



**1998-99
ANNUAL**



MANUFACTURING INDUSTRIES LIMITED

REPORT AND ACCOUNTS FOR 1998-99

BOARD OF DIRECTORS

Shri. B.M. Suri Chairman

Shri. A.P. Kumar Managing Director

Shri. R. Dasgupta

Shri. T.K. Mukherjee

SECRETARY

Mr. D.J. Gonsalves

REGISTERED OFFICE

Nagar Road,
Pune - 411 014.

AUDITORS

Khimji Kunverji & Co.

A.A. Bhat & Co.

BANKERS

Bank of Maharashtra

Canara Bank

DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 1999

To,
The Members,

Your Directors present their Report together with the Audited Balance Sheet as at 31st March, 1999 and the Profit and Loss Account for the year ended on that date :

FINANCIAL RESULTS	Year ended 31.03.1999 Rs.	Year ended 31.03.1998 Rs.
Profit after depreciation of Rs. 59,90,123 (Previous year 61,43,206)	42,13,005	43,87,465
Add : Investment Allowance Reserve Written Back	-----	33,000
	42,13,005	44,20,465
Less : Provision for Tax	4,42,366	4,60,700
Balance brought forward from last year	1,40,01,015	1,00,41,250
Balance carried forward	1,77,71,654	1,40,01,015

PRODUCTION, SALES AND TRADING RESULTS :

During the year sales increased from Rs. 18.39 crores to Rs. 19.76 crores. Depressed market conditions resulted in slower off-take of products of diversification projects namely Transformer Fire Protection Systems and In-tank Tap-changers. High interest cost on such project funding has affected the profitability.

OUTLOOK :

Other than In-tank Tap-changers and Transformer Fire Protection Systems, the Company enjoys a steady order book for all its products. However, delivery schedules are uncertain. The continuing depressed market conditions are likely to affect sales during the current financial year.

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.

Y2K READINESS :

The Directors are continuously reviewing the risks associated with the year 2000 (Y2K) both with regard to internal use of computer systems and embedded microprocessing chips and in connection with relationships with third parties and are satisfied that necessary steps would be taken in sufficient time to eliminate problems, if any. The cost though not quantified is unlikely to be significant.

PARTICULARS OF EMPLOYEES :

Information pursuant to Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) (Amendment) Rules 1999, is given as an annexure, which forms a part of this Report.

INDUSTRIAL RELATIONS :

Employee relations generally remained harmonious and cordial.

DIRECTORS :

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 on terms to be negotiated by the Board of Directors. 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.

LISTING ARRANGEMENTS

Your Company's equity shares are listed on the Bombay Stock Exchange and the necessary listing fees have been paid upto date.

On behalf of the Board of Directors

Mumbai, Dated : 28 April, 1999

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 | : | Aftercoolers fitted to the air compressors of the Aurangabad factory. |
| (b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy | : | Power factor correction capacitors installed at the Aurangabad 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 | : | Savings in energy consumed have unfortunately been offset by enhanced rates. |

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 reduction. |
| 3. Future plan of action | : | Enhancement of product performance. |
| 4. Expenditure on R & D | : | 31st March, 1999 |
| | | Rs. Lacs |
| i. Capital | : | 1.05 |
| ii. Recurring | : | 15.16 |
| Total | : | 16.21 |
| iii. Total R & D Expenditure as a percentage of total turnover | : | 0.8% |

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

2. Benefits derived as a result of the above efforts : Cost reduction.
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 : Yes.
- d. If not fully absorbed, areas where this has not taken place, reasons therefor and future plan of action. : Not Applicable

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 and export plans. : Enquiries for export of Plastic Film Capacitors and for some components of In-tank Tap-changers are being pursued.
2. Total foreign exchange earned and used.
- a. Total foreign exchange earned : Rs. 4.66 Lacs
- b. Total foreign exchange used : Rs. 426.55 Lacs

On behalf of the Board of Directors

Mumbai, Dated : 28 April, 1999

A.P. Kumar
Managing Director

B.M. Suri
Chairman

AUDITORS' REPORT

To
THE MEMBERS OF
CTR MANUFACTURING INDUSTRIES LIMITED

We have audited the attached Balance Sheet of **CTR MANUFACTURING INDUSTRIES LIMITED** as at 31st March, 1999 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. The stock of finished goods and raw materials have been physically verified by the management at reasonable intervals. Stocks in possession and custody of third parties and stocks-in-transit have been verified by the management with reference to the confirmations or statements of account or correspondence with the third parties or subsequent receipt of goods.
4. 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 free and interest bearing unsecured loans from its holding company, which are squared up during the year. In our opinion, the terms and conditions and the rate of interest of the aforesaid loans are prima facie not 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 and sale of goods and 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, which is commensurate with the size and nature of its business.
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, 1999 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 above :

- a. 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.
- b. 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.
- c. In our opinion, the Profit and Loss account and Balance Sheet comply with the mandatory accounting standards referred to in section 211(3C) of the Companies Act, 1956.
- d. 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 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 & 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

N. V. Badwe
Partner

Pune, Dated : 30 April, 1999

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

Shivji K. Vikamsey
Partner

Mumbai, Dated : 2' May, 1999



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1999

	SCHEDULE,	1998-99 Rs.	1997-98 Rs.
INCOME			
SALES		19,75,94,738	18,38,81,694
OTHERS	1	5,34,428	16,17,045
		19,81,29,166	18,54,98,739
EXPENDITURE			
MATERIALS	2	8,28,99,151	7,72,17,752
STAFF & WELFARE	3	3,60,76,051	3,54,29,580
EXCISE DUTY		2,55,15,387	2,33,66,736
MANUFACTURING, SELLING AND ADMINISTRATION	4	3,08,67,589	3,21,11,875
DEPRECIATION	5	59,90,123	61,43,206
INTEREST		1,25,67,860	68,42,125
		19,39,16,161	18,11,11,274
PROFIT FOR THE YEAR		42,13,005	43,87,465
INVESTMENT ALLOWANCE RESERVE WRITTEN BACK		-----	33,000
PROVISION FOR TAX		4,42,366	4,60,700
PROFIT/ (LOSS) BROUGHT FORWARD FROM PREVIOUS YEAR		1,40,01,015	1,00,41,250
PROFIT/ (LOSS) CARRIED TO BALANCE SHEET		1,77,71,654	1,40,01,015
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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. A.P. Kumar
Managing Director

Mr. B.M. Suri
Chairman.

N.V. Badwe
Partner
Pune, Dated : 30 April 1999

Shivji K. Vikamsey
Partner
Mumbai, Dated : 2 May 1999

Mr. D.J. Gonsalves
Secretary
Mumbai, Dated : 28 April 1999