

CTR

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**1999 - 2000
ANNUAL
REPORT**



MANUFACTURING INDUSTRIES LIMITED

REPORT AND ACCOUNTS FOR 1999 - 2000

BOARD OF DIRECTORS

Mr. B. M. Suri Chairman
Mr. A. P. Kumar Managing Director
Mr. R. Dasgupta
Mr. T. K. Mukherjee

COMPANY 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 31 March, 2000

To,
The Members,

Your Directors present their Report together with the Audited Balance Sheet as at 31 March 2000 and the Profit and Loss Account for the year ended on that date:

FINANCIAL RESULTS

	Year ended 31.03.2000 Rs.	Year ended 31.03.1999 Rs.
Profit after depreciation of Rs. 63,53,658 Previous year 59,90,123	52,10,396	42,13,005
Add: Investment Allowance Reserve Written Back	1,76,000	—
	<u>53,86,396</u>	<u>42,13,005</u>
Less: Provision for Tax	6,02,000	4,42,366
Balance brought forward from last year	1,77,71,654	1,40,01,015
Balance carried forward	<u>2,25,56,050</u>	<u>1,77,71,654</u>

PRODUCTION, SALES AND TRADING RESULTS:

During the year, sales increased from Rs. 19.76 crores to Rs. 21.30 crores. Competitive market conditions resulted in margins continuing to be under severe pressure. However, due to various cost cutting measures profitability improved from Rs. 42.13 Lacs to Rs. 52.10 Lacs.

OUTLOOK:

The Company enjoys a healthy order book for all its products. It is expected that market conditions will improve which are likely to boost sales during the current financial year.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & 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 IMPACT:

Preparatory steps and constant review of its systems have enabled the Company to successfully overcome the Y2K issue without any significant cost or disruption.

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:

Industrial and employee relations continued to be harmonious during the year.

DIRECTORS:

Mr. B.M. Suri and Mr. T.K. Mukherjee retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

AUDITORS:

The Company's Auditors, Khimji Kunverji & Company and A.A. Bhat & Company hold office until the conclusion of the forthcoming Annual General Meeting, and being eligible, are recommended for re-appointment on terms to be finalised 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 ARRANGEMENT:

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

Pune, Dated: 26 April, 2000

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 | : | Installation of energy savers at the Aurangabad factory. |
| (b) Additional investments & proposals; if any, being implemented for reduction of consumption of energy. | : | Additional Energy audits panned at both factories |
| (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. | : | The enhanced tariff costs have unfortunately nullified the savings from conservation of energy. |

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, cost reduction. |
| 3. Future plan of action | : | Enhancement of product performance. |
| 4. Expenditure on R & D | : | 31 March, 2000. |
| | | Rs. in Lacs |
| i Capital | : | Nil |
| ii Recurring | : | 10.63 |
| iii Total | : | 10.63 |
| iv Total R & D Expenditure as a percentage of total turnover. | : | 0.50 |

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 components. |
| 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 Systems. |
| b. Year of Import | : | 1996 - 1997 |

- c. Has technology been fully Absorbed : Yes
- d. If not fully absorbed, areas where this has not taken place, reasons therefore 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. : Export enquiries for the Company's products are being pursued.
- 2. Total foreign exchange earned and used
 - a. Total foreign exchange earned : Rs. 2.10 Lacs
 - b. Total foreign exchange used : Rs. 239.08 Lacs

On behalf of the Board of Directors

Pune; Dated : 26 April, 2000.

A. P. Kumar
Managing Director

B. M. Suri
Chairman

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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 2000 and the annexed Profit and 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, in our opinion and on the basis of such checks of the books and records as we considered appropriate 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. The fixed assets were physically verified by the management at reasonable intervals. 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 except as stated in Note No. 7 of Schedule 18 regarding the change in the basis of valuing Stores and Spares and provision as well as inclusion of excise duty/custom duty in valuation of inventories is on the same basis as in the preceding year. Due to the aforesaid change, the inventories are higher by Rs. 10,95,782, current liabilities are higher by Rs. 37,070 and profit for the year is higher by Rs. 10,58,712.
7. The Company has taken 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. In terms of Section 370(6) of the Companies Act, 1956, provisions of the said sections are not applicable to a Company from 31st October 1998.
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. In terms of Section 370(6) of the Companies Act, 1956, provisions of the said section are not applicable to the Company from 31st October 1998.
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. 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 31 March 2000 for a period of more than six months from the date they became payable.
19. According to the information & 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 (i) 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 31 March 2000; and
 - ii.) in the case of the Profit and 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

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

N. V. Badwe
 Partner
 Pune, Dated : 2 May, 2000.

Shivji K. Vikamsey
 Partner
 Mumbai, Dated : 2 May, 2000.

