



Sanitaryware and Glazed Tiles

**MadhuraM**<sup>®</sup>  
Vanaspati and Edible Oils

## ANNUAL REPORT 1996-97

MD	/		BKC	/
CS	/		DPY	/
RO	/		DIV	/
TRA	/		AC	/
AGM	/	/	SHI	/
YE	/	/		/

CERTIFIED TRUE COPY

FOR MADHUSUDAN INDUSTRIES LTD.

*[Signature]*  
COMPANY SECRETARY.

Report  junction.com



**MADHUSUDAN** INDUSTRIES LIMITED

**Board of Directors**

Shri Vikram Somany	(Chairman)
Shri Shashi Kumar Somany	
Shri Chandrakant C. Dalal	
Shri Sushil Kumar Bagla	
Shri Sushil A. Dalal	
Shri Sharad Somany	
Shri M. L. Modi	(Executive Director)
Shri D. P. Goyal	(Resident Director)
Dr. V. P. Shah	(Nominee of ICICI)

**Bankers**

Bank of Baroda  
ICICI Banking Corporation Ltd.

**Auditors**

M/s. H. V. Vasa & Co.,  
Chartered Accountants,  
B-2, "Usha Kiran", Opp. Khanpur Gate,  
Ahmedabad - 380 001.

**Cost Auditors**

Shri B. L. Tholiya  
M/s. Tholiya & Co., Cost Accountants,  
Room No. 76, 1st Floor, Bombay Mutual Bldg.,  
Sir Phirozshah Mehta Road, Mumbai - 400 001.

**Registered office**

Rakhial Station, Taluka Dehgam,  
Dist. Ahmedabad - 382 315, Gujarat State, India.

**Works**

- 1) Rakhial Station, Tal. Dehgam, Dist. Ahmedabad - 382 315, Gujarat.
- 2) 9, GIDC Industrial Estate, Kadi, Dist. Mehsana - 382 715, Gujarat.
- 3) Special Plot No. 149, RIICO Industrial Area, Nimbaheera, Dist. Chittorgarh, Rajasthan.
- 4) Patelka, Tal. Kalyanpur, Dist. Jamnagar, Gujarat.

**Corporate Office**

"Madhusudan House", Opp. Navrangpura Telephone Exchange, Ahmedabad - 380 006.

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**Annual General Meeting at 11.00 a.m. on Saturday  
the 20th day of September, 1997 at the Registered Office.**



**MADHUSUDAN**  
INDUSTRIES LIMITED

## Notice

Notice is hereby given that the Annual General Meeting of the Shareholders of MADHUSUDAN INDUSTRIES LIMITED will be held at 11.00 a.m. on Saturday, the 20th day of September, 1997 at the Registered Office of the Company at Rakhial Station, Taluka Dehgam, Dist., Ahmedabad to transact the following business :

### Ordinary Business

1. To consider and adopt Audited Profit and Loss Account for the year ended 31st March, 1997 and Balance Sheet as at that date and the Directors' and Auditors' Reports thereon.
2. To declare Dividend on Equity and Preference Shares.
3. To appoint a Director in place of Shri Sharad Somany who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Vikram Somany who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

### Special Business

6. To appoint Shri Shashi Kumar Somany as Director.

To consider and, if thought fit, to pass with or without modification the following resolution as an ordinary resolution.

RESOLVED THAT Shri Shashi Kumar Somany appointed as Additional Director of the Company by the Board of Directors and who ceases to hold the office at this meeting u/s. 260 of the Companies Act, 1956 and in respect of whom the Company has received notice in writing u/s. 257 of the Companies Act, 1956 proposing his candidature for the office of the Director be and is hereby appointed as Director of the Company.

7. To appoint Shri Dharam Prakash Goyal as Director.

To consider and, if thought fit, to pass with or without modification the following resolution as an ordinary resolution.

RESOLVED THAT Shri Dharam Prakash Goyal appointed as Additional Director of the Company by the Board of Directors and who ceases to hold the office at this meeting u/s. 260 of the Companies Act, 1956 and in respect of whom the Company has received notice in writing u/s. 257 of the Companies Act, 1956 proposing his candidature for the office of the Director be and is hereby appointed as Director of the Company.

8. To appoint Shri Dharam Prakash Goyal as Resident Director.

To consider and, if thought fit, to pass with or without modification the following resolution as an ordinary resolution.

