

CTR

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**1995-96
ANNUAL
REPORT**



MANUFACTURING INDUSTRIES LIMITED

REPORT AND ACCOUNTS FOR 1995-96

BOARD OF DIRECTORS

Shri. K. K. Nohria Chairman

Shri. B. M. Suri

Shri. R. Dasgupta

Shri. T. K. Mukherjee

Shri. A. D. Joshi Nominee of SICOM

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

REPORT OF THE DIRECTORS

To
The Members

The Directors present their Report together with the Audited Balance Sheet as at 31st March, 1996 and Profit and Loss Account for the year ended on that date :

FINANCIAL RESULTS

	31st March, 1996 Rs.	31st March, 1995 Rs.
Profit after depreciation of Rs. 48,31,012 (Previous year 46,04,699)	1,14,82,618	79,41,976
Add : Investment Allowance Reserve Written Back	7,000	8,000
	1,14,89,618	79,49,976
Less : Loss Brought forward from last year	(71,31,940)	(1,50,81,916)
	43,57,678	(71,31,940)

PRODUCTION, SALES AND TRADING RESULTS :

Sales increased from Rs. 16.20 crores to Rs. 19.38 crores, an increase of 19.6% over the previous year with a profit of Rs. 114.83 Lacs against Rs. 79.42 Lacs during the previous year, an improvement of 44.6%

OUTLOOK :

The Company enjoys a healthy order book for all its products. Barring unforeseen circumstances, the performance is expected to show further improvement in the current 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.

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 in the annexure which forms a part of this Report.

INDUSTRIAL RELATIONS :

Employees relations generally remained harmonious and cordial.

DIRECTORATE :

The Nomination of Mr. G. N. Shanbhag as a Director of the Company was withdrawn by Bank of Maharashtra during the year. Mr. D. G. Tatake was nominated in his place. Subsequently, the Nomination of Mr. D. G. Tatake was also withdrawn during the year. The Directors place on record their appreciation of the valuable services rendered by Mr. G. N. Shanbhag and Mr. D. G. Tatake during their tenure as 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 & 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 : 22nd April, 1996

A. P. Kumar
Managing Director

B. M. Suri
Director

ANNEXURE TO DIRECTORS' REPORT**A) CONSERVATION OF ENERGY**

- (a) Energy conservation measures taken. : Survey carried at Aurangabad Factory; being undertaken at Poona Factory.
- (b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy. : Nil
- (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. : Nil

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. : Improved the quality.
Controlled costs.
3. Future plan of action. : Enhance product performance.
Reduce cost of production.
4. Expenditure on R & D : 31st March, 1996
- | | |
|--|----------|
| | Rs. Lacs |
| i. Capital | 8.55 |
| ii. Recurring | 16.94 |
| Total | 25.49 |
| iii. Total R & D Expenditure as a percentage of total turnover | 1.32 |

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. Future plan of action. : Improve product performance.
Reduce foreign exchange outflow.
4. Imported Technology. : No Technology was imported during the last five years.

C) FOREIGN EXCHANGE EARNINGS AND OUTGO

- | | | | |
|-----|---|---|---|
| i. | 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 of flange mounted
On load Tapchanger are showing promise. |
| ii. | Total foreign exchange used and earned. | | |
| | a. Total foreign exchange earned | : | Rs. 22.78 Lacs |
| | b. Total foreign exchange used | : | Rs. 187.14 Lacs |

On behalf of the Board of Directors

Mumbai, Dated : 22nd April, 1996

A. P. Kumar
Managing Director

B. M. Suri
Director



AUDITORS' REPORT

To
The MEMBERS of
CTR MANUFACTURING INDUSTRIES LIMITED

**Reports on the Accounts for the year ended 31st March 1996, 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 1996 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 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 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, 1996 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, 1996
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

