Mukherjee

Smt. S. Amdekar Nominee of ICICI

Shri. A.P. Kumar Managing Director

SECRETARY

Ms. S. D'Souza

BANKERS

Bank of Maharashtra

Canara Bank

AUDITORS

Khimji Kunverji & Co.

A.A. Bhat & Co.

REGISTERED OFFICE

Nagar Road,

Pune - 411 014.

DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 1997

To,
The Members,

Your Directors present their Report together with the Audited Balance Sheet as at 31st March, 1997 and Profit and Loss Account for the year ended on that date :

FINANCIAL RESULTS

	Year ended 31.3.1997 Rs.	Year ended 31.3.1996 Rs.
Profit after depreciation of Rs. 51,04, 691 (Previous year 48,31,012)	64,83,972	1,14,82,618
Add : Investment Allowance Reserve Written Back	36,000	7,000
	<hr/> 65,19,972	<hr/> 1,14,89,618
Less : Provision for Tax	8,36,400	—
Balance brought forward from last year	43,57,678	(71,31,940)
Balance carried forward	<hr/> 1,00,41,250	<hr/> 43,57,678

PRODUCTION, SALES AND TRADING RESULTS :

The delay in payment by customers resulting in increased receivables and deferment of delivery schedules affected the working capital of the Company. Depressed market conditions and reduced margins contributed to a decline in sales from Rs. 19.38 crores to Rs. 17.26 crores and profits from Rs. 114.83 lacs to Rs. 64.84 lacs.

OUTLOOK :

The Company enjoys a healthy order book for all its products. However, delivery schedules are uncertain. The continuing liquidity crunch is likely to affect sales during the first half of the current financial year. Diversification programmes related to Fire Systems and In-Tank Tapchangers, are expected to partly offset the adverse effect.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO :

As required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the relevant data pertaining to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are given in the prescribed format as an Annexure to this Report.

PARTICULARS OF EMPLOYEES :

Information pursuant to Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) (Amendment) Rules 1994, is given as an annexure, which forms a part of this Report.

INDUSTRIAL RELATIONS :

Employee relations generally remained harmonious and cordial except for a partial disruption of activities at the Aurangabad factory during the second half of the year.

DIRECTORS :

Mr. K.K. Nohria, Chairman of the Company, resigned during the year. Mr. B.M. Suri was elected Chairman. The Directors place on record their sincere appreciation of the valuable services rendered by Mr. K.K. Nohria during his tenure as Chairman of the Company. Mr. R. Dasgupta retires by rotation at the forthcoming Annual General Meeting, and being eligible, offers himself for re-appointment.

AUDITORS :

The Company's Auditors, Khimji Kunverji & Co. and A.A. Bhat & Co. hold office until the conclusion of the forthcoming Annual General Meeting and, being eligible, are recommended for re-appointment. They have furnished the requisite certificate to the effect that their re-appointment, if effected, would be in accordance with Section 224 (1B) of the Companies Act, 1956.

On behalf of the Board of Directors

Mumbai, Dated : 23 April, 1997

A.P. Kumar
Managing Director

B.M. Suri
Chairman

ANNEXURE TO DIRECTORS' REPORT

Under Section 217 (1) (e) of the Companies Act, 1956.

A) CONSERVATION OF ENERGY

- | | | | |
|-----|--|---|---|
| (a) | Energy conservation measures taken | : | Survey carried at Pune Factory. |
| (b) | Additional investments and proposals, if any, being implemented for reduction of consumption of energy | : | Chilling plant being installed in Radiator Division of the Pune factory. |
| (c) | Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods | : | Hot air discharged by (b) above will be used for drying of painted Radiators, thereby effecting savings in energy presently consumed by drying heaters. |

B) TECHNOLOGY ABSORPTION

FORM B

RESEARCH AND DEVELOPMENT (R & D)

- | | | | |
|----|--|---|--|
| 1. | Specific areas in which R & D is carried out by the Company | : | Import substitution.
Product development.
Process improvement. |
| 2. | Benefits derived as a result of the above R & D | : | Improvement in quality and cost control. |
| 3. | Future plan of action | : | Enhance product performance.
Reduce cost of production. |
| 4. | Expenditure on R & D | : | 31st March, 1997
Rs. Lacs |
| | i. Capital | : | 29.71 |
| | ii. Recurring | : | 12.79 |
| | Total | : | 42.50 |
| | iii. Total R & D Expenditure as a percentage of total turnover | : | 2.5% |