RESOLVED THAT approval of the members be and is hereby accorded in terms of Sections 198, 268, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 for the appointment of and for the remuneration payable to Shri Dharam Prakash Goyal as Resident Director of the Company for a period from 20/11/1996 to 30/06/1998 in terms of Agreement entered into by the Board of Directors of the Company with Shri Dharam Prakash Goyal.

RESOLVED FURTHER THAT Resident Director is not liable to retire by rotation till he enjoys the position of Resident Director.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to alter and vary the terms and conditions of the said appointment and/or agreement in such a manner in terms of Sections 198, 268, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, being in force as may be agreed between the Board of Directors and Resident Director.

RESOLVED FURTHER THAT the Resident Director, is also entitled to the benefits as per the rules of the Company, which the other employees of the Company are entitled to apart from remuneration as Resident Director.

24th May, 1997

Regd. Office :

Rakhial Station, Tal. Dehgam,  
Dist. Ahmedabad - 382 315,  
Gujarat.

By Order of the Board of Directors  
**Narendra N. Patel**  
Company Secretary

### Notes

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Members are requested to notify immediately the change of address, if any, to the Company.
3. The Register of Members and Share transfer book of the Company will remain closed from 16/07/1997 to 31/07/1997 (both days inclusive) for the purpose of ascertaining the right of members to receive dividend for the year ended 31st March, 1997. Members whose names will appear on the register of Members as on 16/07/1997 will be entitled to the dividend for the year 1996-97.
4. Members/ Proxies should bring the Attendance Slip sent herewith duly filled in for attending the meeting.
5. Members are requested to send their queries atleast ten days before the date of the meeting so that the information can be made available at the meeting.
6. As per the provisions of Section 205 of the Companies Act, 1956 the dividend can be paid to the bankers of the Shareholder or any other authorised person. Shareholders who want to make the Payment of dividend to any other person or banker may send the authority to the Company on or before 18/08/97 with details of number of shares, amount of dividend, L.F. No. and name of the person/ bank to whom the payment is to be made.
7. Unpaid dividend upto the year 1992-93 has been transferred to General Revenue Account (Central Government). Any member who has to prefer a claim of dividend for any of the years including and prior to the year 1992-93 may approach the Company for relevant formats etc. for such claim.
8. The Board of Directors have recommended a dividend of 11% on fully paid Preference shares of Rs. 100 each and 20% on fully paid Equity shares of Rs. 10 each for the year ended 31st March, 1997.

**Annual Report 1996-97****Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956.****Item No. 6**

The Board of Directors has appointed Shri Shashi Kumar Somany as Additional Director with effect from 20/11/1996 u/s. 260 of the Companies Act, 1956 by a resolution passed at the meeting of Board of Directors held on 20/11/1996. As per the provisions of the said section he will hold office till this Annual General Meeting. However, being eligible for re-appointment he offers himself for the same. The Company has also received notices from some of the members of the Company signifying their intention to propose Shri Shashi Kumar Somany being appointed as Director of the Company along with deposit of Rs. 500 in cash, under the provisions of Section 257 of the Companies Act, 1956. It is in the interest of the Company to continue to have the benefit of the services of Shri Shashi Kumar Somany, as Director of the Company who is well experienced in industrial and international commercial field and as such, the Board of Directors commend the passing of resolution mentioned at item no. 6 of the notice.

Shri Shashi Kumar Somany, Shri Vikram Somany and Shri Sharad Somany are interested Directors in the resolution. Except them, none of your Directors is interested in the said resolution.

**Item No. 7**

The Board of Directors has appointed Shri Dharam Prakash Goyal as Additional Director with effect from 20/11/1996 u/s. 260 of the Companies Act, 1956 by a resolution passed at the meeting of Board of Directors held on 20/11/1996. As per the provisions of the said section he will hold office till this Annual General Meeting. However, being eligible for re-appointment he offers himself for the same. The Company has also received notices from some of the members of the Company signifying their intention to propose Shri Dharam Prakash Goyal being appointed as Director of the Company along with deposit of Rs. 500 in cash, under the provisions of Section 257 of the Companies Act, 1956. It is in the interest of the Company to continue to have the benefit of the services of Shri Dharam Prakash Goyal as Director of the Company and as such, the Board of Directors commend the passing of resolution mentioned at item no. 7 of the notice.

Shri Dharam Prakash Goyal is interested in the resolution for his appointment. Except him, none of your Directors is interested in the said resolution.

