

CTR



Annual Report

2000 - 2001



MANUFACTURING INDUSTRIES LIMITED

REPORT AND ACCOUNTS FOR 2000 - 2001

BOARD OF DIRECTORS

Mr. B. M. Suri	Chairman
Mr. A. P. Kumar	Managing Director
Mr. S. M. Trehan	

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 31ST MARCH, 2001

To,
The Members,

Your Directors present their Report together with the Audited Balance Sheet as at 31st March 2001 and the Profit and Loss Account for the year ended on that date :

FINANCIAL RESULTS

	Year ended 31.03.2001 Rs.	Year ended 31.03.2000 Rs.
Profit after depreciation of Rs. 59,28,646 (Previous year Rs. 63,53,658)	51,30,919	52,10,396
Add : Investment Allowance Reserve Written Back	2,90,000	1,76,000
	54,20,919	53,86,396
Less : Provision for Tax	4,30,000	6,02,000
Balance brought forward from last year	2,25,56,050	1,77,71,654
Less : Capital Redemption Reserve	15,00,000	NIL
Dividend on Preference Shares	38,350,67	NIL
Dividend tax on Preference Shares	8,66,725	NIL
Balance carried forward	2,13,45,177	2,25,56,050

PRODUCTION, SALES AND TRADING RESULTS

During the year, sales increased from Rs. 21.30 crores to Rs. 22.48 crores. Competitive market conditions resulted in margins continuing to be under severe pressure. However, due to effective implementation of various cost cutting measures, profitability could be maintained at Rs. 51.31 Lacs compared to Rs. 52.10 Lacs of previous year.

OUTLOOK

With increased planned outlay in the power sector, it is envisaged that all products of the Company will register increased invoicing during the year. However, increased competition as also extended credit period, may depress profitability.

HOLDING COMPANY

As a part of its ongoing restructuring exercise, Crompton Greaves Limited, the holding company of CTR Manufacturing Industries Limited (the "Company") has, during the year transferred its entire shareholding in the Company in favour of its 100% subsidiary, CG Capital and Investments Limited. The transfer was approved by the Board of Directors of the Company on 21st March 2001. Consequent to the transfer, CG Capital and Investments Limited holds 82.06% of the Company's shareholding and in terms of the Companies Act 1956, the Company has become a subsidiary of CG Capital and Investments Limited w.e.f. 21st March 2001. Crompton Greaves Ltd. continues to be the ultimate holding Company of your Company.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN 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 Annexure to this report.

DIRECTORS

During the year, Mr. T. K. Mukherjee and Mr. R. Dasgupta resigned from the Board. The Board places on record its gratitude and appreciation for their contributions and involvement in the Company's operations during their tenure as Directors.

Mr. S. M. Trehan has been appointed as a Director in place of Mr. R. Dasgupta, and in terms of the provision of Section 262 of the Companies Act, 1956, holds office upto the conclusion of the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment. A proposal for his appointment is being submitted for your approval.

PARTICULARS OF EMPLOYEES

Information pursuant to Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) (Amendment) Rules, 2000, 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' RESPONSIBILITY STATEMENT

The Directors would like to assure the Members that the financial statements for the year under review confirm in their entirety to the requirements of the Companies Act, 1956.

The Directors confirm that :

- ◆ the Annual Accounts have been prepared in conformity with the applicable Accounting Standards.
- ◆ the Accounting Policies selected and applied on a consistent basis, give a true and fair view of the affairs of the Company for the financial year and of the profit for the year;
- ◆ sufficient care has been taken that adequate accounting records have been maintained for safeguarding the assets of the Company, and for prevention and detection of fraud and other irregularities;
- ◆ the Annual accounts have been prepared on a 'going concern basis'.

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 reappointment, if effected, would be in accordance with Section 224 (1B) of the Companies Act, 1956.

LISTING AGREEMENT

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

On behalf of the Board of Directors.

Mumbai, Dated : 25th April, 2001

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 C F Lights in Aurangabad Factory |
| b) | Additional investments & proposals, if any, being implemented for reduction of consumption of energy | : | Installation of energy saving electronic ballast planned 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 | : | Enhanced tariffs have nullified savings.
Consequently no effect on the cost of production of goods |

B) TECHNOLOGY ABSORPTION

FORM B

RESEARCH AND DEVELOPMENT (R & D)

- | | | | |
|----|---|---|---|
| 1. | Specified areas in which R & D is carried out by the Company | : | Product development and Process Improvement |
| 2. | Benefits derived as a result of the above R & D | : | Improvement in market share |
| 3. | Future plan of action | : | Enhance product reliability |
| 4. | Expenditure on R & D | : | 31 March, 2001
Rs. in Lacs |
| | i. Capital | : | NIL |
| | ii. Recurring | : | 6.85 |
| | iii. Total | : | 6.85 |
| | iv. Total R & D Expenditure as a percentage of total turnover | : | 0.30 |

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 : 1996-97
- 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 : Export enquiries for the Company's products are being pursued
2. Total Foreign exchange earned and used
 - a. Total foreign exchange earned : Rs. 1.03 Lacs
 - b. Total foreign exchange used : Rs. 214.71 Lacs

On behalf of the Board of Directors

Mumbai, Dated 25th April, 2001

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 2001 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 (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of section 227 (4 A) 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 is on the same basis as in the preceding year.

7. The Company has not taken any loans from 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 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 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 stipulations 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 been regularly deposited with the appropriate authorities, except in few cases.
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 2001 for a period of more than six months from the date they became payable, except liability for works contract tax amounting to Rs. 3,78,576.
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 (0) 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 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.