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## **2001 - 2002 ANNUAL REPORT**



**MANUFACTURING INDUSTRIES LIMITED**

**REPORT AND ACCOUNTS FOR 2001-2002**

**BOARD OF DIRECTORS**

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

**COMPANY SECRETARY**

Mr. D. J. Gonsalves

**REGISTERED OFFICE**

Nagar Road, Pune 411 014

Report  junction.com

**AUDITORS**

Khimji Kunverji & Co.  
A. A. Bhat & Co.

**BANKERS**

Bank of Maharashtra  
Canara Bank

**DIRECTORS REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2002**

To,  
The Members,

Your Directors present their Report together with the Audited Balance Sheet as at 31<sup>st</sup> March 2002 and the Profit and Loss Account for the year ended on that date :

**FINANCIAL RESULTS**

	<b>Year ended 31.03.2002 Rs.</b>	<b>Year ended 31.03.2001 Rs.</b>
Profit after depreciation of Rs. 59, 38, 850 (Previous year Rs. 59, 28, 646)	<b>69,67,531</b>	51,30,919
Add : Investment Allowance Reserve Written Back	<b>NIL</b>	2,90,000
	<b>69,67,531</b>	<b>54,20,919</b>
Less : Provision for Tax	<b>5,50,000</b>	4,30,000
Add : Deferred Tax	<b>8,21,654</b>	NIL
: Prior period depreciation written back	<b>1,06,796</b>	NIL
Balance brought forward from last year	<b>2,13,45,177</b>	2,25,56,050
Less : Capital Redemption Reserve	<b>NIL</b>	15,00,000
Dividend on Preference Shares	<b>NIL</b>	38,35,067
Dividend tax on Preference Shares	<b>NIL</b>	8,66,725
Balance carried forward	<b>2,86,91,158</b>	<b>2,13,45,177</b>

**PRODUCTION, SALES AND TRADING RESULTS**

During the year, sales increased from Rs. 22.48 crores to Rs. 26.07 crores. Competitive market conditions resulted in margins continuing to be under severe pressure. However, due to effective implementation of various cost cutting and value engineering measures, profitability could be increased to Rs. 69.68 lacs compared to Rs. 51.31 lacs of the previous year.

## OUTLOOK

With increased planned outlay in the power sector, it is envisaged that your Company will continue to register increased invoicing during the year. However, increased competition as also extended credit periods, may depress profitability.

## 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 an Annexure to this Report.

## DIRECTORS

Mr. B. M. Suri retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment to the Board.

During the year, Mr. W. Henriques has been appointed as a Director in place of Mr. T. K. Mukherjee and in terms of the provisions of Section 262 of the Companies Act, 1956, holds office up to 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

The Company does not have any employee who was in receipt of remuneration aggregating to the sum prescribed under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) (Amendment) Rules, 2002.

## INDUSTRIAL RELATIONS

Industrial and Employee relations continued to be cordial during the year.

## DIRECTORS' RESPONSIBILITY STATEMENT

The Directors would like to assure the Members that the financial statements for the year under review conform 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 up to 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 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 16 May, 2002

**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 saving ballast at the Aurangabad Factory.<br>Installation of CF Lamps at the Pune factory.   |
| (b) Additional investments & proposals; if any, being implemented for reduction of consumption of energy                                     | : | Installation of energy savers 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 marginalised savings.<br>Consequently very marginal effect on the cost of production of goods |

**B TECHNOLOGY ABSORPTION****FROM B****RESEARCH AND DEVELOPMENT (R & D)**

- |  |   |   |
|--|---|---|
| 1. Specific 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, 2002<br>Rs. in Lacs               |
| i. Capital   | : | NIL   |
| ii. Recurring  | : | 6.21  |
| iii. Total   | : | 6.21  |
| iv. Total R & D Expenditure as a Percentage of total Turnover  | : | 0.24  |

## 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  | : Reduction in Cost  |
| 3. a. Imported Technology   | : Technology Transfer agreements with ELIN OLTC GmbH, Austria for 220 KV In-Tank On Load Tapchangers and with ELIN VATECH 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 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. 17.28 Lacs   |
| b. Total foreign exchange used   | : Rs. 223.29 Lacs  |

**On behalf of the Board of Directors**

**A. P. Kumar**  
Managing Director

**B. M. Suri**  
Chairman

Mumbai, Dated 16 May, 2002

## Auditor's Report

To,  
*The Members of*  
**CTR MANUFACTURING INDUSTRIES LIMITED**

We have audited the attached Balance Sheet of **CTR Manufacturing Industries Limited** as at 31<sup>st</sup> March 2002 and also the Profit and Loss Account for the year ended on that date annexed thereto. 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. An audit includes examining, on a test basis, evidence supporting the amounts and 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.

As required by the Manufacturing and other Companies (Auditor's Report) Order, 1988 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, 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 purposes of our audit;
- (ii) 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 those books;
- (iii) The balance sheet and profit and loss Account dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the balance sheet and profit and loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- (v) On the basis of confirmations received from the directors and taken on record by the board of directors, none of the director is disqualified from being appointed as director as on the dates certified by the directors under section 274 (1)(g) of the Companies Act, 1956.

(vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

(a) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March 2002;

and

(b) in the case of the Profit and Loss Account, of the profit for the year ended on that date

For and on behalf of  
**KHIMJI KUNVERJI & CO.**  
*Chartered Accountants*

For and on behalf of  
**A. A. BHAT & CO.**  
*Chartered Accountants*

**KETAN S. VIKAMSEY**  
*Partner*

**N. V. BADWE**  
*Partner*

Mumbai  
Dated : 17 May 2002

Pune  
Dated : 17 May 2002



## ANNEXURE TO THE AUDITORS REPORT

The annexure referred to in paragraph 1 of the auditors report to the members of **CTR Manufacturing Industries Limited** for the year ended March 31, 2002. We report that :

1. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets except tools, which are included in Plat 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 the same 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, stores, spare parts and raw materials of the company 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 procedure 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 stocks records, 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 rate of interest of unsecured loan taken from a company listed in the register maintained under section 301 of the Companies Act, 1956 is prima facie not prejudicial to the interest of the company. There are no other terms and conditions of the loans. The company has not taken any loans secured or unsecured, from other parties listed in the said register. In terms of section 370 (6) of the Companies Act, 1956 provision of the said section are not applicable to a company on or after 31st October 1998.
8. The company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the registers maintained under section 301 of the Companies Act, 1956. In terms of section 370 (6) of the Companies Act, 1956, provision of the said section are not applicable to a company on or after 31st October 1998.
9. In respect of Loans and advances in the nature of loans given by the company, they have repaid the principal amount where stipulated and have also been regular in the payment of interest, where applicable.