**Item No. 8**

Shri Dharam Prakash Goyal has been appointed as Resident Director of the Company for a period from 20/11/96 to 30/06/1998 by the Board of Directors at their meeting held on 20/11/1996, subject to approval of the members of the Company at the General Meeting. Shri Dharam Prakash Goyal as Resident Director shall discharge every duty and function subject to the superintendence, direction and control of the Board of Directors of the Company. The terms and conditions of the appointment are in conformity with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956. The Company has entered into agreement on 26/11/1996 with Shri Dharam Prakash Goyal for his appointment as Resident Director.

Shri Dharam Prakash Goyal shall not be liable to retire by rotation till he enjoys the position of Resident Director.

However, Shri Dharam Prakash Goyal shall not exercise the following powers as Resident Director.

- make calls on shareholders in respect of moneys unpaid on the shares of the Company
- issue debentures and
- except as may be specifically delegated by the Board under Section 292 of the Companies Act 1956, invest the funds of the Company or make loans and borrow moneys.

He is entitled to the following remuneration.

**Salary :** Rs.35,000 per month. His salary from 20/11/1997 will be Rs.40,000 per month. However it is subject to revision within the maximum limit prescribed under Schedule XIII of the Companies Act, 1956.

**Perquisites****Category - A**

- Accommodation :** Free furnished housing accommodation or house rent allowance as may be mutually agreed by both the parties.
- Facilities of gas, electricity, water and furnishings :** The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per Income-Tax Rules, 1962. This shall, however, be subject to a ceiling of 10% of the salary of the appointee.
- Medical benefit :** Medical reimbursement for self and family subject to one month's salary in a year or three month's salary over a period of three years.
- Leave Travel Concession :** For self and family once in a year to and fro any place in India in accordance with the Rules of the Company.
- Club Fees :** Annual fees of club subject to a maximum of two clubs. This will not include admission and life membership fee.
- Insurance :** Personal Accident Insurance of an amount annual premium of which does not exceed Rs.4,000.

**Category - B**

- Contribution to Provident Fund, Superannuation Fund or Annuity Fund :** These will not be included in the computation of the ceiling of the perquisites to the extent these either singly or put together are not taxable under The Income-Tax Act, 1961.
- Gratuity :** Gratuity payable in accordance with the Company's scheme thereof as applicable to other officers of the Company subject to a maximum of half month's salary for each completed year of service.

**Category - C**

- Free telephone facility at residence. Personal long distance calls on telephone will be billed by the Company to the appointee.
- Free use of car with driver for Company's work only. The use of car for private purpose shall be billed by the Company to appointee.

The Resident Director is also entitled to the benefits as per the rules of the Company which the other employees of the Company are entitled to apart from remuneration as Resident Director.

The Copy of Agreement entered into with Shri Dharam Prakash Goyal is open for inspection at the registered office of the Company during the office hours on any working day.

Except, Shri Dharam Prakash Goyal none of your Directors is interested in the said resolution.

The Board of Directors commend the passing of the resolution as per item no. 8 of the notice.

24th May, 1997

Regd. Office :

Rakhial Station, Tal. Dehgam,  
Dist. Ahmedabad - 382 315,  
Gujarat.

By Order of the Board of Directors  
**Narendra N. Patel**  
Company Secretary




**MADHUSUDAN  
INDUSTRIES LIMITED**

## Directors' Report

To  
The Members,

The Directors have pleasure in submitting the Annual Report together with the Audited Statement of Accounts of your Company for the year ended 31st March, 1997.

### Financial Results

	1996-97 (Rs. in lacs)	1995-96 (Rs. in lacs)
Operating Income	16,733.31	16,212.73
Profit before Interest, Depreciation and Taxation	1,310.46	1,316.72
Deductions		
1. Interest	540.19	514.84
2. Depreciation	308.25	281.45
Profit before taxation	462.02	520.43
Less : Provision for taxation (Including Rs. 7.50 lacs relating to earlier years)	45.46	-
Net Profit after taxation	416.56	520.43
Add : Transferred from Investment Allowance (Utilised) Reserve	17.28	13.57
Add : Balance brought forward from previous year	225.00	200.00
Amount available for appropriations	658.84	734.00
Appropriations		
1. Debenture Redemption Fund	45.94	45.94
2. Proposed Dividend	108.05	97.51
3. Transferred to General Reserve	254.85	365.55
4. Profits carried forward	250.00	225.00
	658.84	734.00

### Dividend

Your Directors recommend the following Dividend for the year ended 31st March, 1997 to be paid, subject to approval by the Shareholders at the ensuing Annual General Meeting.