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2000*

	SCHEDULE	1999-2000 Rs.	1998-99 Rs.
INCOME			
SALES		21,30,23,575	19,75,94,738
OTHERS	1	26,99,018	5,34,428
		21,57,22,593	19,81,29,166
EXPENDITURE			
MATERIALS	2	8,96,75,644	8,28,99,151
STAFF & WELFARE	3	3,77,93,652	3,60,76,051
EXISE DUTY		2,82,53,277	2,55,15,387
MANUFACTURING, SELLING & ADMINISTRATION	4	3,40,51,629	3,08,67,589
DEPRECIATION	5	63,53,658	59,90,123
INTEREST		1,43,84,337	1,25,67,860
		21,05,12,197	19,39,16,161
PROFIT FOR THE YEAR		52,10,396	42,13,005
PROVISION FOR TAX		6,02,000	4,42,366
INVESTMENT ALLOWANCE RESERVE WRITTEN BACK		1,76,000	-----
PROFIT / (LOSS) BROUGHT FORWARD FROM PREVIOUS YEAR		1,77,71,654	1,40,01,015
PROFIT / (LOSS) CARRIED TO BALANCE SHEET		2,25,56,050	1,77,71,654
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. A. P. Kumar
Managing Director

Mr. B. M. Suri
Chairman

N. V. Badwe
Partner
Pune. Date : **2 May 2000**

Shivji K. Vikamsey
Partner
Mumbai. Date : **2 May 2000**

Mr. D. J. Gonsalves
Secretary
Mumbai. Date : **26 April 2000**

BALANCE SHEET AS AT 31ST MARCH, 2000

	SCHED- ULE	Rs.	As At 31.3.2000 Rs.	As At 31.3.1999 Rs.
SOURCES OF FUNDS				
SHAREHOLDERS FUNDS				
SHARE CAPITAL	6	2,93,13,875		2,93,13,875
RESERVE & SURPLUS	7	3,19,32,796		2,74,31,195
			6,12,46,671	5,67,45,070
LOAN FUNDS				
SECURED LOANS	8	7,35,86,100		7,14,96,696
UNSECURED LOANS	9	1,77,35,469		1,34,69,019
			9,13,21,569	8,49,65,715
			15,25,68,240	14,17,10,785
APPLICATION OF FUNDS				
FIXED ASSETS				
GROSS BLOCK	10	13,72,98,802		13,26,68,026
LESS : DEPRECIATION		6,05,27,238		5,40,66,784
NET BLOCK		7,67,71,564		7,86,01,242
CAPITAL WORK-IN-PROGRESS		15,87,832		13,03,589
			7,83,59,396	7,99,04,831
INVESTMENTS	11		21,160	21,160
CURRENT ASSETS, LOANS & ADVANCES				
INVENTORIES	12	4,44,75,325		3,84,31,587
SUNDRY DEBTORS	13	7,60,09,196		6,52,68,364
CASH & BANK BALANCES	14	27,07,435		24,41,209
LOANS & ADVANCES	15	1,37,73,467		79,63,290
		13,69,65,423		11,41,04,450
LESS : CURRENT LIABILITIES & PROVISIONS	16	7,76,08,802		6,95,89,985
NET CURRENT ASSETS			5,93,56,621	4,45,14,465
MISCELLANEOUS EXPENDITURE (TO THE EXTENT NOT W/OFF)			1,48,31,063	1,72,70,329
			15,25,68,240	14,17,10,785
SIGNIFICANT ACCOUNTING POLICIES	17			
NOTE ON ACCOUNTS (The Schedule referred to above and the note attached form an integral part of the Balance Sheet)	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. A. P. Kumar
Managing Director

Mr. B. M. Suri
Chairman

N. V. Badwe
Partner
Pune. Date : 2 May 2000

Shivji K. Vikamsey
Partner
Mumbai. Date : 2 May 2000

Mr. D. J. Gonsalves
Secretary
Mumbai. Date : 26 April 2000