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- | | | | |
|----|---|---|--|
| 1. | Efforts, in brief, made towards technology absorption, adaptation and innovation. | : | Designs adapted to suit Indian market.
Indigenisation of materials. |
|----|---|---|--|

2. Benefits derived as a result of the above efforts : Cost reduction.
Customer satisfaction.
3. a. Imported Technology : Technology Transfer agreements signed with ELIN OLTC GmbH/Austria for 220 KV In - Tank On Load Tapchangers and with ELIN ENERGIEVERSORGUNG AG/Austria for Transformer Fire Protection System.
- b. Year of Import : 1996-97
- c. Has technology been fully absorbed : No
- d. If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action. : Product Drawings received. Technology absorption will commence only after manufacture of prototypes scheduled for 1997-98.

C) FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services export plans. : Export possibility for Plastic Film Capacitors, Pressed Steel Radiators and Railway Track Maintenance Equipment being pursued. Export potential of flange mounted On Load Tapchanger is showing promise.
2. Total foreign exchange used and earned.
- a. Total foreign exchange earned : Rs. 7.67 Lacs
- b. Total foreign exchange used : Rs. 224.94 Lacs

On behalf of the Board of Directors

Mumbai, Dated : 23 April, 1997

A.P. Kumar
Managing Director

B.M. Suri
Chairman

AUDITORS' REPORT

To
THE MEMBERS OF
CTR MANUFACTURING INDUSTRIES LIMITED

Reports on the Accounts for the ye ended 31st March 1997, in compliance
with section 227 (2) of the Companies Act, 1956.

We have audited the attached Balance Sheet of **CTR MANUFACTURING INDUSTRIES LIMITED** as at 31st March, 1997 and the annexed Profit & Loss Account for the year ended on that date, which are in agreement with the Company's books of account and report that :

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 on the basis of the books and records examined by us and according to the information and explanations given to us during the course of audit and to the best of our knowledge and belief, we state on the matters specified in Paragraph 4 and 5 of the said order as under :

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets except tools which are included in Plant and Equipment. As explained to us, these assets have been physically verified by the management at reasonable intervals and the discrepancies noticed on such physical verification were not material and have been properly dealt with in the books of account.
2. None of the fixed assets have been revalued during the year.
3. As explained to us, the stock of finished goods and raw materials have been physically verified by the management at reasonable intervals.
4. In our opinion, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
5. The discrepancies noticed on physical verification of stocks as compared to book records were not material and the same have been properly dealt with in the books of account.
6. On the basis of our examination of Stock Records, we are of the opinion that the valuation of above mentioned stock is fair and proper in accordance with the normally accepted accounting principles, and is on the same basis as in the preceding year.
7. The Company has taken interest bearing and interest free unsecured loans from its holding company. In our opinion, the terms and conditions and the rate of interest of the aforesaid loans are not prima facie prejudicial to the interest of the company. No other loans have been taken from parties listed in the register maintained under Section 301 of the Companies Act, 1956 or from Companies covered under Section 370 (1B) of the Companies Act, 1956.
8. The company has not granted any loan, secured or unsecured, to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 and to companies under the same management as defined in Section 370(1B) of the Companies Act, 1956.
9. Interest free advances in the nature of loans have been given to employees only, who are repaying the principal amount as stipulated, wherever stipulation have been made.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business, for the purchase of stores, raw materials including components, plant and machinery, equipment and other assets, and for the sale of goods.
11. In our opinion and according to the information and explanations given to us, the transactions of purchase of goods, capital assets and materials and sale of goods, materials made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 as aggregating during the year to Rs. 50,000/- or more in respect of each party have been made at prices which are reasonable having regard to prevailing market prices for such goods, materials or the prices at which transactions for similar goods, materials have been made with other parties. As explained to us there is no sale of services made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 during the year.