#### (A) Preference Shares :

Rs. 11 per share on 5,000 11% Redeemable Cumulative Preference Shares of Rs.100 each fully paid. (Previous Year Rs.11)

#### (B) Equity Shares :

Rs. 2 per share on 53,75,000 Equity Shares of Rs.10 each fully paid. (Previous Year Rs.2 on 45,75,000 and 0.683 (prorata) on 8,00,000 Equity Shares)

### Operations in retrospect

#### Edible Oil Division

The production of Vanaspati and Refined Oils during the year was 20,408 M.T. against 16,228 M.T. in the previous year. Sales were 20,539 M.T. of Vanaspati and Refined Oils against 15,363 M.T. in the last year. This was possible largely on account of the thrust on marketing and setting up wider distribution net work and regular retail servicing. This improvement in volume did not result into improved financial performance owing to sluggish market conditions, excessive competition by the Sales tax exempted Vanaspati manufacturing units in the adjoining States and also due to downward pressure on the prices created by the Government of India's policy to allow imports of oil under OGL. Despite adverse market conditions, the Division is continuing its efforts to improve the overall performance.

The De-Oiled Cake production was 31,269 M.T. against 48,832 M.T. in the previous year. The main reason for poor capacity utilisation was limited availability of raw materials. The Company hopes to achieve better capacity utilisation for its Solvent plants in the coming years.

#### Power Unit

The Power plant at Patelka consisting of 10 WTGs of 250 KWH generated 31,25,479 units during the year against 23,69,175 units generated during the previous year.

#### Ceramic Division

##### Sanitaryware and Tiles units

The Company received ISO 9002 Certification - the international recognition for quality system for manufacture and sales of sanitarywares and tiles. Yours is the first Sanitaryware Company in India, to receive the same.

The production of Sanitarywares was 10,721 M.T. against 10,563 M.T. in the previous year. Sales were higher by 12.8% at 11,254 M.T. than 9,976 M.T. last year. Exports to various countries were 11.55% of total sales.

The new Kilns commissioned under expansion/modernisation programmes have since stabilised and the Company hopes to achieve rated efficiency in the current year. The efforts aimed at improving overall efficiencies have started showing results.

Production of Tiles was 5,571 M.T. against 6,322 M.T. in the previous year. Sales were 4,943 M.T. against last year's sales of 6,182 M.T. In view of many new plants and keen competition offered by SSI units, the Company was forced to cut production to 50% of the capacity towards the middle of the year.

The Company is focussing on continuous improvement in the plant efficiencies and introduction of new designs of Sanitarywares and Tiles.

#### Capital Expenditure

The Company incurred Capital expenditure of Rs.300.07 lacs towards normal capital expenditure at the Ceramic, Edible Oil and Power Divisions.

**Annual Report 1996-97****Energy Conservation, Technology Absorption, R & D Cell and Foreign Exchange Earnings & Outgo**

The details required under Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 are annexed to this report.

**Exchequer**

The Company has contributed Rs.798.98 lacs to the Exchequer by way of Excise Duty, Sales Tax and other fiscal levies.

**Fixed Deposit**

Fixed Deposits from the Public, outstanding as on 31-3-1997 were Rs.169.17 lacs. There were 56 Fixed Deposit holders with a total of Rs.4,25,000 of unclaimed/unrenewed deposits as on 31st March, 1997. Since then, the Company had paid/renewed a sum of Rs.48,000 to 6 persons. The Company on the basis of the working results during the year under review, can accept deposits from the Public as well as from the Shareholders to the extent of Rs. 16,82,65,015.

**Subsidiary Companies**

The particulars required Under Section 212 of the Companies Act, 1956 in respect of the Subsidiary Companies viz. Cera Leasing Finance & Industries Limited and Madhusudan Ceramics Industries Limited are appended.

**Finance**

During the year under review, the Company repaid a sum of Rs.641.70 lacs as loans to Financial Institutions.

**Personnel**

Information as per Sub-Section (2A) of Section 217 of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 forming part of the Directors' Report for the year ended 31st March, 1997 is annexed.

**Exports**

Exports of the Edible Oil and Ceramic Divisions were of Rs.21.28 crores consisting of Rs.17.60 crores of De-oiled Cake and Rs.3.68 crores of Sanitarywares. The Company hopes to do better on the export front in the current year.