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

K. S. THOSAR
Partner
Pune, Dated : 22nd April, 1996

SHIVJI K. VIKAMSEY
Partner
Mumbai, Dated : 22nd April, 1996

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1996

	SCHEDULE	1995-96 RS.	1994-95 RS.
INCOME			
SALES		19,37,75,007	16,19,99,021
OTHERS	1	4,06,420	7,25,284
		19,41,81,427	16,27,24,305
EXPENDITURE			
MATERIALS	2	9,18,83,756	7,78,43,095
STAFF & WELFARE	3	2,83,27,481	2,39,14,792
EXCISE DUTY		2,24,15,016	1,92,51,683
MANUFACTURING, SELLING AND ADMINISTRATION	4	3,00,28,635	2,25,88,463
DEPRECIATION	5	48,31,012	46,04,699
INTEREST		52,12,909	65,79,597
		18,26,98,809	15,47,82,329
PROFIT FOR THE YEAR		1,14,82,618	79,41,976
INVESTMENT ALLOWANCE RESERVE WRITTEN BACK		7,000	8,000
(LOSS) BROUGHT FORWARD FROM PREVIOUS YEAR		(71,31,940)	(1,50,81,916)
PROFIT/(LOSS) CARRIED TO BALANCE SHEET		43,57,678	(71,31,940)
SIGNIFICANT ACCOUNTING POLICIES	18		
NOTES ON ACCOUNTS	19		

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. D. Joshi
Mrs. S. Amdekar
Mr. B. M. Suri } Directors

Mr. A. P. Kumar
Managing Director

K. S. Thosar
Partner
Pune, Dated : 22nd April 1996

Shivji K. Vikamsey
Partner
Mumbai, Dated : 22nd April 1996

Ms. S. D'souza
Secretary
Mumbai, Dated : 22nd April 1996

BALANCE SHEET AS AT 31ST MARCH, 1996

	SCHEDULE	RS.	AS AT 31.3.1996 RS.	AS AT 31.3.1995 RS.
SOURCES OF FUNDS				
SHAREHOLDERS FUNDS				
CAPITAL	6	2,93,13,875		2,93,13,875
RESERVE & SURPLUS	7	1,19,06,606		66,11,807
			4,12,20,481	3,59,25,682
LOAN FUNDS				
SECURED LOANS	8	2,84,64,602		4,11,45,840
UNSECURED LOANS	9	2,19,71,633		1,88,45,540
			5,04,36,235	5,99,91,380
			9,16,56,716	9,59,17,062
APPLICATION OF FUNDS				
FIXED ASSETS				
GROSS BLOCK	10	9,96,68,413		9,35,05,502
LESS : DEPRECIATION		3,66,18,057		3,18,04,764
NET BLOCK		6,30,50,356		6,17,00,738
CAPITAL WORK-IN-PROGRESS		17,82,032		19,60,364
			6,48,32,388	6,36,61,102
INVESTMENTS	11		21,160	21,160
CURRENT ASSETS, LOANS AND ADVANCES				
INVENTORIES	12	1,39,30,870		1,73,11,419
SUNDRY DEBTORS	13	5,88,05,769		4,93,05,569
CASH & BANK BALANCES	14	58,37,843		24,52,599
LOANS & ADVANCES	15	71,67,892		53,44,103
		8,57,42,374		7,44,13,690
LESS : CURRENT LIABILITIES AND PROVISIONS	16	5,89,39,206		4,82,59,914
NET CURRENT ASSETS PROFIT & LOSS ACCOUNT	17		2,68,03,168 —	2,61,53,776 60,81,024
			9,16,56,716	9,59,17,062
SIGNIFICANT ACCOUNTING POLICIES	18			
NOTES ON ACCOUNTS	19			
The schedules referred to above and the notes attached form an integral part of the Balance Sheet.				

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. D. Joshi
Mrs. S. Amdekar
Mr. B. M. Suri } Directors

Mr. A. P. Kumar
Managing Director

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Partner
Pune, Dated : 22nd April 1996

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Mumbai, Dated : 22nd April 1996

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Mumbai, Dated : 22nd April 1996