12. As explained to us, the company has a regular procedure for the determination of unserviceable or damaged stores, raw materials and finished goods and adequate provision has been made in the books of account for the loss arising on the items so determined.
13. The company has not accepted any deposits from the public.
14. In our opinion, the company has maintained reasonable records for the sale and disposal of realisable scrap. As explained to us, the company's manufacturing activities do not give rise to any by-products.
15. In our opinion, the company has an adequate internal audit system.
16. According to the information and explanation given to us, the Central Government has not prescribed the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956, for any of the products of the company.
17. According to the records of the company, Provident Fund and Employees State Insurance dues have generally been regularly deposited with the appropriate authorities.
18. According to the information and explanations given to us, no undisputed amounts payable in respect of Income-Tax, Wealth-tax, Sales-tax, Custom-duty and Excise duty were outstanding as at 31st March, 1997 for a period of more than six months from the date they became payable.
19. According to the information and explanations given to us and records examined by us, no personal expenses of employees or directors have been charged to revenue account other than those payable under contractual obligation or in accordance with generally accepted business practice.
20. The company is not a Sick Industrial Company within the meaning of clause (o) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
21. In respect of the service activities of the Company, there is a reasonable system of recording receipts, issues and consumption of materials and stores. Further, considering the nature and volume of the service activity, the company does not deem it necessary to allocate the materials consumed to the relative jobs.
22. Considering the nature and volume of the service activity, the company does not deem it necessary to allocate the man - hours utilised to the relative jobs.
23. In our opinion, there is a reasonable system of authorisation at proper levels, and an adequate system of internal control commensurate with the size of the company and the nature of its business on issue of stores and allocation of stores and labour to jobs.
24. In respect of trading activities carried on by the company, there were no damaged goods during the year.

Further to our comments referred to in Paragraph (1) above :

We have obtained all the information and explanation which to the best of our knowledge and belief, were necessary for the purpose of our audit.

In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books and to the best of our information and according to the explanations given to us, the said accounts read together with the other notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :

- i) in so far it relates to the Balance Sheet of the state of affairs of the company as at 31st March, 1997
and
- ii) in so far as it relates to the Profit & Loss Account, of the Profit of the Company for the year ended on that date.

For and on behalf of
A.A. Bhat & CO.
Chartered Accountants

K.S. Thosar
Partner
Pune, Dated : 25th April, 1997

For and on behalf of
Khimji Kunverji & Co.
Chartered Accountants

Shivji K. Vikamsey
Partner
Mumbai, Dated : 23rd April, 1997

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1997

	SCHEDULE	1996-97 Rs.	1995-96 Rs.
INCOME			
SALES		17,26,40,279	19,37,75,007
OTHERS	1	3,73,399	4,06,420
		17,30,13,678	19,41,81,427
EXPENDITURE			
MATERIALS	2	7,28,73,696	9,18,83,756
STAFF & WELFARE	3	3,14,08,359	2,83,27,481
EXCISE DUTY		2,03,06,428	2,24,15,016
MANUFACTURING, SELLING AND ADMINISTRATION	4	3,18,20,329	3,00,28,635
DEPRECIATION	5	51,04,691	48,31,012
INTEREST		50,16,203	52,12,909
		16,65,29,706	18,26,98,809
PROFIT FOR THE YEAR		64,83,972	1,14,82,618
INVESTMENT ALLOWANCE RESERVE WRITTEN BACK		36,000	7,000
PROVISION FOR TAX		8,36,400	—
PROFIT/(LOSS) BROUGHT FORWARD FROM PREVIOUS YEAR		43,57,678	(71,31,940)
PROFIT CARRIED TO BALANCE SHEET		1,00,41,250	43,57,678
SIGNIFICANT ACCOUNTING POLICIES	17		
NOTES ON ACCOUNTS	18		

As per our Report Attached

For and on behalf of

A. A. Bhat & Co.

Chartered Accountants

For and on behalf of

Khimji Kunverji & Co.

Chartered Accountants

Mr. B. M. Suri**Mrs. S. Amdekar** } *Directors***Mr. A. P. Kumar**

Managing Director

K. S. Thosar

Partner

Pune. Dated : 25 April 1997

Shivji K. Vikamsey

Partner

Mumbai, Dated : 23 April 1997

Ms. S. D'Souza

Secretary

Mumbai, Dated : 23 April 1997