**Directors**

Shri Shashi Kumar Somany was appointed as Additional Director of the Company with effect from 20-11-96.

Shri D.P. Goyal was appointed as Additional Director and Resident Director of the Company with effect from 20-11-96.

Sarvashri Vikram Somany and Sharad Somany are due to retire by rotation and offer themselves for re-appointment.

**Auditors**

The shareholders are requested to appoint Auditors for the year 1997-98 and fix their remuneration at the ensuing Annual General Meeting.

**Insurance**

The Company has adequately insured all its properties including Plant and Machinery, Building and Stocks.

**Industrial Relations**

The Company's relations with its employees remained cordial throughout the year.

Company has taken adequate steps for the health and safety of its employees, as required under the Gujarat Factories Rules, 1963.

**Appreciation**

Your Directors thank the Financial Institutions, Bank of Baroda and ICICI Banking Corporation Limited for extending timely assistance in meeting the financial requirements of the Company. They would also like to place on record their gratitude for the co-operation and assistance given by ICICI, BOB, ICICI Banking Corporation Limited, IIBI, UTI, IREDA, LIC, GIC and various departments of both State and Central Governments.

For and on behalf of the Board of Directors

Ahmedabad  
17th April, 1997

**Vikram Somany**  
Chairman


**MADHUSUDAN**  
INDUSTRIES LIMITED

### Annexure to the Directors' Report

Disclosure of particulars with respect to Conservation of Energy, Technology Absorption, Foreign Exchange earnings and outgo as required under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Report of the Board of Directors for the period ended 31st March, 1997.

#### FORM - A (For Vanaspati unit - Edible Oil Division)

	1-4-96 to	1-4-95 to
	31-3-97	31-3-96

#### A. Power and Fuel Consumption

##### 1. Electricity:

##### i. Purchased

Unit (KWH)	1,06,16,540	93,58,297
Total Amount (Rs.)	3,65,68,472	2,51,91,941
Rate/Unit (Rs.)	3.44	2.69

##### ii. Own Generation

Through Diesel Generator

Unit (KWH)	1,73,253	1,37,289
Units/Ltr. of Diesel Oil	3.40	2.95
Cost/Unit (Rs.)	2.60	2.64

##### 2. Coal :

##### i. Lignite Coal

Qty. (Tonnes)	14,846	13,895
Total Cost (Rs.)	1,60,15,517	1,41,65,577
Average Rate (Rs.)	1,078	1,020

##### ii. Steam Coal

Qty. (Tonnes)	439	478
Total Cost (Rs.)	10,91,418	9,40,839
Average Rate (Rs.)	2,484	1,968

##### 3. Others/Internal Generation:

##### i. Firewood

Qty. (Tonnes)	-	-
Total Cost (Rs.)	-	-
Rate/Unit (Rs.)	-	-

##### ii. R.S. DOC

Qty. (Tonnes)	-	-
Total Cost (Rs.)	-	-
Rate/Unit (Rs.)	-	-

#### B. Consumption per unit of Production

##### a. Product - Vanaspati & Solvent Oil

Steam (M.T.)	1.99	2.21
Electricity (KWH)	473	491
Coal (Specify quality)		
Steam Coal	0.44	0.49
Others (Lignite)	-	-
Firewood	-	-

##### 2. Benefit derived as a result

Sanitarywares have been developed. New colours are also being developed along with premium range items.

With the development of the new body and new glaze, the Company has been able to achieve better productivity.

##### 3. Future plan of action

The company is in the process of developing its own Frit, Cordierite Refractories to improve the quality of Plaster of Paris.

##### 4. Expenditure on R & D

a. Capital	: Rs. 72,800
b. Recurring	: Rs.12,91,063
c. Total	: Rs.13,63,863
d. Total R & D Expenditure as a percentage of total turnover	: 0.33%

#### Technology Absorption, Adaptation & Innovation

##### 1. Efforts in brief made towards technology absorption, adaptation and innovation

An M.O.U. had been signed with a U.K. party for assisting to formulate and execute Modernisation and Technology upgradation plan, which is completed.

##### 2. Benefits derived as a result of the above efforts e.g. Product improvement, cost reduction, product development, import substitution, etc.

Product Improvement

##### 3. In case of imported technology (Imported during the last five years reckoned from the beginning of the financial year) following information may be furnished

a. Technology imported	: West Germany, UK & Italy.
b. Year of Import	: 1992-93/94-95/95-96
c. Has technology been fully absorbed	: Yes, the fuel efficient kiln and Electrostatic glazing system & lifting Battery casting are working successfully.
d. If not fully absorbed areas where this has not taken place, reasons therefore and future plans of action	: Not Applicable

#### FORM - B (For Ceramic Division)

#### Research and Development (R & D)

##### 1. Specific areas in which R & D is carried out

The Company had set up the R & D Cell in 1990-91. It has developed new body and glaze suitable for the fuel efficient fast firing Kiln Technology. It has also manufactured Zirconium Opacifier and trials are being made to achieve International quality. Production of decorative designer

#### FORM - C (For Edible & Ceramic Divisions)

##### Total Foreign Exchange used and earned

Total foreign exchange used	: Rs. 116.87 Lacs
Total foreign exchange earned	: Rs.2,128.09 Lacs

**Annual Report 1996-97****Annexure to the Directors' Report**

Information as per Section 217(2A) read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 1997.

Sr. No.	Name & Age (Years)	Designation/ Nature of duties	Remuneration (Rs.)	Qualifications & Experience (Years)	Date of commencement of employment	Last Employment, Name of employer, post held and period. (Years)
Names of Employees employed throughout the year and were in receipt of remuneration of not less than Rs.3,00,000 during the year :						
1.	Shri Bhandari M.K. (45)	Sr.Vice President	3,17,686	B.E.(Mech.) (22)	13-06-92	Willard India Ltd. Vice President (Mfg.) (3)
2.	Shri Goyal D.P. (48)	Resident Director	5,33,420	M.A.(Economics) P.M.A.(IIMA) (25)	16-03-77	Wipro Ltd. Area Sales Manager (4)
3.	Shri Kothari S.C. (53)	Chief Executive (Projects)	5,54,141	B.Com.,LL.B., FCA (31)	01-06-85	CCDC Construction Pvt. Ltd. (1)
4.	Shri Modi M.L. (66)	President-cum-Executive Director	4,46,975	B.Com.,LL.B., FBIM(London) (43)	01-06-79	Orient General Industries Ltd. Senior Executive (1)
5.	Shri Maheshwari N.K. (60)	Sr.Vice President (Marketing)	3,26,195	B.Sc.,LL.B. (37)	01-04-80	Hindustan Sanitarywares Ind. Ltd. Sr. Marketing Executive (2)
6.	Shri Patodia B.K. (47)	Executive Vice-President	3,15,180	B.Com.(Hons.) FCA, ACS (24)	21-07-87	B.K. Patodia & Co. Chartered Accountants
7.	Shri Ramkumar S. (57)	Sr.Vice President (Technical)	3,27,595	B.Sc.,B.Tech. (Chemical) (34)	12-12-82	E.I.D. Parry (I) Ltd. Prod. Superintendent (5)
8.	Shri Sarda P.K. (45)	Sr.Vice President (Sanitaryware)	3,13,693	B.E. (Metallurgical) (23)	05-01-95	Woodcrafts Products Ltd. Gen. Manager (2)

**Notes**

- Gross remuneration as above includes Salary, Company's contribution to Provident Fund, Superannuation Fund, Leave Encashment, Leave Travel reimbursement, Medical expenses reimbursement, House Rent Allowance, Housing Accommodation and Monetary value of perquisites calculated in accordance with the provisions of Income Tax Act, 1961 and Rules made thereunder.
- None of the above employees is a relative of any Director of the Company.

**Significant Accounting Policies**

- \* **Sales**  
Sales include excise duty and net of discounts and sales-tax.
- \* **Research & Development**  
Revenue expenditure is charged as an expense. Capital expenditure is included in fixed assets and depreciated at applicable rates.
- \* **Provision for Retirement Benefits**  
Contribution to Provident and Superannuation Funds are made at applicable rates. Provisions for unutilised leave due to employees and contribution to approved Gratuity Fund is made on the basis of Actuarial Valuation.
- \* **Fixed Assets & Depreciation**
  - Fixed Assets are stated at cost. Cost is inclusive of freight, duties, levies and any directly attributable cost of bringing assets to their working condition for intended use, and net of modvat credits available on the Assets.
  - Assets acquired under hire purchase instalment credit scheme, the cost of asset is capitalised while the annual financial charges at equated instalments are charged to revenue.
  - Depreciation for the year has been provided at the rates and in manner specified in Schedule-XIV of the Companies Act, 1956 as under :
    - On Plant & Machinery and Electric Plant & Installation on Straight Line Method.
    - On other assets on Written Down Value Method.
- (d) Lease hold land is amortised over the period of lease. In respect of other assets taken on lease, the value thereof is not capitalised, but the contracted lease rentals are charged to revenue on accrual basis.
- \* **Inventories**  
Inventories are valued as under :
  - Stock-in-Process - at cost.
  - Raw Materials (including in transit) - at cost.
  - Finished Goods - at cost or Market value whichever is lower.
  - Stores, Chemicals & Coal, etc. - at cost.
  - By-Products - at realisable value.
- \* **Investments**  
Investments are stated at cost.
- \* **Foreign Currency Transactions**  
Accounts Receivable in foreign currency are either represented by bills of exchange, which, in many cases, are immediately discounted with bankers, or accounted at realised amounts.
- \* **Taxation**  
The provision for tax is based on the assessable profits of the Company computed in accordance with the Income-Tax Act, 1961.
- \* **Contingent Liabilities**  
Contingent liabilities wherever material are provided for and Contingent liabilities not provided for in the accounts are referred to by way of notes to the accounts.




**MADHUSUDAN**  
INDUSTRIES LIMITED

### Annexure to the Directors' Report

#### Statement of Holding Company's Interest in Subsidiary Company

Statement pursuant to Section 212 of the Companies Act, 1956

1. Name of the Subsidiary : Cera Leasing Finance & Industries Limited
2. Financial year of the Subsidiary Company ended on : 31st March, 1997
3. (i) Number of Shares in Subsidiary held by Madhusudan Industries Limited on the above date. : (1) 3,00,000 (Previous year 3,00,000) Equity Shares of Rs.10 each.  
(2) 99,000 (Previous year 99,000) 10% Non-Cumulative Redeemable Preference Shares of Rs.100 each (Redeemable not later than 10 years from the date of allotment at the option of the Company)
- (ii) Holding Company's interest : 100% (Previous year 100%)
4. Profit of Cera Leasing Finance & Industries Ltd. for the year ended 31st March, 1997 (after tax). : Rs.93,802
5. The profits for previous Financial Years since it became the Company's subsidiary. : Rs.10,63,008
6. No adjustment has been made in the books of Madhusudan Industries Limited in respect of the said profit of Cera Leasing Finance & Industries Limited.

Ahmedabad  
17th April, 1997

<b>Vikram Somany</b>	Chairman
<b>Shashi Kumar Somany</b>	Director
<b>Chandrakant C. Dalal</b>	Director
<b>Sushil A. Dalal</b>	Director
<b>Sharad Somany</b>	Director
<b>M. L. Modi</b>	Director
<b>D. P. Goyal</b>	Director
<b>Dr. V. P. Shah</b>	Director

### Annexure to the Directors' Report

#### Statement of Holding Company's Interest in Subsidiary Company

Statement pursuant to Section 212 of the Companies Act, 1956

1. Name of the Subsidiary : Madhusudan Ceramics Industries Limited
2. Financial year of the Subsidiary Company ended on : 31st March, 1997
3. (i) Number of Shares in Subsidiary held by Madhusudan Industries Limited on the above date. : 84,00,000 (Previous year 76,50,001) Equity Shares of Rs.10 each.
- (ii) Holding Company's interest : 54.19% (Previous year 84.26%)
4. Loss of Madhusudan Ceramics Industries Ltd. for the year ended 31st March, 1997 (after tax). : Rs. 11,07,584
5. The loss for previous Financial Years since it became the Company's subsidiary. : Rs. 6,93,504
6. No adjustment has been made in the books of Madhusudan Industries Limited in respect of the said profit / loss of Madhusudan Ceramics Industries Limited.

Ahmedabad  
17th April, 1997

<b>Vikram Somany</b>	Chairman
<b>Shashi Kumar Somany</b>	Director
<b>Chandrakant C. Dalal</b>	Director
<b>Sushil A. Dalal</b>	Director
<b>Sharad Somany</b>	Director
<b>M. L. Modi</b>	Director
<b>D. P. Goyal</b>	Director
<b>Dr. V. P. Shah</b>	Director

## Annual Report 1996-97

## Auditors' Report to the Members

We have audited the attached Balance Sheet of **MADHUSUDAN INDUSTRIES LIMITED**, as at 31st March, 1997 and also the Profit & Loss Account of the Company for the year ended on that date annexed thereto and report that :

1. We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purpose of our audit.
2. In our opinion, proper books of accounts, as required by law, have been kept by the Company so far as appears from our examination of those books.
3. The said Balance Sheet and Profit & Loss Account are in agreement with the books of accounts.
4. The report on the Accounts of the branches, audited by the other Auditors has been forwarded to us and the same has been considered by us in our report.
5. In our opinion, and to the best of our information and according to the explanations given to us, the said accounts, together with the annexed schedules and the notes thereon give the information required by the Companies Act, 1956 in the manner so required and gives a true and fair view;
  - (a) in the case of Balance Sheet of the state of Company's affairs as at 31st March, 1997 and
  - (b) in the case of Profit & Loss Account of the profit for the year ended on that date.

As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by Central government, on the basis of such checks as we considered appropriate and according to information and explanations given to us, we further report that;

- (1) (a) The Company has maintained proper records, showing full particulars, including quantitative details and situation of its fixed assets, other than furniture and fixtures.
- (b) The Fixed Assets have been physically verified by the management during the year and we have been informed that no material discrepancies were found on such verification.
- (2) None of the Fixed Assets have been revalued during the year.
- (3) (a) The stocks of finished goods, stores, spare parts, raw and packing materials of the Company at all its locations have been physically verified by the management during the year.
- (b) 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.
- (c) The discrepancies noticed on physical verification of stocks as compared to book records were not material and these have been properly dealt with in the books of accounts.
- (d) In our opinion, valuation of stocks of finished goods, stores, spare parts and raw and packing materials has been fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
- (4) The Company had taken unsecured loan from the subsidiary company in respect of which the rate of interest and other terms and conditions of such loan are not prejudicial to the interest of the company. The company has not taken any other loan, secured or unsecured from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (5) (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under section 301 and/or to the companies under the same management as defined under sub section (1B) of section 370 of the Companies Act, 1956.
- (b) The parties to whom loans and advances in the nature of loans have been given by the company are repaying the

principal amounts as stipulated and are also regular in payment of interest. The Company has given interest free loans and advances to its employees and they are repaying principal amounts as stipulated.

- (6) In our opinion, there is an adequate internal control procedure commensurate with its size and the nature of business, for purchase of stores, raw and packing materials including components, plant and machinery equipments and other similar assets and for the sale of goods.
- (7) In our opinion, purchase of goods and material made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and aggregating during the year Rs.50,000 or more in value in respect of each party have been made at prices which are reasonable having regard to the prevailing market prices for such goods and materials of the prices at which the transactions for similar goods have been made with other parties. The Company has not sold goods, materials and services, during the year, aggregating Rs.50,000 or more in value to any of the parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (8) The Company has a system of determining unserviceable or damaged stores, raw and packing materials and finished goods on the basis of technical evaluation and on the aforesaid basis, in our opinion, adequate amounts have been written off such stocks in the accounts.
- (9) In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposit) Rules, 1975.
- (10) In our opinion, reasonable records have been maintained by the Company for the sale and disposal of realisable by - products and scraps, where applicable and significant.
- (11) In our opinion, the Company's present internal audit system is commensurate with its size and the nature of business.
- (12) On the basis of the records produced, we are of the opinion that, prima facie, the Cost Records and Accounts of vanaspati division prescribed by the Central Government under section 209 (1) (d) of the Companies Act, 1956 have been maintained. However, we are not required to carry out and have not carried out any detailed examination of such accounts and records.
- (13) The Company has regularly deposited Provident Fund dues and generally been regular in depositing Employees' State Insurance dues during the year, with the appropriate authorities.
- (14) There was no amount outstanding on 31st March, 1997 in respect of undisputed Income-tax, Wealth-tax, Sales-tax, Customs duty and Excise duty which were due for more than six months from the date they became payable.
- (15) During the course of our examination of the books of accounts, carried out in accordance with the generally accepted auditing practices we have not come across any personal expenses which have been charged to Profit & Loss Account, nor have we been informed of such cases by the management.
- (16) The Company is not a sick industrial company within the meaning of clause (i) of section 3(1) of the Sick Industrial Companies (Special Provisions) Act, 1985.
- (17) In respect of trading activities, damaged goods have been determined at the time of physical verification consequential adjustments, which were not significant, have been made in the accounts.

For and on behalf of  
**H. V. Vasa & Co.**  
 Chartered Accountants  
**Tushar H. Vasa**  
 Proprietor

Ahmedabad  
 17th April, 1997